High Commission of India
London
(Economic & Commerce Wing)

Economic & Commercial Report on the United Kingdom for December 2013

Macro-Economy

According to Office for National Statistics, UK gross domestic product (GDP) was estimated to have increased by 0.8% between Q2 2013 and Q3 2013, unrevised from the Preliminary Estimate of GDP published November 27, 2013. GDP in volume terms increased by 1.9% when comparing Q3 2013 with Q3 2012, revised up 0.4 percentage points from the previously estimated 1.5% increase. The Consumer Prices Index (CPI) grew by 2.1% in the year to November 2013, down from 2.2% in October. The largest contributions to the fall in the rate came from food and the utilities (gas and electricity). These were partially offset by upward contributions from the transport sector and from some aspects of recreation & culture. CPIH grew by 1.9% in the year to November 2013, down from 2.0% in October. RPIJ grew by 2.0%, up from 1.9%.

Monthly External Trade Review (in £ million)

Year	UK Exports to India	% change	UK Imports from India	% change	Total	% change	India's Balance of Trade
2005	2798	+25.25	2781	+21.60	5579	+23.40	-17
2006	2693	-3.75	3121	+12.23	5814	+4.21	+428
2007	2968	+10.21	3809	+22.04	6777	+16.56	+841
2008	4135	+39.32	4490	+17.88	8625	+27.27	+355
2009	2941	-28.88	4558	+1.51	7499	-13.06	+1617
2010	4071	+38.42	5781	+26.83	9852	+31.38	1710
2011	5677	+40.04	6114	+4.83	11791	+19.33	+397
2012	4665	-17.82	6210	+1.57	10875	-7.76	+1545
2013 Jan-Oct	4350	+16.27	5259	+5.49	9609	+10.11	+909

(Source: Office for National Statistics and Overseas Trade Statistics, HM Customs & Excise)

Trade and Investment Enquiries from India: 46

Trade and Investment Enquiries from India: 05

Tenders from India: 03

Autumn Statement 2013: Key Points

- Growth forecast for this year increased from 0.6% to 1.4%, revised up for next year from 1.8% to 2.4%, but then down slightly for the following three years to 2.2%, 2.6%, and 2.7%.
- Revised figures from the Office for National Statistics show that UK GDP declined by 7.2% in 2008-09, not 6.3% as previously thought, equivalent in value to £112bn.
- The UK's "underlying" deficit - a measure that excludes the acquisition of the Royal Mail pension scheme and the effects of quantitative easing - has been revised down by the Office for Budget Responsibility (OBR) to 6.8% this year, and to 5.6% next year.
- It is then expected to fall to 4.4%, 2.7% and 1.2% in the subsequent financial years.
- The OBR predicts there will be a small cash surplus in 2018-19.
- Borrowing is expected to come in at £111bn for this year, falling in 2014-15 to £96bn, then down to £79bn in 2015-16, £51bn the year after and £23bn the year after that.
- Public debt this year is due to total 75.5% of GDP - £18bn lower than forecast in March - rising to 78.3% next year, before peaking at 80% the next year. By 2017-18, debt is expected to be more than £80bn lower than forecast in March.
- Departmental budgets will be cut by about £1bn next year and the year after.
- The state pension age is to increase to 68 in the mid-2030s and to 69 in the late 2040s. In April 2014, the state pension will rise by £2.95 a week.
- Overall welfare spending is to be capped.
- Anyone aged 18 to 21 claiming benefits without basic English or Maths will be required to undertake training from day one or lose their entitlement. People unemployed for more than six months to be forced to start a traineeship, take work experience or do a community work placement or lose benefits.
- From April 2015, capital gains tax will be imposed on future gains made by non-residents who sell residential property in the UK.
- From 1 January 2014, the rate of the bank levy will rise to 0.156%, and is estimated to raise £2.7bn in 2014-15 and £2.9bn each year from 2015-16.
- Employer National Insurance contributions are to be scrapped on 1.5 million jobs for young people.
- Stamp duty on shares purchased in exchange traded funds is to be abolished.
- The personal income tax allowance will rise to £10,000 from April 2014, and then increase from 2015-16 by the Consumer Prices Index (CPI) measure of inflation.
- A married couples and civil partners tax break, which is set to cost about £700m a year, is proposed to start in April 2015, enabling people to transfer £1,000 of their income tax allowance to their partners.
- Business rates in England to be capped at 2% rather than linked to RPI inflation, with some retail premises in England to get a discount. Businesses moving into vacant high-street properties will have their rates cut by 50%.
- From April, a new tax relief is to be introduced for investment in social enterprises and new social impact bonds.
- The number of people claiming unemployment benefits is down 200,000, with unemployment now forecast to fall from 7.6% this year to 7% in 2015. Unemployment is then expected to fall further to 5.6% by 2018.
- Total number of jobs to rise by 400,000 this year and 3.1 million jobs predicted to be created by 2019.
- A boost in the government's start-up loans scheme will aim to help 50,000 more people start their own businesses.

- Export finance capacity available to support British businesses will be doubled to £50bn.
- Petrol taxes stay frozen - a planned rise of 2p per litre for next year is to be scrapped.
- Regulated train fares will rise in line with inflation, not at 1% above RPI as planned.
- The tax disc to show motorists have paid vehicle excise duty is to be replaced with an electronic system.
- Tax allowances aiming to encourage investment in shale gas to cut tax on early profits by 50%.
- More investment in "quantum technology", which involves attempting to apply the strange behaviour of materials on a tiny scale to practical purposes, is promised.
- The government's pledge to spend 0.7% of gross national income on international development is to be met without an increase to the current aid budget.

<u>**News in a nutshell**</u>

David Cameron calls for China investment in UK’s HS2

Mr Cameron made a three-day trip to China in meetings with the three most senior members of the Chinese government: Mr Li, Zhang Dejiang, the chairman of the standing committee of China’s National People Congress, the largely ceremonial parliament, and Xi Jinping, the president.The visit was his first to China since November 2010, and the first since the current regime took over in November 2012. British ministers had until recently been refused meetings with their Chinese counterparts after the prime minister met the Dalai Lama in London in May 2012. David Cameron has opened the door to Chinese investment in the High Speed 2 rail line from London to the north. The form of any Chinese investment in HS2 is as yet unclear, but British officials stressed there would be no direct investment in the construction phase of the line, which is due to be funded by the taxpayer. This leaves open the possibility of the Chinese bidding for the concession to run HS2 or investing in peripheral schemes around the route such as developments around stations when the route opens in the 2030s. Mr Cameron insisted that his government should not be embarrassed about its increasing reliance on Chinese capital. Speaking to journalists, the prime minister said: “I’m not embarrassed that China is investing in British nuclear power, or has shares in Heathrow airport, or Thames Water, or Manchester airport. I think it’s a positive sign of economic strength that we are open and welcome to Chinese investment. That gives, if you like, the British government more firepower to use the capital investment we have for more roads and railways and other things.” The prime minister also repeated his call for an EU-China trade deal, which he said would boost European businesses and encourage China to liberalise its economy. Mr Cameron has positioned Britain as the greatest champion of such a deal, to the delight of his Chinese hosts, despite European concern that it could lead to domestic manufacturers being undermined by cheap Chinese imports.

UK revival leaves envious eurozone in shade

The strength of the UK economy is drawing covetous and occasionally envious glances from the eurozone as investors from around the world size up the opportunity presented by Britain’s recovery. The UK economic revival has taken almost everyone by surprise, confounding domestic and international forecasting groups. Having failed to predict the turn, most explain the sudden resurgence as a rebounding of confidence linked to the removal of previous impediments to growth, such as weak banks and fears of a eurozone crisis. Some economists believe the UK will be the world’s fastest growing developed economy over the

next five years. This is a tempting prospect for foreign corporates and investors, but they are weighing up potential opportunities against the political uncertainty of an EU referendum, as the coalition government staggers from one populist measure to another.
In France, traditionally the third biggest source of foreign direct investment for the UK, Britain is regarded as a success story that casts an unflattering light on French malaise. For Spain's largest companies, the UK has continued to be their main focus of overseas investment after Latin America, with a number buying assets in the UK this year as a means to diversify from the eurozone.

Strong performance from UK services

The services sector performed strongly in November; the CIPS/Markit services PMI recorded a level of 60. The results are evidence of continuing strong output growth in the sector, down 2.5 points from the 16-year high recorded in October. Activity and new business continued to rise and service providers expanded capacity by hiring new staff.In good news for Christmas shoppers, the British Retail Consortium reported the seventh consecutive month of shop price deflation. Prices dropped 0.3 per cent in November, after a 0.5 per cent decline in October.

UK government revives infrastructure drive

The government has renewed its pledge to put UK infrastructure at the heart of the economy, with a £375bn pipeline of public and private sector projects in energy, transport, and communications to be partly funded by asset sales and pledges from the insurance industry. A new nuclear power plant at Wylfa on the Welsh island of Anglesey and £50m for a new railway station at Gatwick were among a bonanza of eye-catching proposals announced in the coalition's fourth national infrastructure plan on Wednesday. But with infrastructure spending falling 13 per cent last year, Danny Alexander, chief secretary to the Treasury, faced a tough task convincing critics that this was more than just a "wishlist", with most of the projects due to start after the election in 2016. More than a quarter of the £375bn is to be provided with public money and the rest from the private sector. Mr Alexander tried to assuage concerns by pointing to a pledge from six insurers to invest £25bn in UK infrastructure projects over the next five years. Legal and General, Prudential, Aviva, Standard Life, Friends Life and Scottish Widows have signed up to an agreement, although it emerged during the press briefing that some of the £25bn pledged would go towards housing rather than projects outlined in the national infrastructure plan. On a trade visit to China, David Cameron, the prime minister, also conceded that the process of infrastructure development in the UK was "frustrating'". He said "important" systems of accountability in the UK meant projects took longer than in the fast-developing Asian superpower.

London's economic dominance of the UK

Britain needs a "fundamentally different economic model," David Cameron told the CBI employers' group in October. "We need a more balanced economy. We want to be not so reliant on the southeast of England, not to be so reliant on finance." The scale of that challenge was reinforced on Wednesday when official data showed that London has increased its economic dominance of the UK in the five years since the recession began. The capital's economic output grew 15.4 per cent between 2007 and 2012, a far larger rise than any other region, data from the Office for National Statistics revealed. Its closest rival was southeast England, which grew 11.3 per cent. Taken together, it confirms that the north-south divide has widened since the recession, contrary to hopes in some quarters that the financial crisis would narrow the gap by hitting the City. Ever since the crisis, politicians of all main parties have called for a "rebalancing" of the economy towards exports, investment, manufacturing and the regions. It has proved an elusive goal on all counts. Northern Ireland was the only part of the UK where output shrank, down 1 per cent over the five years. Yorkshire and the Humber had the smallest rise in England, up 2.6 per cent. Scotland was up 6.6 per cent, Wales 6.2 per cent, and the UK average up 8.5 per cent. London's rise was fuelled by its growing population, but even on a per head basis it had the fastest rise in GVA, up 6.9 per cent, closely followed by the southeast. One reason for London's performance is that its economy is much broader than the City, which has had mixed fortunes since 2007. A recent study found London had more people in highly skilled sectors than any other city in the world, with strengths such as legal services and digital media. The capital is also home to some of the UK's biggest infrastructure projects, including Crossrail and the upgrade of the Tube network, and received substantial investment for the Olympic Games. It will benefit from the proposed Thames Tideway Tunnel and the first phase of the High Speed 2 rail line between London and Birmingham.

Architects of banking reform believe job is only half-finished

It is meant to be the definitive legislative answer to the UK banking crash and City scandals such as rigging the London interbank offered rate (Libor). But to the architects of the banking reform bill, the task of reforming the City and sheltering taxpayers from future 2008-style bombshells is only half-finished. The House of Lords passed the banking reform bill on Monday night. The government said this completed "the final legislative phase of the plan to create a banking system that supports the economy, consumers and small businesses". Sir John Vickers, whose independent commission proposed the retail banking "ringfence", told the Financial Times the UK had made "major strides" by pushing through reforms that have gone "further than most of the rest of the world". The banking reform bill gathered together an eclectic range of measures as it passed through parliament over eight months but at its heart are a handful of core reforms. Key to these is the introduction of a ringfence that will separate retail banking from notionally riskier investment banking. On top of this, insured retail depositors will be given preference over other debtors if a bank fails.

BP signs $16 billion tight gas project deal in Oman

BP will drill some 300 wells to flush gas trapped deep under the Omani desert over the next 15 years in a $16-billion (£9.8 billion) project that Oman is relying on to keep its economy growing. The Khazzan tight gas project, which aims to extract around one billion cubic feet (bcf) per day of gas from sandstone at depths of up to 4,500 metres in central Oman, is a showcase for BP's tight gas extraction technology. Its success is vital for a country whose own gas exports have been eaten away by its voracious appetite for energy. "Today's signing is an important step in the Sultanate of Oman's plans to meet growing demand for energy over the coming decades and to contribute to economic development in Oman," the country's oil and gas minister, Mohammed Al Rumhy, said in a statement after the signing in Muscat. "The Khazzan project is the largest new upstream project in Oman and a pioneering development in the region in unlocking technically challenging tight gas through technology." BP will have a 60 percent operating stake in the project, which involves a 15-year programme of drilling into sandstone thousands of metres below the surface to extract gas using hydraulic fracturing technology developed in the United States. BP expects to invest around $9.60 billion over the full field development, in accordance with its 60 percent stake in the $16 billion project, a BP spokesman said. State-owned Oman Oil Company

Exploration & Production (OOCEP) will have a 40 percent stake. The $16 billion total investment estimate includes around $1.5 billion already spent.

UK jobless rate falls to 7.4%

Unemployment in the UK has fallen sharply to 7.4 per cent of the workforce in a strong set of labour market data that raises fresh questions about when the Bank of England will start raising interest rates. The number of people in work also jumped by 250,000 to a 30.09m in the three months to October – the first time the figure has risen above 30m. This was a record, though not as a share of the growing population. Two-thirds of the new jobs were full-time and nearly all permanent. The jobless rate was down from 7.6 per cent in July to September, a better performance than expected by City economists, who had expected it to remain unchanged. The 7.4 per cent rate was the lowest since April 2009. The unemployment total fell by 99,000 – the biggest quarterly drop since 2000 – to 2.39m, the lowest level since May 2009. The number of people claiming jobseeker's allowance fell by 36,000 in November, after a revised fall of 42,800 in October.

Government welcomes £1 billion AgustaWestland helicopter deal

Prime Minister David Cameron and Business Secretary Vince Cable have welcomed the announcement that UK helicopter company, AgustaWestland, has signed a £1 billion contract to supply 16 helicopters plus support and training to the Norwegian government.
Prime Minister David Cameron said that "this £1 billion deal between AgustaWestland and the Norwegian government is testament to the first class engineering skills we have right across the UK, while highlighting that this government's long-term economic plan is working. Safeguarding over 3,000 jobs across their Yeovil plant and many more across the SME supply chain, this is a hugely significant order which demonstrates why drumming up jobs and investment for our country from overseas investors is crucial to rebalancing the UK economy."

Speaking at AgustaWestland's Yeovil facility on 19 December 2013, Business Secretary Vince Cable said that "In the run up to Christmas this £1 billion Search and Rescue helicopter deal helps to safeguard over 3,000 jobs at AgustaWestland and in the supply chain. It also further cements Britain's reputation as a world leader in the aviation sector. Worldwide demand for our expertise is growing and the aerospace industry is proving key to rebalancing our economy towards manufacturing." The AW101 helicopters will be assembled at AgustaWestland's Yeovil facility in the UK with the involvement of many of the company's other plants. The contract will help safeguard over 3,000 jobs at AgustaWestland and in the supply chain, which includes many small and medium sized enterprises (SMEs) in the South West and throughout the UK. SMEs in line to benefit from this high value contract include radar systems supplier, APPH, Somerset based rotor track and balance equipment company, SEA of Frome, and component manufacturer, Tods of Crewkerne.A signing ceremony was held in Oslo today attended by Anders Anundsen, Norway's Minister of Justice and Public Security, and Daniele Romiti, CEO of AgustaWestland. UKTI's Defence and Security Organisation in London and the British Embassy in Oslo have supported AgustaWestland throughout the campaign.

UK set to grant low-carbon power subsidies

The future of one of Britain's largest coal-fired power stations hangs in the balance, after it was not allocated a green subsidy for its £750m coal-to-biomass conversion plan. The government said that it had chosen 10 low-carbon power projects that will receive early subsidies, though a final decision will only be taken in spring 2014. The list does not include Eggborough power station in North Yorkshire, which produces 4 per cent of Britain's electricity. Managers have said the plant might be forced to close if it does not receive state subsidies to support its plan to switch from coal to wood pellets. Rising carbon taxes will make it uneconomic to run as a coal-fired plant. The big beneficiaries of the government's largesse include Denmark's Dong Energy, which won subsidies for its Hornsea, Burbo Bank and Walney Extension offshore wind farms, and electricity generator Drax, which is in the process of converting three of its six units from coal to wood pellets. The list of 10 approved projects includes two onshore and four offshore wind farms, three biomass conversions and one dedicated biomass plant. The decision on early subsidies was published alongside the government's electricity market reform delivery plan, which it hopes will unlock £110bn of private investment in the UK power sector.

UK economy receives £2.2bn boost

The UK economy has performed better since the recession than originally thought, according to official data published, which confirmed that the economy grew 0.8 per cent in the third quarter. The Office for National Statistics has revised upwards several of its estimates for growth from the first quarter of 2012 onwards. The revisions mean that GDP is now 2 per cent below its pre-crisis peak, rather than the 2.5 per cent previously thought. The revisions mean GDP is about £2.2bn higher than thought. The ONS said the revisions were largely because of better figures for household consumption. Business investment for the most recent quarter was also stronger than initially estimated. The Treasury said that "the recovery has been stronger than previously thought and that the government's long-term economic plan is working." While the upward revisions to the level of output will be welcomed by policy makers as they also improve the picture of productivity since the crisis, the knock-on effects of higher household consumption has side effects that undermine the sustainability of the recovery, by worsening Britain's trading performance. In the third quarter of 2013, the current account deficit increased to £20bn, which at 5 per cent of national income was the highest since the late 1980s. The biggest contribution came from business services and financial companies. The poor performance of the distribution sector, along with hotels and restaurants, weighed on growth. The ONS also upgraded its estimate of growth of the services sector in the third quarter to 0.8 per cent from 0.7 per cent. The services industry is already back to the size it was before the crisis. Tax revenues in November were 4.6 per cent higher than in the same month in 2012, suggesting economic growth has continued well into the fourth quarter.

Big change needed to fix import-export gap, warns UK trade minister

Britain's trade deficit is a problem that nothing less than a substantial expansion in exports will fix, the trade minister has warned just weeks into his job. Lord Livingston said the government must "change the pace" of export growth and push more medium-sized companies into overseas markets if it is to have any hope of hitting its target of doubling exports to £1tn by 2020. The former BT chief executive, who shocked the City by quitting one of the biggest FTSE 100 roles to take on his ministerial role, acknowledged that Britain's trade deficit "has started to be a problem" and admitted that nothing less than high single-digit growth would reverse the trend. The UK's trade deficit has remained stubbornly high despite David Cameron's best efforts to tout British goods through a merry-go-round of trade delegations to China, Russia, India and Brazil. Government hopes for an improvement in the trade gap – given the 25 per cent fall in the value of sterling during the financial crisis

– have failed to materialise as the gulf between exports and imports persists. The total trade deficit for October was £2.6bn, unchanged from the previous month, and while the deficit in goods improved slightly to £9.7bn it remained wider than at the start of the year. Lord Livingston warned there was "no single silver bullet" to transform this trend but said more effort had to be put into helping medium-sized rather than small companies, a change of tack from his predecessor, Lord Green, who tried to encourage even the smallest businesses in his efforts to boost exports. Lord Livingston, who joined Mr Cameron on his trade trip to Beijing at the beginning of December, wants to target fast-growing countries such as China, Mexico and India. The prime minister led Britain's largest trade delegation of 127 business leaders on his trip to China, announcing the sale of £40m in pig semen in one deal as well as £120m in healthcare agreements. He also sought to drum up Chinese investment in Britain's rail and nuclear infrastructure.

Manufacturing declines as share of economic output

Manufacturing has fallen as a share of economic output in every UK region since 1997, with the West Midlands experiencing the biggest drop, official data have shown. The sector's contribution to national economic output fell from 18.7 per cent in 1997 to 10.3 per cent in 2011, according to figures from the Office for National Statistics. Northwest England remained the region with the highest manufacturing output, at just under £20bn, and also achieved the fastest increase in its share relative to other regions. The West Midlands saw manufacturing shrink over that period from 25.5 per cent to 13.8 per cent of the region's output, though the situation is likely to have improved since 2011 because of a surge in car exports led by Jaguar Land Rover. The data underline the scale of the challenge facing Vince Cable, business secretary, who wants to raise manufacturing's share of economic output "up to the mid-teens" over the next five to 10 years. He has launched strategies to help business to develop technologies, training and rebuild supply chains in sectors such as life sciences, aerospace, oil and gas, nuclear, construction, agricultural technology, offshore wind and cars.

UK-India Trade and Investment News

GSK to boost control of Indian drugs unit

GlaxoSmithKline plans to spend £629m ($1bn) to increase its stake in its profitable Indian subsidiary from 50 to 75 per cent, becoming the latest multinational to deploy cash to ramp up exposure to its Indian unit. The UK pharmaceutical giant is offering around 38 times next year's consensus forecast earnings – a premium of 26 per cent over the closing price in Mumbai on Friday, which marked an appreciation of roughly 19 per cent from the start of the year. Shares in GSK's Mumbai-listed Indian pharmaceutical subsidiary were up 19 per cent mid-afternoon on Monday. The voluntary open offer, which follows a similar deal last year by GSK's Consumer Health Division, is part of a wider pattern of higher investment by large foreign groups in Asia's third-largest economy, analysts said. Despite a marked slowdown in India's economic growth since 2011, many large multinationals, often with healthy balance sheets and access to finance at low interest rates, view the market as an important avenue for future expansion. GSK's offer is in line with similar such deals by other multinationals. sGSK is one of the three biggest companies in India's highly fragmented $12bn domestic pharmaceutical market, which analysts expect to grow at a steady 10 to 13 per cent a year for at least a decade as increasingly affluent Indians spend more on health care. This year India imposed new controls on the prices of over 350 drugs, in more than 2000 formulations, including GSK's bestselling branded-generic antibiotic, Augmentin, its biggest product in India. The new price cap on Augmentin is around 45 per cent lower than what GSK had been charging. Last year GSK's pharma subsidiary in India had revenues of Rs26bn – £313m at average 2012 exchange rates – and pre-tax profits of Rs9.8bn. Profit after tax and exceptional items was Rs5.6bn.

Govt okays multi-brand FDI, Tesco and Vodafone's Rs 11k cr investment proposal

The government cleared proposals by UK-based retail giant Tesco and telecom company Vodafone to together invest close to Rs 11,000 crore in India, signalling the government's determination to press ahead with FDI even in contentious areas such as multi-brand retail. With clearance from the Foreign Investment Promotion Board in place, Tesco becomes the first MNC to enter multi-brand retail in India. The Rs 10,141-crore (about $1.66-billion) proposal from Vodafone marks the first instance of a foreign telecom firm raising its stake to 100%, after the Cabinet allowed such a move earlier this year. "In case of Vodafone, since the approval sought for is more than Rs 1,200 crore, a final clearance will be required from the Cabinet Committee on Economic Affairs (CCEA)," said a finance ministry official, adding the Cabinet will soon take up the issue. FIPB also approved Tesco's proposal to invest around Rs 680 crore. Tesco has sought permission to pick up 50% stake in Trent Hypermarket Ltd, a wholly owned subsidiary of Trent Ltd, a Tata Group company. The Tesco-Trent JV proposes to open 3-5 stores annually under the brand names Star Bazaar, Star Daily, Star Market and Star Extra. Earlier this month, Tesco submitted a proposal to the Department of Industrial Policy & Promotion to acquire existing equity from Trent and subscribe to new shares of Trent Hypermarket.

FIPB, headed by Economic Affairs Secretary Arvind Mayaram, cleared Vodafone's proposal to fully own its Indian telecom unit through CGP India Investments — an indirect Mauritian subsidiary of Vodafone International Holdings BV. At present, the British telecom major directly holds a 64.38% stake in its Indian arm, Vodafone India Ltd. Vodafone is acquiring shares held by minority investors, including Analjit Singh and Ajay Piramal. "This is the first bigticket investment in the telecom sector after the FDI ceiling was raised to 100%, and it reflects Vodafone's commitment to the Indian telecom sector. This is a company which despite its tax litigation with the government decided to go ahead and invest in the market," said Vodafone's counsel Anu Dutt. The Vodafone Group had sought FIPB approval to raise its holding in the Indian unit to 100% after the government allowed foreign entities to fully own companies in the sector in mid-July this year. The UK telecom major sought permission to invest Rs 10,141 crore (about $1.66 billion) in Vodafone India, now the country's second-largest mobile operator by subscribers. FIPB also approved foreign investment proposals of Johnson & Johnson, Piramal Enterprises and Scorpio Beverages. It, however, deferred HDFC Bank's proposal, seeking to raise foreign investment holding limit in the bank beyond the existing 49%.

Linking India's financial centre with its IT hub

If there is a developing centrepiece of the U.K.-India economic engagement, which the coalition government of David Cameron has been active in promoting, it is perhaps the agreement on the joint development of the Bengaluru-Mumbai Economic Corridor. The decision to cooperate in developing the projected 1,000-km corridor that will link the two cities — with provision for creating manufacturing hubs along the route, developing the towns and their hinterland, and creating both investment and job opportunities along and around its route — was part of the joint memorandum that was signed between the two countries when Mr. Cameron visited India in February this year. The tender for the feasibility report for the project was issued this month, with a December 26 deadline for submissions. Officials from the Indian High Commission involved in the negotiations believe that progress has been remarkably fast for a project of this size and scope — a sign of the importance that the Indian government attaches to the project, as well as of British investment interest in the project.

An "exciting flagship for wider collaboration on infrastructure" is how Barry Lowen, Director, U.K.Trade Investment (India), which leads on the U.K. side, described the project to The Hindu . "The U.K. has expertise on innovative ways to raise funding and promote green technologies in promoting infrastructure," he said.

The 95-page tender for submitting the project's feasibility study lays out the scope of the project. The funding for the study is to be underwritten by India, and is itself expected to run into millions of GreatBritish Pounds. The vision for the BMEC, as set out in the terms of reference of the feasibility study is of a "global exemplar both for commercially viable sustainable development and for attracting investments into manufacturing and clean infrastructure (potable water, clean energy etc)." To achieve "comprehensive, accelerated and sustainable economic development with green technology and regional industrial and urban agglomeration, diffusing the regional population along the length of the corridor", the BMEC will boost "regional industry agglomeration... attracting companies in the value chain of existing companies to the corridor, attracting particular industries where the corridor has geographical advantages or has advanced infrastructure for such industries." The project looks to create advantages for industrial development along the corridor, creating linkages that will provide quick access to production units in a way that will reduce transportation time, costs of logistics and inventory.

India pips China to become most attractive investment destination: EY

India has emerged as the most attractive investment destination, according to a Capital Confidence Barometer of EY (earlier known as Ernst & Young), a global tax and investment advisory firm. While India has moved up to the top slot of the attractive investment destination list, China was down to the third slot. India is closely followed by Brazil. The survey found that sharp currency depreciation and opening up of FDI in various sectors has made India an attractive destination for foreign investors. "The observation underscores the long-term confidence that investors continue to maintain in India as an investment destination," it says.

Mumbai start-up sets up London Tech City base

Indian financial analytics venture Heckyl Technologies is among 25 global firms to announce major new investments in London's Tech City. Mumbai-based Heckyl, which provides real time financial news and data analytics, has decided to set up a London base to carry out sales and marketing and R&D work with an initial investment of £1 million and creating 25 jobs over the next three years. Som Sagar, co-founder and CEO of Heckyl, said: "Finance and London are deeply inter-linked. It is one of the most matured and fastest growing markets in the world. If a financial product wants to explore its full potential, then UK is the market. So we had a choice: to be the best, you have to be with the best. Heckyl had won a competition as India's most innovative company, run by UK Trade and Investment (UKTI) and launched by Prime Minister David Cameron on his visit to the country in February this year. Tens of millions of pounds in investments will flow in to create more than 750 new jobs in London, as the UK government and the Mayor of London work towards attracting the world's best tech companies to the city.

Tata Motors commits Rs 300 crore for long term R&D in the UK

Auto major Tata Motors said it will invest around 30 million pounds (over Rs 300 crore) in the National Automotive Innovation Campus (NAIC), as part of its commitment for long term R&D in the UK. The company has confirmed its long term commitment to advanced research and development in the UK through the participation of its subsidiary, Tata Motors European Technical Centre (TMETC), in the NAIC, Tata Motors said in a statement. "The NAIC, which represents a total investment of around 100 million pounds, will receive funding from Tata Motors of around 30 million pounds, alongside the support of its partners, Jaguar Land Rover, WMG and the UK Government's Higher Education Funding Council England (HEFCE)," it added. The NAIC will open in 2016 and will house around 1,000 world class engineers and scientists. It will be a research hub for creating technologies for the automotive industry. "This investment constitutes the next step in Tata Motors' strategy to develop world class products for its global customers and TMETC plays a significant role in that plan," Tata Motors Head of Advanced Engineering and Product Development Tim Leverton said. Tata Motors, which is India's largest automobile company, posted consolidated revenue of $34.7 billion in 2012-13.

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