

## Monthly Newsletter

### 1. TRADE NEWS

#### **A) INDIA SELLS THE BULK OF ITS DEFENCE PRODUCTS IN ITS NEIGHBOURHOOD**

*Since 2013-14, India's defence public sector undertakings and ordinance factories have exported products worth Rs 3,000 crore, but this is only a fraction of what India spends on imports. It is interesting to note that countries in the neighbourhood, including Sri Lanka, Myanmar and Nepal, are among the top buyers of Indian defence equipment. Mauritius has bought around 21% of defence equipment sold by India since 2013. India's defence export to Mauritius is Rs 642 crores, Sri Lanka Rs 567 crores, Russia Rs 449 crores, Myanmar Rs 418 crores, Israel Rs 215 crores and Nepal Rs 137 crores.*

#### **B) EXPORTS OF KEY AGRI PRODUCTS IN NEGATIVE ZONE**

*Exports of as many as 8 key agriculture products including tea, tobacco and cashew have registered negative growth mainly due to decline in prices in the global commodity market. Other cereals, oil meals, meat, dairy and poultry products and fruits and vegetables too recorded negative growth. In all, 8 out of 13 main agriculture products that are closely monitored by the Commerce Ministry, were in the negative zone. Exports of tea, tobacco and cashew declined by 9.72% to USD 407 million, 0.36% to USD 416 million and 18.21% to USD 382 million respectively. Other products which have reported negative growth include other cereals (14.3%), oil meals (22.68%), meat, dairy and poultry products (4.28%). Decline in these exports is a key factor for slow growth in India's overall merchandise exports. Agri-products account for over 10% of the country's total exports. Sectors which grew at a healthy pace last month include coffee (3.77%), rice (6.27%), spices (12.18%), and oil seeds (21.79%).*

#### **C) PAKISTAN TURNS LARGEST BUYER OF INDIAN COTTON**

*Pakistan has emerged as the largest buyer of Indian cotton purchasing about 25 lakh bales (a bale is 170 kgs) which is about 40% of the shipments of the fibre from the country. Cotton production in Pakistan is estimated to have fallen by 35% to around 97 lakh bales in 2015-16 season. Pakistan usually imports about 12 lakh bales of cotton a year. India is the largest producer of cotton in the world with the Cotton Advisory Board (CAB) pegging production for the 2015-16 season at 338 lakh bales. China, the largest buyer of cotton from India in the past, reduced its imports significantly after it accumulated huge stocks as reserves. China imported around 80 lakh bales of cotton from India in 2013-14 season. Cotton exports to China plunged by over 50% in 2014-15. India exported about 58 lakh bales of cotton in 2014-15.*

## **2. FDI**

### **A) 7 FOREIGN INVESTMENT PROPOSALS WORTH RS 300 CRORE CLEARED**

*FIPB approved seven foreign investment proposals, including that of Tikona Digital Networks envisaging FDI of Rs 267 crore. Laurus Labs' proposal was also among the proposals that received board's approval. In 2015-16, the FDI inflows in the country grew by 29% to \$40 billion as against \$30.93 billion in 2014- 15.*

## **3. ECONOMY**

### **A) GST: WHAT WILL BECOME CHEAPER AND MORE EXPENSIVE**

*The landmark Goods and Services Tax (GST) was passed by the Rajya Sabha on Aug 3, 2016. Hailed as the biggest tax reform since independence, the one-nation-one-tax regime will convert 29 states into a single market. The GST will be implemented from April 1, 2017. It is expected to add 2% points to India's GDP, according to economists. The adoption of the GST regime will make manufacturing cheaper, leading to lower prices of a number of manufactured goods. On the other hand, services are likely to become costlier under the GST. **Items that could become cheaper:** Auto: Prices of entry-level cars, two-wheelers, SUVs, Car batteries, Paint, cement, Electronics items like fans, lighting, water heaters, air coolers, etc. **Items that could become costlier:** Cigarette prices likely to go up as GST rate for tobacco will be higher than current duties, Mobile phone calls may get costlier as service tax will go up, Textile and branded jewellery may become costlier.*

### **B) LOW OIL PRICES SHRINK GULF JOBS FOR INDIANS, HIT REMITTANCES**

*The Government faces a worrying and more intractable problem of declining remittances from the Persian Gulf region due to low crude oil prices that have rendered a large number of expatriates jobless. India is the largest recipient of remittances in the world and the Gulf countries account for more than half of this amount. The United Arab Emirates was the biggest source of remittances to India from the Gulf in 2015-16, accounting for 38.7% of the total inflow, followed by Saudi Arabia, with a 28.2% share. Saudi Arabia, which has the highest number of Indian expatriates and is also India's leading crude oil supplier, saw a continued decline of Indians travelling to the country in 2015 due to the declining oil prices and jobs. While 434,124 Indians visited Saudi Arabia in January-March 2015, the number fell to 401,034 in the next quarter, 370,282 in July-September and 378,881 in the quarter to December. Meanwhile Saudi Arabia's Nitaqat law, which allows the government to reserve jobs for the native people, is likely to make things harder for outsiders including Indians seeking jobs. Indian expatriates are also worried about the possibility of the government imposing a tax on personal income. Besides, Saudi Arabia has unveiled plans to reduce its reliance on hydrocarbons and announced plans to sell shares in state owned oil firm Saudi Aramco and place the funds raised into an investment fund. The Saudi monarchy could also bring in private players in service sectors such as like education, healthcare and airports. Declining oil prices have also hit exports to the Gulf region, with goods exports falling 18.7% in 2015-16 compared to that a year ago. A fourth of Indian exports to the region are petroleum products. Analysts said there is a silver lining amid the slump as infrastructure development is picking up pace in all six Gulf countries and this in turn will create demand for professional and skilled workers.*

## **4. PAN INDIA**

### **A) 160.64 MEGAWATT RENEWABLE ENERGY PROJECTS AT MAJOR PORTS BY 2017**

*The Ministry of Shipping is keen to promote the use of renewable sources of energy and is in the process of installing solar and wind based power systems at all the Major Ports across the country. The Ministry aims to set up 90.64 MW of Solar Energy Capacity at twelve Major Ports and 70 MW of Wind Energy Capacity at four Major Ports by 2017. These major ports have started the process of setting-up the renewable energy projects from their profit earnings. The total financial implications of the solar projects will be 407.7 crores. The wind energy projects will be executed in three Major Ports namely Kandla, V.O. Chidambaranar Port and Kamarajar Port. The total MW capacity of the wind energy projects is estimated to be 70 MW. A total of 6.94 MW of solar projects has already been commissioned with Vishakhapatnam Port leading the way with 6.25 MW, the other ports in which solar projects have been commissioned are Kolkata Port, New Mangalore Port, V.O. Chidambaranar Port & Mumbai Port. The remaining solar power projects will be commissioned phase wise and is expected to be completed by 2017. These projects are a part of the Green Port Initiative launched by the Ministry of Shipping. These renewable energy projects will help in the reduction of carbon emission and will lead to improvement of the environment around the ports. These projects will also help to reduce cost of power purchased by utilization of renewable energy for power generations.*

### **B) INDIA RISES TO 66TH RANK IN INNOVATION**

*Reversing a trend of declining rankings every year, India rose by 15 positions to become the 66th most innovative nation in the world. India's neighbour China also improved its ranking slightly and broke into the club of 25 top innovative nations in the world. Switzerland has emerged as the most innovative country for the sixth time in a row.*

### **C) CHINA'S LARGEST TRAIN MAKER LAUNCHES INDIA OPS WITH HARYANA FACTORY**

*China's biggest high-speed train and railway equipment maker announced that its first joint venture in India has started operations in Haryana, in an indication that Sino-India cooperation in the railways sector was poised to take off. It is for the first time that the Beijing-based China Railway Rolling Stock Corporation (CRRC) – a mammoth state-owned enterprise (SOE) in China with more than 175,000 employees – was setting up a joint venture in south Asia. The Sino-India joint venture, expected to manufacture and repair locomotive engines, is being called the CRRC Pioneer (India) Electric Company and has been set up in the Bawo Industrial sector in Haryana, on the New Delhi and Mumbai industrial corridor. Total investment is \$ 63.4 million and the Chinese side holds 51% of the share. It will also provide technology support to India's rail system, and supply electric transmission systems to oil drilling, wind power generation and mining equipment making in India. It is the first time for the company to open a plant in south Asia where one of the world's most comprehensive rail system spans. It will, however, be the first time that CRRC begins manufacturing in India.*

### **D) CENTRE TAKING STEPS TO MAKE INDIA 2ND LARGEST STEEL PRODUCER**

*Centre is making all efforts to boost steel production so that India could become the second largest steel producer in the world. Rs 62,000 crore will be spent to enhance the production capacity of steel manufacturing plants. India is at present the third largest steel producer in the world. The Centre is taking steps so that it can grab the second spot in the next two-three years. The Steel Ministry has set a target of producing 200 million tonnes of steel next year.*

### **E) INDIA IS WORLD'S THIRD BIGGEST TECH START-UP HUB**

*India is world's third largest tech start-up hub in terms of number of technology-driven start-ups, after the US and the UK. As of end of 2015, the US had more than 47,000 tech start-ups, the UK had over 4,500 and India had around 4,200 tech start-ups. According to a study, Bengaluru has the largest number of technology start-ups in India, followed by Delhi NCR, Mumbai, Hyderabad and*

Chennai. The city of Bengaluru is host to around 26% of domestic tech start-ups, followed by Delhi NCR (23%), Mumbai (17%), Hyderabad (8%) and Chennai (6%). Even in terms of total number of start-ups, comprising both tech and non-tech areas, India ranked fifth globally with around 10,000 start-ups.

**F) JNPT TO SIGN AGREEMENT WITH BANKERS FOR EXTERNAL COMMERCIAL BORROWING**

India's premier container port, Jawaharlal Nehru Port in Navi Mumbai, has signed an agreement with State Bank of India and Development Bank of Singapore for External Commercial Borrowing to the tune of USD 400 Million at a "very competitive" interest rate to improve the infrastructure required for "doubling" its existing capacity to 9.85 Million TEUs annually. The ECB of USD 400 Million (USD 300 Million from the SBI & USD 100 from DBS) will be primarily utilized by the JNPT, which has US Dollar denominated foreign currency earnings which can be leveraged for a low cost foreign currency borrowing, for expansion of its existing roads network connecting to its port project as the existing road network for evacuation of traffic is currently operated at a capacity utilization of 100%. The ministry of shipping has already granted its approval as required under the Major Port Trusts Act, 1963. The funding by JNPT is the first of its kind for major port and it opens up one more avenue for major and government ports to raise funds by accessing international markets for their requirements. The project will primarily benefit and cater to the needs of JNPT and an improved connectivity is essential for traffic evaluation from JNPT. It is of great significance to JNPT and will give a boost to the country's economy.

**G) INDIA ON 10 WEALTHIEST COUNTRY LIST, TAKES 7TH SPOT**

India has figured among the top 10 wealthiest countries in the world with a total individual wealth of \$5,600 billion while the United States topped the chart. According to a report by New World Wealth, India was ranked 7th ahead of Canada (\$4,700 billion), Australia (\$4,500 billion) and Italy (\$4,400 billion), which came in at 8th, 9th and 10th slots, respectively. The US is the wealthiest in the world in terms of total individual wealth held (\$48,900 billion) while China stood second and Japan third, with total individual wealth of \$17,400 billion and \$15,100 billion, respectively. Others in the top 10 club include the United Kingdom (4) with a total individual wealth of \$9,200 billion, followed by Germany (5th, \$9,100 billion) and France (6th, \$6,600 billion).

## **5. GOVERNMENT CIRCULARS AND POLICIES**

**A) FSSAI BANS SILVER LEAF OF ANIMAL ORIGIN IN FOOD ITEMS**

The Food Safety and Standards Authority of India (FSSAI) has banned the use of any material of animal origin in silver leaf (chandi ka warq), commonly used in confectionaries and sweets like barfi for decoration and also in pan and packaged supari. The move comes in the wake of concerns over use of intestines of cows and buffaloes in making these thin strips of silver. The silver leaf is prepared by placing small thin strips of silver between the intestines of cows and buffaloes and continuously hammering these bundles for up to eight hours a day till desired thickness of silver leaf is achieved. The process was found to be offensive and unhygienic posing potential risk to consumers. There were also concerns that the silver leaf contained heavy metal traces such as nickel, lead, chromium and cadmium - which are harmful for health.

**B) GOVERNMENT WANTS DETAILS ON PACKAGED FOOD ITEMS VISIBLE AND READABLE**

The Government is planning to amend the 2011 commodities packaging rules to ensure the details on the packaged food items are more visible and readable and also wants to incorporate barcode-kind of system to protect consumers from spurious products. Even the industry and public have demanded changes to the rules. Rule 7 specifies about the font size of the declaration but most companies do not follow strictly. In smaller packs, the font size is too small for consumers to read. So, Consumer Affairs Ministry has decided to adopt the US standard on font size. Right now, the font size of the declaration such as name, address, net commodity, date of manufacturing and

retail price -- is less than 1 mm. The US follows 1.6 mm size. India is planning to keep 1.5 mm for a pack of 200 grams/ml. The font size for a packed food item containing more than 200 grams/ml up to 500 grams/ml would be increased from 2 mm to 4 mm and for above 500 grams/ml, the font size would be doubled to 8 mm. Besides, the ministry is considering introducing bar-code or any such mark to identify food products are made in India or other country to curb sale of fake food items in the country. That apart, the ministry is considering increasing maximum quantity of packaged food items up to 50 kg/litres from the existing 25 kg/litres as for smaller packs, consumers have to pay more. So, some commodities like rice, atta and others will be packed up to 50 kg/litres. This will bring down the cost on consumers.

**C) NO 1% TCS ON CASH BUYS FOR EMBASSIES, UN BODIES**

Government department, embassies, consulates and UN bodies will be among those exempted from the levy of 1% tax collection at source (TCS) on cash purchases of above Rs 2 lakh, CBDT. The Central Board of Direct Taxes (CBDT) has notified the classes of buyers on whom the TCS provisions will not apply. The provisions of sub-section 1(D) of Section 206C in relation to sale of any goods (other than bullion or jewellery) or providing any service shall not apply to the following classes of buyers -- Government; embassies, Consulates, High Commissions, Legation or Commission and trade representation of a foreign State; and institutions notified under United Nations (Privileges and Immunities) Act, 1947," CBDT said.

**D) FSSAI PROPOSES NEW STANDARDS FOR FROZEN PRODUCTS**

FSSAI has proposed new standards for frozen vegetables and processed fruit products, including commonly used canned tomatoes, frozen peas and jams. As per the draft, standards have been framed for canned tomatoes, tomato juice, frozen beans, cauliflower, peas and spinach. Similarly, the regulator has come out with benchmarks for jams, fruit jellies and marmalades. The standards relate to limits for metallic contaminants in these products. In the draft, FSSAI has specified that these products will have to follow the packaging and labeling norms of the regulator. Food additives used in these products should be permitted by the regulator.

## **6. WORLD NEWSWRAP**

**A) THE 5 MOST PRODUCTIVE COUNTRIES IN THE WORLD**

**1. Luxembourg: £45.71** — The world's most productive nation by a long way is the tiny central European state, probably most famous for being the home of EU Commission President Jean Claude Juncker. No other state even comes close. **2. Norway: £36.36** — The Scandinavian crown for productivity sits on the head of Norway, whose workers are more than twice as productive, in monetary terms, than those in Italy, Spain and Japan. **3. Australia: £29.81** — Australia takes two crowns, one being the most productive English speaking nation, and the second as the most productive country outside Europe, according to Expert Market. **4. Switzerland: £28.35** — Swiss workers spend an average of 30.16 hours per week in the office, but contribute to a GDP per capita of £44,452, making them some of the most productive on earth. **5. Netherlands: £26.19** — Dutch people are famously laid back, but that reputation may be unfounded, given that the Netherlands is the fourth most productive nation in Europe.

**B) PANDA-THEMED SUBWAY TRAIN STARTS RUNNING IN CHINA**

A panda-themed train made its debut in southwest China's Sichuan province, home of the beloved black and white bears. The train departed with its first passengers, marking the opening of the fourth subway line in the provincial capital of Chengdu. The carriages have handles shaped like panda heads, while the pole grips are painted to resemble bamboo. Seats and walls are decorated with panda patterns and pink bear footprints speckle the floor. The panda train also features announcements in the voice of a child for maximum cuteness. The subway line, which

runs from the southwest to the northeast of the city, is about 20 kilometers long and has 17 stops, passing through major tourist destinations, including the Chengdu Giant Panda Base.

**C) KUWAIT RAISES PETROL PRICES BY OVER THAN 80%**

The Kuwaiti has decided to raise petrol prices by more than 80% as part of economic reforms aimed at countering falling oil revenues. A statement after the cabinet meeting said the price of low octane petrol will rise by 41% to 28 US cents a liter while high grade petrol will increase by 61% to 35 cents. It also decided to raise the price of environmentally friendly low-emission "ultra" petrol by 83% to 55 cents a litre. These are the first increases in heavily subsidized petrol prices in the OPEC member for almost two decades. Kuwait is the last country among the energy-rich Gulf Cooperation Council states to increase the price of petrol. Other GCC members - Bahrain, Oman, Qatar, Saudi Arabia and the United Arab Emirates - have either completely liberalized fuel prices or raised them substantially because of the sharp fall in oil income since mid-2014.

**D) IRAQ TO BOOST OIL EXPORTS BY 5%**

Iraq, Opec's second biggest producer, will increase crude exports by about 5% in the next few days after an agreement to resume shipments from three oil fields in Kirkuk. Shipments will increase by about 1,50,000 barrels a day as exports resume from them.

**E) IN GREECE IS EUROPE'S OLDEST KNOWN LIVING TREE**

An ancient Bosnian pine, nicknamed Adonis by researchers, has been dated to about 1,075 years old, making it the oldest known tree living in Europe. The Bosnian pine growing in the highlands of northern Greece is one of more than a dozen individuals of the millennial age in the Pindos mountains. Scientists have named this individual Adonis after the Greek God of beauty and desire.

**F) WORLD'S LONGEST GLASS BRIDGE, 590FT HIGH, OPENS IN CHINA**

The world's highest and longest glass-bottomed bridge, spanning the canyon between two mountain cliffs, has been opened in China's Zhangjiajie mountains. The 430-metre long bridge is suspended 300 metres above the ground in Zhangjiajie Park in China's central Hunan province. Six metres wide and made of 99 panels of clear glass, the bridge can carry up to 800 people at the same time. Tourists can walk across the bridge, designed by Israeli architect Haim Dotan, and the more adventurous will be able to bungee jump or ride a zip line. Only 8,000 people will be allowed to cross the bridge each day and tourists will have to book their tickets a day in advance, at a cost of \$27. The bridge at Tianmenshan National Forest Park, which cost approximately one year and 26 million Yuan (£2.6 million) to build, beats the walkway above the Grand Canyon in Arizona, which sits at a mere 720ft high.

**G) JAPAN TO GIVE \$61 BILLION PUSH TO INFRASTRUCTURE**

Japan will spend 6.2 trillion yen (\$61 billion) on infrastructure to help double the number of tourists visiting the country, speed up the construction of a magnetic levitation line and aid building projects overseas. The government will support expansion of ports to accommodate large cruise ships, boost airport capacity in the Tokyo area and regional economies, and strengthen transportation hubs. Japan is aiming to double the number of overseas visitors to 40 million by the time of the Tokyo Summer Olympics in 2020. The government will provide loans to help bring forward the completion of a Nagoya-Osaka maglev link, originally scheduled to open in 2045, by eight years.

## **7. INTERESTING FACTS**

**A) BLACK ON YELLOW**

Black on yellow are the 2 colors with the strongest impact.

**B) OPIORPHIN IN HUMAN SALIVA**

*Human saliva contains a painkiller called opiorphin that is six times more powerful than morphine.*

**C) PIGS CAN'T BE CALLED NAPOLEON**

*Napoleon Bonaparte introduced a French Civil Code. This included a law according to which it is illegal to name a pig after him. The law was never abandoned and the French pig owners are still risking legal sanctions if they name their animals after Napoleon.*

**Disclaimer:** This information has been collected through secondary research; IICCI is not responsible for any errors in the same.

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