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Economic Diplomacy Division Ministry of External Affairs

Weekly Newsletter

22nd May to 28th May 2023

Insights

Tesla, the world's most popular EV brand owned by Elon Musk has proposed setting up a factory in India to manufacture electric vehicles (EVs) for both domestic sale and export.

If Musk were to do this, it would indeed be a boost to the Indian EV ecosystem. However, what the Indian EV ecosystem needs more is a stable government policy that recognizes the uniqueness of the Indian market.

Over the last few years, the government has provided subsidies to encourage a switch to EVs, particularly Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME-II). However, FAME-II specifications were recently altered, which is expected to increase a customer's acquisition cost. Experts believe that this will adversely impact potential manufacturing investments.

The battery lies at the heart of the EV, constituting approximately 40% of its total value. Unfortunately, a significant portion of these batteries are imported. To overcome this hurdle, the Indian government needs to focus on developing a robust and self-sustaining battery manufacturing ecosystem. By incentivizing every stage of the battery's life cycle, from sourcing raw materials to establishing efficient supply chains and even retailing the final product, India can bolster its position in the global EV landscape.

"Every year, we import 1,200 tonnes of lithium. Now, in Jammu and Kashmir, we got lithium. (If) we can use this lithium-ion, we will be the number one automobile manufacturing country in the world." - **Nitin Gadkari, Union Transport Minister**

National

Services exports to overtake merchandise trade by FY28: SEPC

For the current financial year the council has set a target of \$400 billion for services exports, a 23% growth from FY23, when the exports totalled \$325 billion. Last year services exports grew 27% while merchandise exports were up 6.7% on year to \$450 billion.

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Indian automakers to invest nearly US\$ 10 bn by 2030 to build EVs

Preliminary plans of carmakers indicate a capacity creation target of approximately 2 million EVs, which would bring the cumulative installed capacity to around 7.2-7.5 million units by 2030. Meanwhile, two-wheeler manufacturers are aiming to create an EV capacity of 15.5 million units.

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Formal sector workers under EPFO surge by 13.2% to 13.9 million in 2022-23

Of the 1.34 million workers added in March, around 0.75 million new members have come under the ambit of EPFO for the first time with a highest enrolment of 0.23 million in the age-group of 18-21 years followed by 0.19 million in the 22-25 years age group.

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FPIs bring in Rs 30,945 cr in May on strong economic fundamentals

With this, net inflows by Foreign Portfolio Investors (FPIs) reached Rs 16,365 crore in 2023 so far, data available with the depositories showed. Going forward, FPI investment in India is expected to continue since the prospects for the Indian economy and corporate earnings growth appear bright now.

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Bilateral

India and Australia sign migration mobility partnership pact

This agreement aims to facilitate the mobility of students, professionals, researchers, academics, and others, particularly through a new skilled pathway called MATES that specifically caters to India.

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India's engineering exports to Russia jumped elevenfold in April

Exports of engineering goods to Russia jumped 11 times in April this year to \$133.6 million as compared to year-ago month while the U.S. and China markets continued to soften.

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PM Modi, Vietnam's PM discuss expanding cooperation in trade and investment, defence, technology

Leaders discussed expanding cooperation in the fields of trade and investment, defence, building resilient supply chains, energy, science & technology, human resource development, culture & people to people ties.

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UAE opens consulate in Hyderabad to boost business in India

While the consulate is initially equipped to process 200 applications per day, plans are afoot to ramp this up to 500 applications per day over the next couple of months and upto 700-800 visas daily in the future.

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Multilateral

India will host Quad summit next year, PM Narendra Modi

The meeting was moved to the sidelines of the G7 summit after U.S. President Biden postponed his trip to Australia to return to Washington, amid ongoing negotiations over raising the U.S. debt limit.

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India, Britain agree to work towards 'ambitious' FTA during talks in Japan

PM Modi and his British counterpart Rishi Sunak reviewed the progress of the ongoing FTA negotiations and agreed to continue at pace towards an "ambitious" deal.

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India, Germany push trilateral projects to support sustainable development goals

So far, New Delhi and Berlin have started work with four Peru, Malawi, Cameroon and Ghana. The projects range from promoting agri-business among women to potato production through agri-tech.

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Trade partners want to fast-track FTAs with India: Goyal

"I believe this is a compelling case for investments, for growth and for expanding our international outreach, for bringing technology, for bringing innovation into the country."

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Editorial

A Naya Sansad for a Proud Naya Bharat

A country that has now bypassed its former colonial master — Britain — as the world's fifth largest economy can certainly afford to contemplate and build a Parliament of its own with symbolism commensurate with its stature. A building not dedicated merely to administering India — as was the intention of the Edwin Lutyens-Herbert Baker designed structure — but one that will reflect, legislate and realise her aspirations. And be in tune with the imperatives of a new age.

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