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Economic Diplomacy Division  
Ministry of External Affairs



# Economic Diplomacy Division Ministry of External Affairs

Weekly Newsletter

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## Insights

India continues to exhibit remarkable resilience and has surpassed its pre-pandemic level of GDP growth despite the geo-political situation and other challenges, according to a report by the PHD Chamber of Commerce and Industry released last week. As per IMF data, the country's GDP growth recovered from negative figures in 2020 to 9.1% in 2021 and 6.8% in 2022, validating the claims made by the report.

India has emerged as a frontrunner in growth among the top 10 global economies, boasting a remarkable 5% GDP growth rate. This positions India ahead of other leading economies, including China at 4.4%, South Korea at 2.1%, and the United States at 1.8%, among others.

So what measures must India take to ensure continued growth? One crucial step is to improve connectivity with Global Value Chains (GVCs), which will address supply-side bottlenecks and reduce business costs. This will enhance the competitiveness of the Indian economy, attracting greater investments and generating more employment opportunities for the country's burgeoning young population.

Secondly, India should prioritize the manufacturing sector, given the challenges posed by high borrowing costs and escalating raw material prices.. Moreover, implementing business-friendly measures like simplified compliance processes and a robust single-window system will enhance the ease of doing business in the country, making it more attractive for manufacturers.

By prioritizing these actions, India can sustain a constant state of productivity, paving the way for continued economic advancement and establish itself as a global powerhouse.

"Infrastructure building and investments will be key focus areas for India in the next 25 years as the country tries to emerge as a developed nation by 2047" – **Nirmala Sitharaman, Finance Minister, at a business summit in Japan**

## National

### UPI to drive MSME businesses: Study

The majority of retailers prefer UPI over other payment methods, with 70% choosing it for digital transactions. Digital payments have also facilitated new-age digital lenders in assessing retailers' creditworthiness based on their transaction histories. Around 40% of retailers prefer digital payments for loan repayments.

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### India's recovery bright spot for global outlook: FM

Addressing a G7 seminar on economic policies for welfare in Niigata in Japan, the minister stressed the need for balancing sustainable growth with environment in the short and long run. She also called for ways to measure "empowerment going beyond indicators such as gross domestic product".

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### Govt approves 2nd phase PLI rollout for IT hardware

The newly approved scheme will span six years and provides applicants with the flexibility to choose 2023, 2024, or 2025 as the base year for commencing production. As per Vaishnaw, the scheme entails an incentive of up to 5% on incremental sales, surpassing the roughly 2% offered during the first phase.

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### Employment in govt scheme up by 8.1% in March '23

Formal job creation under ESIC saw a month-on-month growth of 8.1% in March 2023, with 1.73 million new formal workers being added compared to the 1.6 million added in February, according to a report from the Ministry of Labour and Employment.

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## Bilateral

### **India, US look to enhance defence industrial cooperation**

The two sides also deliberated on operationalising the 'Major Defence Partnership' and ways to improve supply chain security at the 17th meeting of India-US DPG that was held in Washington.

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### **India, South Korea agree to deepen cooperation in trade and investment and defence**

Both countries reaffirmed their commitment to further strengthen bilateral ties as both nations celebrate 50 years of diplomatic relations. They also discussed India's G20 presidency and South Korea's Indo-Pacific strategy.

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### **India, Russia settling some non-oil trade in rupees: Top official**

Russia is also keen to do more trade in "national currencies and currencies of friendly countries," its Deputy Prime Minister Denis Manturov said in April, to reduce its reliance on U.S. dollars after Western sanctions.

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### **Next round of talks for India-UK trade agreement to be held in June**

So far 13 chapters have been substantially closed for negotiations and regular meetings held at higher levels to review the progress of talks and to resolve the outstanding issues.

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## Multilateral

### **PM Modi to co-chair forum for India-Pacific Islands Cooperation**

Prime Minister Narendra Modi will co-chair the third Summit of the Forum for India-Pacific Islands Cooperation (FIPIC III Summit) jointly with Prime Minister of Papua New Guinea James Marape.

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### **India, EFTA trade pact to boost commerce, investment, job creation**

Commerce and Industry Minister Piyush Goyal, who is in Brussels, has discussed modalities of engagement for working towards a comprehensive TEPA with representatives of EFTA.

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### **G7 plans new vaccine program for developing nations -Yomiuri**

In addition to the G7, G20 nations such as India and international groups such as the WHO and the World Bank will participate, it added, citing Japanese government sources.

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### **India, EU to coordinate policies concerning semiconductor sector**

India and the EU will coordinate their policies with regard to the strategic semiconductor sector, with the aim of concluding a Memorandum of Understanding by September 2023.

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## Editorial

### **India's targets for nuclear energy: Moving closer?**

According to media reports, the Niti Aayog has recommended changes to the Atomic Energy Act 1962 to allow foreign investment in its nuclear power industry and mobilise greater participation by domestic private firms. If private investment materialises, India may move closer to its targets for nuclear power generating capacity.

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