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MONTHLY TRADE REPORT INDIA TRADE POLICY UNIT DECEMBER 2016

1. India has moved up four places to 102nd among 136 economies in the Enabling Trade Index 2016. The index was part of the Global Enabling Trade Report 2016 released by the WEF and the Global Alliance for Trade Facilitation on 30 November. It assesses the extent to which countries have developed institutions, policies, infrastructures and services facilitating the free flow of goods over borders. This is clubbed into four broad sub-indices - border administration, operating environment, infrastructure and market access. The most significant improvement was recorded in border administration and clearance efficiency. To this extent, India is introducing several reforms and measures including in customs processes and coordination among agencies. This linked both to the government's Ease of Doing Business initiative and the implementation of the WTO Trade Facilitation Agreement. There have also been advancements in transport infrastructure, services and in ICT adoption. The local operating environment also slightly improved under the index. On the other hand, it ranked 135 in terms of access to its market. Earlier in November, during the visit of PM Theresa May to India, UK and India signed an MoU on Ease of Doing Business to further cooperation in this area.

2. The Indian government is formulating a National Policy for Advanced Manufacturing, suggest reports. This is aimed at increasing the technological depth and therefore, the global competitiveness. The policy is planned to be a key tool towards increasing the contribution of manufacturing from 16 percent of GDP to 25 per cent. This is in sync with the National Capital Goods Policy 2016 which sets out for an advanced manufacturing policy to include modern manufacturing like advanced robotics, 3D printing among others. The capital goods strategy was set out to increase production to Rs 750,000 crore in 2025, raising employment to 30 million and making India a net exporter of capital goods. The advanced manufacturing policy is expected to take some time to formulate and will be done through consultation and comments from the public. One of the areas that the strategy document will consider is reducing the 'threat to jobs' and skilling of workers with a view to relocate those displaced.

3. India's exports grew for the third consecutive month by about 2.3% in November to \$20 billion. Imports on the other hand grew by 10% to about \$33 billion. As a result, the trade deficit for the month has widened to \$13 billion compared to \$10 billion in the corresponding period last year - the highest level in the past sixteen months. In terms of sectors, traditional or competitive sectors like jute, drugs and pharmaceuticals, and engineering goods have seen an increase in exports. For imports, sectors like newsprint, chemicals as well as coal saw an increase.

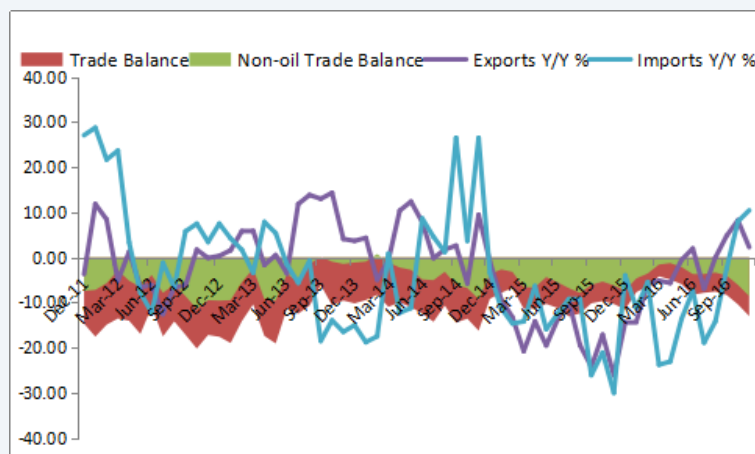


Figure 1: India's trade performance (\$ bn)