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# Economic Diplomacy Division Ministry of External Affairs

Weekly Newsletter  
8<sup>th</sup> May to 14<sup>th</sup> May 2023

## Insights

Last week, Communications Minister Ashwini Vaishnaw said that India is poised to become the next major hub for the semiconductor industry, with the semicon market projected to surpass US\$1 trillion. Minister of State for Electronics and IT, Rajeev Chandrasekhar, echoed this sentiment, highlighting India's ambitious plan to establish 100 semiconductor design startups to create solutions for both domestic and global markets.

The Indian government has allocated INR 1,200 crore to develop domestic semiconductor startups and introduced a PLI scheme worth INR 76,000 crore, laying the groundwork for establishing critical facilities to fuel the industry. India already boasts a robust semiconductor research and design industry. Additionally, academic collaborations between Indian and global institutes are instrumental in helping India's vast talent pool leverage educational expertise and leading research capabilities. Recently, the US and India also signed an MoU to establish a semiconductor supply chain and innovation partnership. This partnership, aimed to enhance private-sector collaboration, further establishes India's potential as a significant player in the chip ecosystem.

These initiatives will foster innovation, generate employment, and drive economic growth. According to a report, India's semiconductor market is expected to reach \$64 billion by 2026 led by both domestic and export markets with demand from the consumer electronics, telecom, and IT hardware sectors. With well-designed government policies, attractive investment schemes, and the growing interest of major conglomerates, India's aim to emerge as a global leader in the semiconductor industry seems undeniable.

"Semiconductor industry will double from the current \$600 billion to \$1 trillion plus." -  
**Communication Minister Ashwini Vaishnaw,**  
*speaking to the media in the US*

## National

### Agri and processed food exports up by 9% in FY23

The shipment of products under the APEDA basket surpassed the target of US\$ 23.56 billion for FY23, driven by a spike in the shipment of rice, fruits and vegetables, livestock, and dairy products. India is the world's largest exporter of rice and has a 45% share in the global grain trade.

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### E-commerce network ONDC expands into 236 cities

ONDC, which was launched to drive competition and startup innovation, aims to raise e-commerce to 25% of India's consumer purchases in the next two years, up from almost 8% currently. More than 55,000 taxi cab owners have already joined the network, and consumers were using it for about 35,000 rides a day.

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### Forex reserves reach US\$ 588 bn in April 28 week

Foreign currency assets (FCA) rose by US\$ 4.996 billion to reach US\$ 519.485 billion in the week that ended on April 28 this year, compared to a decrease of US\$ 2.146 billion in the previous week. Additionally, Special Drawing Rights (SDRs) also increased by US\$ 35 million to US\$ 18.466 billion by April 28.

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### Investments via PLI schemes top priority

PLI schemes, designed to encourage investment in the country, are being extended to new sectors including semiconductors and solar components, according to finance minister Nirmala Sitharaman.

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## Bilateral

### 'Indo-Israel Trade To Touch \$10 Billion This Year; FTA Essential To Strengthen Cooperation'

Four agreements were signed between the two countries for cooperation, including one where Israel has committed to take 34,000 Indian construction workers and 8,000 caregivers.

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### India, Canada to review progress in talks on Free Trade Agreement

Commerce and Industry Minister Piyush Goyal and Mary Ng, Minister of International Trade, Export Promotion, Small Business and Economic Development, Government of Canada, will co-chair the discussions.

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### Initial gains from India-UAE trade pact start accruing: DPIIT Secretary

The initial gains from the India-UAE CCEPA have already started accruing with bilateral trade growing around 20% and touching an all-time high of around \$84 billion in FY23.

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### Round 9 of India-UK FTA talks concludes with 'detailed' policy discussions

Non-committal on when and how the 10th round of talks will take place, the FTA aims to significantly enhance the bilateral trading relationship, which amounted to about £34bn (\$46.7bn) in 2022.

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## Multilateral

### Security, Indo-Pacific, tech agenda for EAM's 3-nation tour

The Indian Ocean Conference, to be addressed by leaders such as Bangladesh PM, US deputy secretary of State, and Nepal foreign minister, will focus on regional cooperation under India's SAGAR initiative.

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### India, US, Saudi Arabia and UAE discuss ways to strengthen ties

Jake Sullivan held meetings with UAE Crown Prince, and NSA Ajit Doval to discuss bilateral matters. He looked forward to further consulting with Doval on the margins of the Quad Summit later this month..

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### G20 expert group examining ways to enhance lending capacity of multilateral development banks

A G20 expert group is examining how the lending capacity of the multilateral development banks can be substantially enhanced to help developing nations meet the SDGs and eliminate poverty.

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### EAM Jaishankar Visits Sweden For EU Indo-Pacific Summit

During his three-day visit, he is scheduled to participate in the second EU Indo-Pacific Ministerial Forum (EIPMF) and also hold bilateral meetings with Swedish officials on the sidelines of the summit.

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## Editorial

### Shift towards geoeconomics: Connecting India with West Asia

When the National Security Advisers (NSAs) of India, the US, Saudi Arabia and the United Arab Emirates (UAE) met in Riyadh on May 8 and agreed, among other things, to "advance their shared vision of a more secure and prosperous Middle East region interconnected with India and the world," it moved the spotlight to the inclusion of geoeconomics in the nebulous but expansive domain of security. The very fact that four of the most powerful officials from these countries were meeting on a Sunday morning was a remarkable manifestation of the tectonic geopolitical shifts taking place in West Asia.

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