

**Economic & Commercial Report on the United Kingdom**  
*April 2015*

**Highlights**

- **UK inflation rate remains at zero in March**
- **Successful Indian companies fuelling UK economy: Grant Thornton Study**
- **UK's Nottingham city offers Indian companies free office space**
- **Launch of Leeds City Region's Indian Business Club**

**Overview of UK's Economy**

**The Gross Domestic Product** is estimated to have increased by 0.3% in Quarter 1 (January to March) 2015 compared with growth of 0.6% in Quarter 4 (October to December) 2014. Output increased in services by 0.5% in Quarter 1 (January to March) 2015. The other 3 main industrial groupings within the economy decreased, with construction falling by 1.6%, production by 0.1% and agriculture by 0.2%.

**The Consumer Prices Index (CPI)** was unchanged in the year to March 2015, that is, a 12-month rate of 0.0%, the same rate as in the year to February 2015. Falls in clothing and gas prices produced the largest downward contributions to change in the inflation rate. These were offset by a rise in the price of motor fuels and smaller upward contributions from a variety of other products such as food.

**The unemployment rate** was 5.6%, lower than for September to November 2014 (5.8%) and for a year earlier (6.9%). There were 31.05 million people in work, 248,000 more than for September to November 2014 and 557,000 more than for a year earlier.

The **deficit on trade in goods and services** was estimated to have been £2.9 billion in February 2015, compared with £1.5 billion in January 2015. This reflects a deficit of £10.3 billion on goods, partially offset by an estimated surplus of £7.5 billion on services. The widening of the trade deficit between January and February 2015 mainly reflects a fall in exports of goods to non-EU countries, particularly to the United States. In terms of commodities, the main decreases were in the exports of miscellaneous manufactures, material manufactures and chemical manufactures.

The **Index of Services** is estimated to have increased by 3.2% in February 2015 compared with February 2014. All of the 4 main components of the services industries increased in the most recent month compared with the same month a year ago. The largest contributions came from: business services and finance, which contributed 1.4 percentage points to total growth; and distribution, hotels and restaurants, which contributed 0.9 percentage points to total growth. The latest Index of Services estimates show that output increased by 0.3% between January 2015 and February 2015, following a contraction of 0.2% between December 2014 and January 2015.

The **Bank of England's Monetary Policy Committee** at its meeting on April 9, 2015 voted to maintain Bank Rate at 0.5%. The Committee also voted to maintain the stock of purchased assets financed by the issuance of central bank reserves at £375 billion.

## **UK announces plans to join Asian Infrastructure Investment Bank**

The Chancellor of the Exchequer, George Osborne announced on March 12, 2015 that the UK intends to become a prospective founding member of the Asian Infrastructure Investment Bank (AIIB). In doing so, the UK is the first major Western country to seek to join the AIIB. Once fully operational the AIIB will support access to finance for infrastructure projects across Asia, using a variety of support measures - including loans, equity investments, and guarantees - to boost investment across a range of sectors including transportation, energy, telecommunication, agriculture and urban development. This support can complement the work already done in the region by existing Multilateral Development Banks such as the World Bank and Asian Development Bank.

### **UK-World Trade Review (in £million)**

Year	UK Exports to the rest of the world	% change from Jan-Feb 2014	UK Imports from the rest of the world	% change from Jan – Feb 2014	Total	% change from Jan-Feb 2014	UK's Balance of Trade
Jan–Feb 2015	46292	-13.06	67271	+1.04	113563	-5.22	-20979

### **UK-India Bilateral**

#### **UK-India Trade Review (in £ million)**

Year	UK Exports to India	% change	UK Imports from India	% change	Total	% change	India's Balance of Trade
2010	4017	+36.49	5446	+25.86	9463	+30.16	1429
2011	5488	+36.61	5868	+7.74	11356	+20.00	+380
2012	4567	-16.78	6010	+2.41	10577	-6.85	+1443
2013	5118	+12.06	6186	+2.92	11304	+6.87	+1068
2014	3893	-23.93	6566	+6.14	10459	-7.47	+2673
Jan –Feb 2015	512	-3.39	1083	+4.13	1595	+1.59	+571

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

<b>Trade and Investment Enquiries from India:</b>	59
<b>Trade and Investment Enquiries from UK:</b>	02
<b>Tenders from India:</b>	50

### **Successful Indian companies fuelling UK economy: Grant Thornton Study**

India meets Britain India Tracker 2015' developed by professional services major Grant Thornton in collaboration with Confederation of Indian Industry (CII), found that the number of Indian companies employing people in Britain has increased by 14 per cent, from 700 in 2014 to 800 in 2015. The report says that the success of Indian companies is fuelling the British economy through job creation and high revenues. The total number of people in the UK employed by Indian companies has increased by 10 per cent; from 1,00,000 last year to nearly 1,10,000. The report released by Shri Ranjan Mathai, Indian High Commissioner to the UK also shows that the combined turnover of these businesses has increased by £3 billion in the last year, up from £19 billion in 2014 to £22 billion in 2015. The true value of Indian companies doing business in the UK is highlighted by Grant Thornton's analysis of tax contributions from Indian companies. The research shows that Indian-owned companies pay combined UK corporate tax of almost half a billion pounds - but the total value of tax contributions is considerably higher when additional taxes such as payroll and sales tax are taken into account. The regional breakdown of the research shows that the fastest-growing Indian companies continue to be fairly evenly spread throughout the UK. They also operate across a variety of sectors, with particular strength in technology and telecoms, pharmaceuticals and chemicals and engineering and manufacturing.

### **UK's Nottingham city offers Indian companies free office space**

The City Council of Nottingham, which falls in the East Midlands region of the UK, has announced the offer of free office space for a period of two years for any Indian company looking to set up a new business in the region. Nottingham's established international trade and investment links in India was strengthened by a visit from Dr Virander Paul, Deputy High Commissioner of India to UK, and members of CII's India Business Forum on April 22, 2015. This offer of a 250 square meter office space in the heart of the city is open to any firm free of cost for two years. We hope it will be that first step that breaks the inertia and makes Indian companies explore the opportunities here for themselves,

### **Launch of Leeds City Region's Indian Business Club**

The Leeds City Region India Business Club, an organisation dedicated to the exchange of ideas, experience and advice with those businesses wanting to make an impact with Indian firms at home and overseas was launched on April 24, 2015 in Leeds. The India Business Club's main Objectives would be to centralise India based business activity across Leeds City Region, to allow companies that either have an existing presence in India or are looking to develop business in India to share contacts, experiences and understanding, to create opportunities for companies that seek to work with Indian firms in Europe by sharing experiences and deal interests, to act as a central point of contact for Indian investor enquiries, to provide a platform to effectively and seamlessly manage their enquiry and engage the most appropriate organisations and businesses in order to fully support them and to promote inbound and outbound delegations and India related business activities, allowing businesses throughout the region an opportunity to engage.

### **2015 UK-India Health Conference to Promote Partnerships Between the Two Nations**

Seeking to explore tie-ups in the UK's health sector, 18 top Indian biotech and life sciences firms participated in a first-of-its-kind trade mission to the UK to attend BioConclave 2015. BioConclave was an initiative by EPG Strategic Communications (UK) to create closer collaborations between Indian and European Life Sciences companies. This conference held on April 20, 2015 was followed by a trip for Indian delegates to a leading Life Sciences Park. The conference brought together business leaders, policy makers, innovators, academics, entrepreneurs, investors and distributors on the same platform to exchange ideas, build relationships and forge future partnerships. Indian companies on the trade mission included

CyberLiver, Phyto Biotech, Advatech Ambulance Services, AzaTrius and Mindfarm Novatech. Representatives from the Indian firms got an opportunity to meet more than 150 UK businesses, organisations and potential partners which included Bupa, InterMune NHS trusts, Oxford University and the British Medical Association

### **Diagnostic facility to launch in £1m UK-India deal**

A new private diagnostics facility is proposed for Leeds following a £1m partnership between Indian and UK health companies. Kolkata-based Advatech will work with National Pathology, based in Welford, to establish the centre. The facility will offer genetic testing and pathology services, such as blood tests, to NHS and private healthcare providers. The deal follows the first UK-Indian healthcare conference and trade visit in April 2015.

### **UK opens new visa premium lounge in Gurgaon**

The UK opened its first ever standalone premium lounge in Gurgaon, India on March 30, 2015. The Gurgaon lounge is part of a wider strategy to extend the UK's reach across India and roll out further premium services to customers. UK Visas & Immigration (UKVI) has also plans to open a further user-pay visa application centre in Jaipur and there are already plans to extend the visa application centre network even further. The premium lounge, gives customers a luxury lounge to apply for their visa quickly as well as the added benefits of free courier and SMS text service. The charge for using the service is Rs 2,500 on top of the cost of the visa.

### **India: changes to visa process for applicants travelling to UK for more than 6 months**

From April 15, 2015, Biometric Residence Permits (BRPs) for non-EEA nationals travelling to live in the UK for more than six months will begin to be issued to visa applicants in India. The changes will affect those applying to join family in the UK, as well as students and workers applying for a longer stay visa. From this date, applicants will receive a 30 day sticker in their passport instead of a 'vignette' with the full grant of leave. The 30 day vignette will be dated from an applicant's intended date of travel. Applicants will be required to collect their BRP from a designated post office within ten days of arrival in the UK. The BRP card can then be used as proof of the right to work, study and access public services in the UK. The card will also need to be presented when travelling in and out of the UK, along with a valid travel document. BRPs will be introduced globally throughout 2015, in line with European Council regulations.

### **Tata Motors begins production of Jaguar XE in UK**

Tata Motors has made automotive history in Britain with the launch of Jaguar's newest model XE, an entry-level luxury saloon car, at its factory in the West Midlands region of England. The factory at Solihull has traditionally been the home of sister brand Land Rover but the first Jaguar XE saloon rolled off the all-new production facilities at the plant in April. The 500-million pounds "factory within a factory" consists of a new body shop and trim and final facilities. The Tata Group's investment in the unit represents the largest single investment in the Solihull plant in its 70-year history. The XE and F-Pace could take annual output up by a further 50 per cent to 360,000, with manpower set to peak at 10,500.

### **Branded homes great success in India: John Hitchcox, YOO**

After America's real estate business tycoon Donald Trump announced his first Indian project - luxury residential twin towers in Pune -in August in 2014, British billionaire John Hitchcox, one of the world's most influential property developers, has also decided to ramp up his investments here. In addition to his existing projects in partnership with home grown real estate players such as Lodha, the chairman of property design and marketing firm YOO, along with French industrial designer Philippe Starck, will announce a range of branded luxury high-end residential projects in Noida, Bangalore, Gurgaon and Pune. YOO, which has presence in more

than 26 countries across the world, works with celebrity decorators for the interiors of its branded residences and hotels, many of which are in New York, Paris and London.

### **Indian IT firms in UK like TCS, Wipro and Cognizant rejoice as Lloyds agree to lend £450 million after sale of TSB unit**

Indian IT firms will benefit from the 450-million pound 'IT dowry' as UK lender Lloyds has agreed to provide following the sale of its unit TSB to Spain's Banco Sabadell, and from the M&A spree in the UK telecom market. When Lloyds spun off TSB in 2014, it told the unit's new shareholders that it would pay 450 million pounds to cover IT integration costs, should the unit change its technology platform in case of a takeover. Banco Sabadell already announced its intention to move TSB on to its own banking platform, leaving the 450 million pounds, and potentially more, in integration costs up for grabs. Tata Consultancy Services, Wipro and Cognizant are existing vendors at Lloyds-TSB and are, as such, in prime to win the contracts to integrate TSB with its Spanish buyer because initial contracts typically go to incumbents, experts said.

### **Arvato UK: US, China and India Earmarked for UK eCommerce Expansion**

UK eCommerce business leaders are turning their attention to high growth consumer markets in the US, China and India, according to a new report commissioned by business process outsourcing provider (BPO) arvato and World Business Research (WBR). The research, which surveyed 78 UK eCommerce CEOs, managers and executives working in the beauty, fashion, FMCG and luxury sectors, reveals that 37 per cent of British firms are looking to grow their eCommerce offerings in the US, with 33 per cent and 30 per cent targeting the Chinese and Indian markets respectively. UK firms in fashion and beauty eCommerce are set to be the most active in the US, China and India, with 42 per cent and 40 per cent respectively planning for expansion in these markets. However, more than one in three companies across both sectors have undefined timescales for growth, with 15 per cent looking to implement their strategies over the next one to two years.

### **ALIMCO Takes Major Technology Leap by Signing MoU with M/S Motivation Charitable Trust U.K**

Artificial Limbs Manufacturing Corporation of India (ALIMCO) signed a MoU with M/s Motivation U.K in the august presence of Union Minister for Social Justice & Empowerment Shri Thaawar Chand Gehlot and Shri Krishan Pal Gurjar, Minister of State for Social Justice & Empowerment on April 22, 2015. The MoU provides opportunity to ALIMCO and M/s Motivation U.K. to work together for producing affordable State- Of- Art wheel chairs having compliance to WHO guidelines. The MoU will lead to Transfer of technology from M/s Motivation U.K. to ALIMCO India for manufacturing new generation wheel chairs like Wheelchair for rough terrains, CP chairs and adjustable Wheel chairs with compliance to WHO guidelines. Technology Transfer will enable ALIMCO to produce and provide cost effective and fordable Wheel chairs to PwDs through its wide spread national network across the country. Production of technologically advanced Wheel chairs will improve the independence and mobility of PwDs from all sections of society in the country. This would help in fulfilling the dream of 'Make in India'.

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