

Economic Diplomacy Division Ministry of External Affairs

Weekly Newsletter
26th February to 3rd March

Insights

In a groundbreaking move last week, the government granted permission for 100% FDI in the space sector as part of the amended FDI policy. This development opens up new avenues for investment, particularly in satellite manufacturing and operation, satellite data products, and ground and user segments. Under the automatic route, FDI up to 74% is allowed, and any investment beyond this threshold will require government approval.

The primary objective of these liberalised entry routes is to attract potential investors to engage in the Indian space sector. This FDI policy reform is expected to significantly improve the Ease of Doing Business in the country, fostering greater foreign direct investment inflows. Consequently, it will contribute to investment, income, and employment growth.

This historic decision signifies a momentous shift and sets the stage for unprecedented growth and innovation. It marks the beginning of a new era in space exploration and commercialisation in India, aligning seamlessly with the 'Make In India' and 'Atmanirbhar Bharat' initiatives.

The success of the Chandrayaan-3 Moon mission and ISRO's collaborative efforts with private partners have captured widespread interest. India, ranking seventh globally in SpaceTech funding, has grown remarkably from US\$ 35 million in 2010-2019 to US\$ 112 million in 2022. India's space industry currently contributes approximately US\$ 7 billion to the national GDP and employs over 100,000 skilled professionals across various disciplines.

"Under the amended FDI policy, 100% FDI is allowed in space sector. The liberalised entry routes under the amended policy are aimed to attract potential investors to invest in Indian companies in space." - **Union Minister Anurag Thakur**

National

India's retail market to reach US\$ 2 trillion by 2033: BCG report

India's retail sector has experienced a remarkable 200% surge since 2010, reaching a valuation of US\$ 250 billion. A growing middle class and the entry of international fashion and food chains drive this growth. Projections for the next decade anticipate a 9-10% growth.

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Indian economy remains resilient, says NCAER report

PMI for manufacturing activity accelerated to 56.5 in January from 54.9 in December 2023, reflecting an expansionary momentum, while PMI for services went up to 61.8 in January from 59 in December 2023. The markers for the month, like PMI and GST collections, point to a resilient macroeconomic environment.

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India Targets INR 3 Lakh Crore Annual Defense Production by 2028-29

The Defense Ministry's allocation of INR 6.2 lakh crore in the 2024-25 budget, the highest among all ministries, reflects the government's commitment to national security. Capital acquisitions exceeding INR 4.3 lakh crore have been approved.

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India opens space sector to 100% foreign investment with new FDI policy

Under the amended FDI policy, 100% FDI is allowed in the space sector. Now, satellite manufacturing & operation, satellite data products and ground segment & user segment can get FDI up to 74% under the automatic route, beyond which government route will be applicable.

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Bilateral

India closes in on Oman trade deal as Mideast ties strengthen

India and Oman are close to concluding talks on a trade deal that will allow easier access of goods and services into each other's markets. The deal aims for lower export tariffs and better access for Indian professionals.

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India slowly taking export market share from China, study shows

The government offers incentives to attract manufacturers, and companies like Samsung and Apple have manufacturing operations in India. This supports Prime Minister Narendra Modi's 'Make in India' plan.

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India and Brunei to focus on increasing non-oil trade: Minister of State for External Affairs Rajkumar Ranjan Singh

India and Brunei are looking at expanding bilateral relations with an increased focus on non-oil trade. Brunei is a partner in India's energy security, but the two countries should work to diversify their economic engagement.

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UAE-India CEPA Council Outlines Ambitious Plans to Double Bilateral Trade to US\$ 100 Billion by 2030

Ahmed Aljneibi, Director of the UAE-India Comprehensive Economic Partnership Agreement (CEPA) Council, addressed the press, discussing initiatives and strategies to intensify economic ties between the UAE and India

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Multilateral

G-33 Urges WTO Members for Swift Action on Food Security Ahead

G-33 has underscored the significance of the Special Safeguard Mechanism (SSM) against import surges or price declines, calling for its adoption at the 14th WTO Ministerial Conference.

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India secures multilateral victory, upholds principles of fair trade

After objections to certification requests for updated GATS schedules, India withdrew objections. India emphasised adherence to multilateral processes, ensuring non-discrimination principles.

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Many countries want to start rupee trade with India: FM Nirmala Sitharaman

India has opened all sectors for private investments and provided fiscal and policy support to AI, semiconductors, and manufacturing. The government is focused on building a better future.

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Annual 11-day India international trade fair starts in Ranchi

The India International Mega Trade Fair is set to kick off in Ranchi from Friday at Morabadi ground featuring 375 stalls from 12 countries and 20 states. The annual event will conclude on March 11.

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Editorial

Why quantum technology may hold the key to alternative energy

With conventional energy sources like fossil fuels depleting fast, not to mention their adverse effects on the environment, the world has been in desperate need of alternative means to address our ever-growing energy needs. Attempts include solar, wind, geothermal and hydro-energy, nuclear fusion reactors, hydrogen energy and sodium-ion batteries, to name a few. While all these have certainly been laudable efforts, most have faced severe challenges and as a result, have achieved low to moderate success. The search for a viable substitute to fossil fuels goes on, once again putting human ingenuity to the test. The answer may come, however, from the unlikeliest of places, the quantum nature of reality itself.

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