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US seeks trade sanctions in India poultry dispute: WTO

The Economic Times

Geneva, July 8, 2016: The United States is seeking trade sanctions against India after winning a dispute at the World Trade Organization regarding Indian restrictions on imports of US poultry meat, eggs and live pigs, the WTO said on Friday.

The United States has requested a WTO meeting on July 19 to launch the claim for compensation, according to an agenda circulated by the WTO.

The agenda did not give any details, but the US Trade Representative's office has previously said US annual exports of poultry meat to India could exceed \$300 million once the restrictions are removed, and are likely to grow substantially in the future as Indian diets and pockets grow richer.

The United States won the dispute in June last year, when the WTO's Appellate Body ruled that India's restrictions were discriminatory and based on unsubstantiated fears over bird flu. India had 12 months to comply with the ruling.

At the time, US Secretary of Agriculture Tom Vilsack called it a "major win for US agriculture" and said it would help keep markets open based on international standards.

The United States argued that it had not had an outbreak of high pathogenic avian flu since 2004, while India had 90 such outbreaks between 2004 and 2014.

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India may offer tariff cut in goods at trade summit

Live Mint

New Delhi, Jul 14, 2016: India has agreed to show flexibility in Regional Comprehensive Economic Partnership (RCEP) negotiations and offer further tariff cuts in goods if other member countries agree to a higher level of commitment in trade in investment and services.

A pre-ministerial meeting on 18-19 July in Jakarta and a ministerial meeting on 5 August in Laos are expected to address these differences among member countries.

“We have conveyed that provided there is meaningful progress in services and investment, India is ready to show flexibility on the goods side with higher percentage of tariff lines with tariff reduction,” a commerce ministry official said, speaking under condition of anonymity.

India has little to gain in getting market access in goods in other countries due to its poor infrastructure and weak manufacturing base, but it thinks it has an upper hand in services negotiations.

India hopes to acquire market access for its burgeoning skilled professionals and easier visa regimes in the RCEP member countries.

However, liberalization of trade in services remains a contentious issue for other member countries, with most showing reluctance to open up their labour market.

The official said most countries seem unwilling to go beyond their non-discriminatory market access regime in services provided to all World Trade Organization member countries, in which case there is not much significant advantage that India will be getting except binding other countries to their present commitments.

“A rough analogy to that will be that India should limit its commitment in goods under the WTO regime only,” the official argued.

Jayant Dasgupta, executive partner at Lakshmikumaran and Sridharan and former ambassador of India to the World Trade Organization, said India has the right approach at RCEP.

“Every trade agreement is based on some reciprocity and there has to be some rough balance. India cannot sell iron ore to Australia or palm oil to Indonesia. So they need to give India something in services in return of greater market access in goods,” he added.

India at present has proposed to follow a three-tier system of tariff liberalization based on whether it has a free trade agreement (FTA) with the country or not.

Among its free trade partners also, it has made separate offers to the Association of South-East Asian Nations (Asean) on the one hand and Japan and South Korea on the other hand.

In tier-I, which includes the members of Asean countries, India has offered 80% tariff liberalization. Out of it, 65% elimination of tariff will come into force immediately as the agreement comes into force and another 15% tariff elimination will happen over a period of 10 years.

In tier-II, India has offered a 65% tariff elimination to South Korea and Japan with whom it has FTAs, while these two countries will give 80% tariff elimination. In tier-III, India will offer 42.5% to China, Australia and New Zealand, while each of these countries will offer India 42.5%, 80% and 65%, respectively.

Countries like Japan are seeking to have common concessions for all member countries after a period of 10 years which India is opposed to. The official said the effort will be to find common ground in the Laos Ministerial next month.

Started in May 2013, RCEP comprises the 10 economies of the Asean region (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam) and six of its free trade partners (Australia, China, India, Japan, New Zealand and South Korea).

The grouping envisages regional economic integration, leading to the creation of the largest regional trading bloc in the world, accounting for nearly 45% of the world's population with a combined gross domestic product of \$21.3 trillion.

The regional economic pact aims to cover trade in goods and services, investment, economic and technical cooperation, competition and intellectual property. India's interests lie mostly in services, the removal of technical barriers to trade such as those taken under sanitary and phyto-sanitary measures, and trade in goods such as pharmaceuticals and textiles.

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Government in talks with US over solar dispute in WTO: Piyush Goyal

The Economic Times

Bengaluru, Jul 12, 2016: Government is in talks with the US over a dispute at global trade body WTO on a solar mission and would decide on filing suits against the western country based on the outcome of the talks, Union Power Minister Piyush Goyal said today.

"The Indian government believes in discussion, dialogue, consultation and resolution of issues, rather than going through the legal processes, which are usually long-drawn," he told reporters here.

"Therefore, after having acceded to that request, consultations are going on. Should the United States agree to our point of view, which is a very honest and fair point of view. We may not need to file those cases. If they do not agree with our point of view, we can always file those cases," he said.

The Minister, who was here to review Karnataka's coal, power and mining sectors, said the government was on the verge of filing seven of the 16 cases initially after receiving the request from the United States for bilateral discussions and consultations.

India's ambitious Jawaharlal Nehru National Solar Mission was in the eye of a storm after the US filed a case in WTO against the government's support to the programme.

The WTO had subsequently ruled that the government's support to the programme contradicts trade-related investment measures signed by India. The solar mission aims to generate one lakh MW of electricity through solar installations.

On ultra mega power projects, Goyal said the union cabinet would take an early decision on the standard bid document which will facilitate auctioning of domestic coal-based four or five UMPPs.

"UMPP is now before the cabinet. I am sure it will take an early decision on this," he said. The government was looking at making sure that these projects were not afflicted with problems including environmental clearances, which earlier UMPPs faced.

He also said the country was having surplus power capacity, as of now, and there was no pressing and tearing hurry, and would rather do it smartly and efficiently.

Asked about coal linkage policy for regulated sector, Goyal said it could happen any day, adding the government was running a transparent process and there would be an equal opportunity given.

Most of the linkages will be given to the states so that they can use them efficiently for their power purchase.

"Finally, we will have a situation where coal linkage and power purchase agreement will be packaged into one so that the stranded power plants also get chance to re-function," he said.

On state-run Coal India Limited approving buyback of 10.89 crore shares worth Rs 3,650 crore, Goyal said the investors would benefit from it and the move was a reflection that the PSU was performing 'exceedingly well'.

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India-UK Free Trade Agreement may be easier post Brexit: CII

The Hindu

LONDON, July 7, 2016: A Free Trade Agreement between India and the UK could be easier to accomplish at a bilateral level following Britain's exit from the EU, according to Indian industry leaders.

The Confederation of Indian Industry (CII) led its annual delegation to London this week to take stock of 'The Future of UK-India Economic Relations' and said there was general consensus that Brexit opened up the possibility of new opportunities.

"With Britain's departure from the EU, India will have to negotiate a Free Trade Agreement with the UK which may be easier to accomplish at a bilateral level... This could well be the best era for our industries to collaborate," CII Director-General Chandrajit Banerjee said, adding that there was "political drive and willingness" on both the sides.

His views were echoed by CII President Naushad Forbes, co-chairman of Forbes Marshall Private Limited.

“India-UK relations will sustain with or without Britain’s relationship with the EU and will only thrive and prosper in the years ahead,” Forbes said.

Pointing out that India had been negotiating an FTA with the EU for over nine years and had been stuck in a couple of areas of concern for India, he said, “Many of these issues will instantly go away between India and the UK. It would be an agreement that would be almost made in heaven“.

UK Minister of State for Universities and Science Jo Johnson said such a bilateral agreement would be on the agenda and sought to reassure Indian industry leaders against any fears over the business climate in the UK following Brexit.

“We have so many strengths in our bilateral relationship, on which we must now rapidly build... It has been very frustrating that the EU-India FTA has been so slow in making progress and has suffered several pauses. I sincerely hope that tighter bilateral trade agreement between the UK and India can make rapid progress,” he said.

“I want to reassure you about any uncertainty as the UK enters a new phase of its relationship with the EU... more than ever we are going to be an outward looking, adventurous, optimistic country,” Johnson said.

Indian High Commissioner to the UK Navtej Sarna said the political underpinning for the economic relationship between India and the UK was strong and that uncertainties should not have any adverse effect as business “thrives of uncertainties” and a “planned roadmap” for the relationship already exists.

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India, U.S. will weather trade disputes: Farrell

Sriram Lakshman, The Hindu

BERKELEY, July 9, 2016: The Indo-U.S. relationship is unlikely to be affected by disputes the two countries are having at the World Trade Organization (WTO), according to a senior U.S. Department of Commerce official, Diane Farrell.

Ms. Farrell’s comments to *The Hindu*, made at an India-U.S. business conference organised at the University of California Berkeley’s Haas School of Business, came within hours of an announcement at

the WTO that the U.S. will seek sanctions against India on a poultry dispute. [Ms. Farrell herself was initially unaware of this announcement]. The U.S. has sought a meeting at the WTO on July 19 to discuss a WTO ruling in its favour last year on India's restrictions of poultry imports from the U.S. on public health grounds. "The relationship is strong enough to withstand any of these individual cases and both countries know and recognise that," Ms. Farrell said. "Having the WTO as an arbitrating body is a positive for both countries in terms of maintaining an appropriate level of the relationship while resolving individual disputes. Overall, there is no question ... on the basis of the financial growth the relationship has enjoyed, we are on an excellent track for a very positive future."

Trade irritants

Despite growing strategic closeness, the U.S. and India have had several irritants in their relationship on the trade front in recent months. These have included disputes that have been referred to the WTO, such as on India's local sourcing requirement for solar panels and the U.S.'s application fees for H1B and L-1 category visas.

Additionally, the United States Trade Representative's (USTR) Special 301 Report for 2016, which is its annual assessment of the state of intellectual property (IP) rights in other countries, has kept India on a priority watch list. India has repeatedly asserted that its IP laws are compliant with standards mandated by the WTO's Trade Related Intellectual Property Rights (TRIPS) and has resisted 'TRIPS Plus' requirements in international trade deals.

"Whatever the law [IP law in India] in place currently is, it is in line with TRIPS. All we are asking is to not move it to TRIPS Plus which is what the U.S. is seeking," Satish Reddy, Chairman of Dr. Reddy's pharmaceutical company told *The Hindu* on the sidelines of the Berkeley conference. The pharmaceutical industry is also concerned about multilateral trade deals like the Regional Comprehensive Economic Partnership (RCEP) and Trans Pacific Partnership (TPP) whose 'TRIPS Plus' standards may eventually become the norm for all multilateral trade agreements. The U.S. has been pushing against India's compulsory licensing laws for drugs in the interest of public health as well as against Section 3(d) of the India Patent Act, which prevents patents from being taken out on a product unless its efficiency is significantly enhanced. Getting India off the Special 301 watch list has therefore become a priority for the pharmaceutical industry. "[The] first step is clearly to deal with this Special 301 situation – I think that's the burning fire right now," Mr. Reddy said.

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Economy needs outward-oriented growth to clock 8-10 per cent rate: CEA Arvind Subramanian

The Economic Times

New Delhi , Jul 12, 2016: Stating that Brexit will leave a "muted" impact on India, Chief Economic Advisor (CEA) Arvind Subramanian today said the economy can't achieve 8-10 per cent growth rate without "outward-oriented growth strategy"

"There will be some impact of Brexit on India. But broadly impact will be muted... We can't achieve 8-10 per cent growth without outward-oriented growth strategy," Subramanian said at an event organised by 'India Policy Forum 2016'.

"If you (India) have outward-oriented growth strategy, you can sell in domestic markets also," he added.

On the economic growth still above 7 per cent level despite exports falling for the last 17 months, the CEA said "If you look at export volume (non oil volume), India by no means is outlier. Decline in exports is due to slowdown in world demand."

Noting that India is a service sector powerhouse, Subramanian -- who was Senior Fellow at the Peterson Institute for International Economics -- said that he thinks government's 'Make in India' and efforts to improve manufacturing sector is essential to achieve higher growth rate.

Subramanian said India can still achieve 15 per cent export growth and can raise service export from 0.2 per cent to 1.5 per cent.

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Government disburses Rs 1,433 crore as interest subsidy to exporters

The Economic Times

New Delhi, July 12, 2016: Government has disbursed Rs 1,433 crore up to March under the interest subsidy scheme to exporters, the Commerce Ministry today said.

The Centre's interest equalisation scheme, announced last December, reduces cost of capital by allowing 3 per cent interest subsidy on pre and post-shipment rupee export credit to eligible exporters.

"Indian exporters pay high rate of interest on the capital borrowed... all products manufactured and exported by SMEs (are) eligible. Up to March 2016, benefit to the tune of Rs 1,432.90 crore has been passed on to eligible borrowers," the ministry said in a statement.

Enlisting steps to improve ease of doing business and boost exports, it said the ministry has taken several steps.

Number of mandatory documents required for exports and imports have been reduced to three for each segment. Earlier 7 documents were required for exports and 10 for imports.

"Exporter can now file online applications for IEC (import export code), Advance License, MEIS (merchandise exports from India scheme), SEIS (services exports from India scheme), pay application fee online and check status of their applications," it said.

To spread awareness about benefits of free trade agreements, it said an ambitious outreach programme has been launched to reach out to exporters located in the 34 major export clusters/cities.

"The programmes focus on training exporters to utilise the FTAs, taking inputs from exporters on FTAs under negotiations for example Regional comprehensive economic policy (RCEP)," it added.

It said the efficacy of these initiatives is reflected in the fact the annual trade data indicates the share of manufacturing sector in India's total exports has increased from 64 per cent in 2014-15 to more than 69 per cent in 2015-16.

In terms of trading across borders, India is ranked at 133rd out of 189 economies, according to the World Bank's report on ease of doing business.

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Indian economy can have 25% share of manufacturing by 2025: Report

The Economic Times

New Delhi, July 12, 2016: India is expected to increase the share of manufacturing in the overall economy to 25 per cent by 2025 from the current 16 per cent on account of various measures taken by the government, Dun & Bradstreet said today.

The various steps taken by the government in terms of measures for ease of doing business, creation of conducive environment for the manufacturing activities, focus on improving industrial policies and FDI enhancement would aid in reviving the manufacturing sector and achieving global competitiveness, it said in a statement.

"We expect India to realise the target of 25 per cent share of manufacturing in overall economy at best by 2025. Going forward, changing economics of production and distribution and frequent shifts in consumer demand will require manufacturers to adopt new process and make new products," Arun Singh, Lead Economist, Dun & Bradstreet India, said.

Indian manufacturing companies will have to adapt and increase their focus on developing advanced manufacturing capabilities if they wish to stay competitive at the higher ends of the value chain, he added.

Singh also said that consumption as well as investment demand is likely to remain healthy, support overall growth momentum and push India's nominal GDP to reach USD 6.4 trillion by FY 2025 with real Gross Value Added expected to grow at an average rate of 7.9 per cent till FY 2025.

The manufacturing sector is expected to be the major driver of growth in the coming decade, he said.

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India imposes anti-dumping duty on Chinese refrigerant

The Economic Times

New Delhi, July 13, 2016: India has slapped anti-dumping duties on import of a refrigerant from China saying it hurt domestic producers, according to a recent notice from the Revenue Department.

The government imposed an anti-dumping duty of \$ 1.22 per kilogram on import of '1,1,1,2 - Tetrafluoroethane' or 'R-134a' from China for a period of five years till July 10, 2021, said a notification by the Revenue Department.

The department's notice is to be published in the Federal Register on Friday.

India had first imposed anti-dumping duty on the compound commonly used in home refrigerators and automotive air conditioning in July 2011.

An investigation by the Directorate General of Anti- Dumping And Allied Duties (DGAD) found that "there is continued dumping of the subject goods from the subject country".

Anti-Dumping duty is usually imposed on imports that are sold 'below-cost' by foreign manufacturers and is aimed at safeguarding domestic players against 'unfair' competition.

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Exports decline have bottomed out, may improve: Nirmala Sitharaman

The Economic Times

New Delhi, July 13, 2016: Decline in exports have bottomed out and the outbound shipments are expected to witness gradual improvement in the coming months depending upon pick up in global demand, Commerce and Industry Minister Nirmala Sitharaman said today.

She said that global demand pick up is still not as much as "we would like it to be".

"Problems persist in many countries. Brazilian economy is in trouble. European Union is going through the after effects of Brexit. UK itself is looking for starting fresh negotiations.

"So while there is a hope...the exports having bottomed out and its now showing signs of improvement, (but) will still have some way to go before they really steadily move upwards," she told PTI in an interview.

Exports fell for the 18th month in a row in May, though marginally by 0.79 per cent to \$ 22.17 billion as several non-oil sectors such as engineering and gems and jewellery saw a rise in outward shipments.

Exporters body FIEO too has stated that decline in exports has largely been arrested and non-oil exports have turned positive after a long gap.

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India extends \$92 million Line of Credit to Tanzania

The Economic Times

Dar-Es-Salaam, Jul 10, 2016: Seeking to enhance its ties with resource-rich Tanzania, India today extended its full support to it to meet its development needs and signed five agreements, including one for providing a Line of Credit of \$ 92 million in the water resources sector.

Describing India as a trusted partner in meeting Tanzania's development priorities, Prime Minister Narendra Modi said he along with President John Pombe Joseph Magufuli "agreed to deepen our overall

defence and security partnership, especially in the maritime domain".

"Our in-depth discussions on regional and global issues reflected our considerable convergence on issues of common interest and concern," he said.

"India's cooperation with Tanzania will always be as per your needs and priorities," Modi said at a joint press interaction after his bilateral meeting with President Magufuli.

The two sides signed an agreement under which India will provide a Line of Credit of \$ 92 million for rehabilitation and improvement of Zanzibar's water supply system.

Other agreements signed include an MoU on water resource management and development, MoU for establishment of vocational training centre at Zanzibar, MoU on visa waiver for diplomatic/official passport holders and an agreement between National Small Industries Corporation of India and Small Industries Development Organisation Tanzania.

Prime Minister said the two countries are also working on a number of other water projects for 17 cities in Tanzania. "For this India is willing to consider an additional \$ 500 million line of concessional credit," he said.

Describing Public Health as another important area of bilateral engagement, Modi said India is ready to meet the healthcare priorities of the Tanzanian government, including of supply of medicines and equipment.

"I am told that an Indian radio-therapy machine is being installed at Bugando medical centre to treat cancer patients," he said.

He said during his meeting with President Magufuli, they detailed discussions on the full spectrum of bilateral partnership.

"Our focus was to shape an action oriented agenda of cooperation, so that we talk less of potential and

more of achievements on the ground. We agreed that our common desire of economic prosperity for our societies is creating new opportunities for expanding our cooperation," he said.

To achieve this, the two nations agreed to deepen partnership in agriculture and food security, including through enhanced export of pulses from Tanzania to India.

They also decided to work together in development and use of natural gas.

India agreed to partner Tanzania in building of industrial economy, capacities and institutions.

The two leaders also decided to deepen bilateral trade and investment partnership by encouraging greater industry to industry ties.

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India allows imports of 5,00,000 tonnes of duty-free, non-genetically modified corn

The Economic Times

New Delhi, July 10, 2016: India has asked a government-backed trader to import an extra half a million tonnes of duty-free, non-genetically modified corn to keep a lid on domestic prices and overcome any shortage, the trade ministry said on Sunday.

India, which allows cultivation and consumption of only genetically modified cotton crop, has had difficulty in sourcing non-GM corn in late 2015 and earlier this year, and New Delhi had to drop the plan to import more.

Trade and industry experts have already voiced their concerns over India's ability to find non-GM corn, which only a handful of countries such as Ukraine grow.

To check prices and prevent hoarding, Trade Minister Nirmala Sitharaman has approved imports of

500,000 tonnes of corn, the trade ministry said in a Tweet.

Government sources on June 22 said India was considering importing 500,000 tonnes of corn to bolster local supplies after a second straight drought cut output.

Indian farmers grow corn twice a year. The winter crop is planted in October, with harvests in March and April. The summer crop planting has started, but supplies will become available only from end-September.

The government plans to import corn on behalf of major consumers like the poultry industry and starch manufacturers.

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UK keen to further boost trade ties with India: Envoy

The Economic Times

CHANDIGARH, Jul 12, 2016: The UK today said it is "very keen" on developing further the trade relationship with India and does not see any "adverse impact" on Indian investments flowing to England post Brexit.

"Very positive, we are very keen on developing further trade relationships (with India)...there are huge opportunities looking to develop," British High Commissioner Dominic Asquith said here today.

He said discussions were held with Finance Minister Arun Jaitley on "what the trade relations might look like".

"That's the direction where we will be going and building on what is already extraordinary strong relationships... the UK is the largest G20 investor in India and India is third largest investor in the UK.

"Indian companies in the UK which have grown more than 10 per cent last year have doubled. In case of one Indian company it has grown by over 700 per cent..huge opportunities looking to develop," he said.

On the impact of Britain's exit from the European Union, Asquith said he does not see any adverse impact on Indian investments to the UK following Brexit.

"There are a lot of and plenty of opportunities to invest in the UK at the moment. It has always been in the interest from Indian investors many of whom are already invested in the UK in terms of expanding and we would welcome new investments and I do not see any adverse impact," British envoy said.

To a question on Prime Minister Narendra Modi's leadership, British Ambassador showered praise on Modi for "creating conditions" to attract new investments into the country.

"He (Modi) is making progress and creating the conditions to attract investors. That is exactly you need to create a climate in terms of regulations, in terms of incentives that encourages investors to come and invest in the country that helps economies to grow," he added.

"If you close your economy to the outside, that has very negative consequences for the economy...protectionism, closing your economy is not going to be good idea. Opening it up, making it attractive for people to invest and trading that is what he (Modi) seems to be doing."

He also spoke about the education opportunities and prospects in the UK.

Asquith said, "I had always been interested in India. I had not had a professional background there but had always visited as a tourist. It is a hugely important country and so when I was asked to do this job I decided to accept. We like to work with the next generation of young Indians to help them improve their economic, social and cultural opportunities."

"Our priority is to celebrate the great things about both countries, reconnect the young people of India with the UK and make people in the UK get to see what India is today. Education is at the heart of our mission to strengthen the UK's relations with India. And young Indians studying in the UK is one of the

best ways to make that happen," he said.

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