High Commission of India

London

(Economic & Commerce Wing)

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

***May 2015***

**Overview of UK’s Economy**

The **Gross Domestic Product** was estimated to have increased by 0.3% between Quarter 4 (Oct to Dec) 2014 and Quarter 1 (Jan to Mar) 2015, unrevised from the previous estimate of GDP published 28 April 2015. GDP was estimated to have increased by 2.8% in 2014, compared with 2013, unrevised from the previously published estimate.

The **Consumer Prices Index** fell by 0.1% in the year to April 2015, compared to no change (0.0%) in the year to March 2015. This is the first time the CPI has fallen over the year since official records began in 1996 and the first time since 1960 based on comparable historic estimates. The largest downward contribution came from transport services - notably air and sea fares, with the timing of Easter this year a likely factor.

The **unemployment rate** was 5.5%, lower than for October to December 2014 (5.7%) and for a year earlier (6.8%). There were 31.10 million people in work, 202,000 more than for October to December 2014 and 564,000 more than for a year earlier.

The **deficit on trade in goods and services** was estimated to have been £2.8 billion in March 2015, compared with £3.3 billion in February 2015. This reflects a deficit of £10.1 billion on goods, partially offset by an estimated surplus of £7.3 billion on services. In quarter 1 January to March 2015, the trade in goods deficit widened by £0.8 billion to £29.9 billion. The widening reflects a £2.7 billion fall in exports and a £1.9 billion fall in imports.

The **Index of Services** is estimated to have increased by 2.8% in March 2015 compared with March 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 1.2 percentage points to total growth; and distribution, hotels and restaurants, which contributed 0.7 percentage points to total growth.

The **Bank of England’s Monetary Policy Committee** at its meeting on May 11, 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-World Trade Review (in £million)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Year | UK Exports to the rest of the world | % change from Jan-Mar 2014 | UK Imports from the rest of the world | % change from Jan – Mar 2014 | Total | % change from Jan-Mar 2014 | UK’s Balance of Trade |
| Jan–Mar 2015 | 74415 | -7.62 | 103400 | +1.88 | 177815 | -43.20 | -28985 |

**New measures to support entrepreneurs and job creation have been set out in Sajid Javid’s first speech as Business Secretary**

As part of its long-term economic plan, the new Conservative Government will cut red tape for business by at least £10 billion over the next 5 years in a new Enterprise Bill that will back business to create jobs. New measures to support entrepreneurs and job creation was set out on May 19, 2015 in Rt Hon Sajid Javid’s first speech as Business Secretary in Bristol. Speaking at the Engine Shed business centre, The Business Secretary said that the bill will help make Britain the best place in Europe to start and grow a business, and help create 2 million more jobs over the next 5 years, so that more people have the security of a regular paypacket.

**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 –Mar 2015 | 1007 | +28.60 | 1607 | -2.13 | 2614 | +7.79 | +600 |

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

**Trade and Investment Enquiries from India**: 59

**Trade and Investment Enquiries from UK**: 05

**Tenders from India**: 51

**Hindustan Zinc, Cairn India to invest Rs 20,500 core in Rajasthan in three years**

Hindustan Zinc and Cairn India have signed an MoU with the government of Rajasthan to invest Rs 20,500 crore over the next three years in the state. The MoUs were signed by Akhilesh Joshi CEO Hindustan Zinc and by Mayank Ashar on behalf of Cairn India. Both the MoUs were signed in presence of Rajasthan chief minister in Mumbai on May 5, 2015 during a road show for Resurgent Rajasthan.

**Apollo, Manchester United unveil co-branded tyres**

Apollo Tyres unveiled a special edition of high performance dual branded — Apollo and Manchester United — tyres for the Indian market. India is only the third country after the UK and Thailand where these co-branded tyres have been launched.

**Royal Enfield buys UK’s Harris Performance**

Motorcycle maker Royal Enfield has acquired the UK-based Harris Performance Products Ltd. Established over 40 years ago by brothers Steve and Lester Harris and Stephen Bayford, Harris Performance is one of the leading experts in designing and manufacturing of specialised high performance motorcycle chassis and components. Under the terms of the deal, Royal Enfield will acquire all assets, employees, trade names, technical know-how and intellectual property of Harris Performance Products Ltd, Royal Enfield said in a statement. Harris Performance has had a long standing relationship with Royal Enfield and was responsible for the chassis development of the brand’s iconic Continental GT café racer model. Alongside Royal Enfield brand, Harris Performance has been the only manufacturer from the UK to have been officially commissioned by Yamaha and Suzuki to design, develop and manufacture race bikes for Grand Prix and World Superbike.

**British company powers Indian businesses’ gateway to the world**

UK headquartered, innovative e-commerce company, cloudBuy has teamed up with India’s major business association Confederation of Indian Industry (CII) to provide e-commerce services for its 7,000 membership. Supported by UK Trade and Investment (UKTI) at the Global Exhibition on Services in New Delhi, cloudBuy announced their partnership as part of their ambitious plans for India. cloudBuy provides cloud-based e-commerce marketplaces and B2B buyer and supplier solutions. cloudBuy is providing Indian Small and Medium Enterprises (SMEs) with a free listing on the CII e-commerce gateway to promote their products and trade securely online in India and across the world.

**Hayward Tyler wins after-market order in India**

Specialist engineering group [Hayward Tyler](http://www.proactiveinvestors.co.uk/companies/overview/9126/Hayward+Tyler) has secured an additional after-market order for the Indian thermal [power generation](http://www.proactiveinvestors.co.uk/companies/news/80320/hayward-tyler-wins-after-market-order-in-india-80320.html) market. The group said the order, which is due for delivery in the final quarter of its current fiscal year, is worth more than £500,000. The contract relates to a spare motor and associated parts for deployment at NTPC's Super Thermal [Power](http://www.proactiveinvestors.co.uk/companies/news/80320/hayward-tyler-wins-after-market-order-in-india-80320.html) Plant in Korba, Chhattisgarh State, India.  Currently [Hayward Tyler](http://www.proactiveinvestors.co.uk/companies/overview/9126/Hayward+Tyler) has more than 150 units installed at 26 of India's largest thermal [power stations](http://www.proactiveinvestors.co.uk/companies/news/80320/hayward-tyler-wins-after-market-order-in-india-80320.html) that have a combined capacity of 31,500 megawatts (Mw), which is roughly one-fifth of India's coal based thermal power generation.

**Kaar Technologies eyes UK market with SAP partnership**

Kaar Technologies -- a Chennai-based SAP consulting firm - has announced its collaboration with SAP AG under the Global Eco System and Partner group (GEPG) to support the implementation of SAP's cutting edge software in the UK. The company has said that it plans to invest 'heavily' in the UK and Ireland region in SAP systems integration skills of niche products like Ariba, Hybris, SAP Predictive Analytics 2.0 and SAP Mobility Platform - all key components of the growth strategy pursued by SAP in these regions. According to Kaar, in keeping with its vision of offering quality SAP services globally, this partnership is a stepping stone for Kaar's expansion into the developed markets. Founded in 2005, Kaar is currently a $50 million revenue generating company with over 600 employees present globally in 14 locations.

**U.K. law firm Zaiwalla eyes Indian clients**

The United Kingdom-based international law firm Zaiwalla & Co Solicitors, having represented clients such as President of India, Governments of China and Iran as well as the Bachchans and the Gandhis, is now seeking to represent Indian business houses and companies to resolve their disputes involving foreign partners and clients at a fraction of the cost.

**Tata funds research on new-age steel in UK**

Indian steel giant Tata Steel will set up a new research centre at the University of Warwick’s Warwick Manufacturing Group (WMG) in the West Midlands to create new-age steel. The £20-million Advanced Steels Research is being co-funded by Tata Steel and the British government's UK Research Partnership Investment Fund (UKRPIF) and will involve 300 engineers and scientists collaborating within its world class R&D facilities. The new hub will be led by Professor Sridhar Seetharaman, Tata Steel Chair in Low Carbon Materials at WMG, and combines his research with that of two further Tata Steel Chairs at the university – Professor Claire Davis, Tata Steel Chair for research into Thermo-mechanical Processing, and Professor Barbara Shollock, Tata Steel Chair in Advanced Characterisation and Coatings.  The new hub’s research will combine the disciplines of materials, physics, chemistry, mechanical and chemical engineering, manufacturing, mathematics, statistics and computer science to address future steel applications in industries such as automotive, construction, energy and power, engineering and lifting and excavating. The research facility is in line with the Tata Group’s long association with the Coventry-based university’s manufacturing group, which most recently also involved the launch of a new £150-million innovation centre in March this year. The National Automotive Innovation Centre (NAIC), to be operational by 2017, is planned as the largest automotive research centre of its kind in Europe and is funded by Tata Motors and its UK firm Jaguar Land Rover (JLR).

**Indians second biggest job creators in London in 2015: Data**

Indians have become the second biggest job creators in London in 2015. Latest data released by London and Partners on May 19, 2015 showed that Indian companies have already created 504 new jobs this year in London alone - second only to the Americans who created 1983 jobs. China which is investing heavily in UK created only 277 jobs so far this year. The number of jobs being created by Indian companies for Londoners has been increasing with every passing year. In 2012, India created 404 jobs in London followed by 429 in 2013 and 438 in 2014. As far as new companies are concerned, 28 new Indian companies set up shop in London in 2015 - four higher than the Chinese and second only to America. Global giants like Pfizer, Greenland Group and Tata Elxsi have all expanded or created new headquarters in London.

**Suzlon bags UK firm order**

Indian wind energy major Suzlon has bagged a 98 MW turbine order from UK-headquartered Mytrah Energy. The order is part of a Business Partnership Agreement signed with Mytrah in May 2010 to purchase 1 GW of turbines from Suzlon Group. Suzlon will supply 47 wind turbine generators of 2.1 MW each for Mytrah Energy's wind farm in Telangana. The project will power around 60,000 households and curb 0.2 million tonnes of carbon dioxide emissions each year.

**ArcelorMittal and SAIL sign MoU on automotive steel joint venture in India**

ArcelorMittal, the world’s leading steel and mining company, and the Steel Authority of India Limited (‘SAIL’), India’s leading steel company, signed a Memorandum of Understanding (‘MoU’) on May 22, 2015 to set up an automotive steel manufacturing facility under a Joint Venture (‘JV’) arrangement in India. The MoU is the first step of a process to establish a JV between the two companies. The proposed JV will construct a state-of-the-art cold rolling mill and other downstream finishing facilities in India that will offer technologically advanced steel products to India’s rapidly growing automotive sector. India is forecast to become the world’s fourth largest automobile manufacturing nation by 2020, growing from approximately 3.5 million units today to over 7 million units. In response to the level of demand, and supported by the Indian Government’s ‘Make In India’ programme, which has been designed to transform India into a global manufacturing hub, automotive manufacturers have been establishing an increased presence in the country.

**Experts from UK & IITs working on new renewable energy model that combines solar, bio-gas and hydrogen**

To provide 24x7 uninterrupted power from renewable energy sources, experts from the UK and IITs are now working together to create a new model which combines the best of solar power, biomass energy and hydrogen. The first-of-its-kind UK-India experimental Bio-CPV project on development and integration of biomass and concentrating photovoltaic (CPV) system will soon light up a remote tribal hamlet in Shantiniketan, 180 km away from Kolkata. The UK-India research project is jointly funded by Research Councils UK (RCUK) and India's Department of Science and Technology. From the UK, experts from the University of Leeds, University of Exeter, and University of Nottingham are sharing their inputs with scientists from Visva-Bharati, IIT Madras and IIT Bombay.

**HAL signs MoU with BAE Systems for Hawk Mk132 upgrade**

HAL has signed an MoU with BAE Systems UK for upgradation of Hawk Mk132, development of combat Hawk for Indian and export markets and maintenance solutions for supporting Jaguar and Hawk fleet. According to HAL, Hawk Mk 132 is an Advanced Jet Trainer (AJT) with tandem dual seats meant to provide basic, advanced flying and weapons training. MN Shrinath, General Manager (Aircraft) signed the MoU on behalf of HAL, while Steve Timms, Managing Director (Defence Information, Training and Services) signed on behalf of BAE. Chris Boardman, Managing Director (Military Air & Information) headed the BAE delegation. The aircraft has the capabilities to be used as a ground attack aircraft or for air defence. The aircraft is being produced at HAL under licence from BAE. The first aircraft was handed over to IAF in August 2008. Production program of 42 Hawks to IAF was concluded in 2011-12. Further, second contract was signed between IAF and HAL in July 2010 for supply of forty of Hawk AJT and associated equipment. HAL has so for produced 25 aircraft and would be producing all the 40 aircraft by 2016-17. A contract was signed between Indian Navy and HAL in July 2010 for supply of 17 Hawk AJT and associated equipment. HAL has so far produced 11 aircraft and would be producing all the 17 aircraft by 2016-17. A contract was signed between Indian Navy and HAL in July 2010 for supply of 17 Hawk AJT and associated equipment. HAL has so far produced 11 aircraft and would be producing all the 17 aircraft by 2016-17. HAL has so far produced 78 Hawk aircraft.

**Vedanta India to acquire up to 5.33% stake, worth over Rs 2,200 crore, in Cairn India**

Vedanta India will acquire up to 5.33 per cent stake, worth over Rs 2,200 crore, in its group concern Cairn India in the first week of June 2015. Anil Agarwal-led Vedanta India, which changed the name from Sesa Sterlite last month, is a promoter in Cairn India. It will acquire up to 100 million shares of the company from another promoter Twin Star Mauritius Holdings Ltd. After the acquisition of the shares, Vedanta India's stake in Cairn India will grow from 18.73 per cent to 24.06 per cent.Vedanta Group has appointed consultants to explore if it would make sense to merge the two firms into Sesa Sterlite, now called Vedanta India.

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