

Monthly Newsletter

1. TRADE

A) VIETNAM GLUT HITS INDIAN BLACK PEPPER EXPORT

A glut in black pepper production in Vietnam is spoiling India's export party. Vietnam, which has a record crop of 2 lakh tonnes (almost half the world's total production) saw prices drop to \$5000 to \$5250 per tonne. Indian black pepper prices is hovering around \$9000 per tonner which makes exports uncompetitive. Our black pepper exports dropped by nearly half from 2,500 tonnes to 1000 tonnes last fiscal when Indian prices ruled higher in the global market. With prices ruling high due to a shortage of pepper in India, exporters had to depend more on imports last year. The unofficial figures put the import in 2016-17 at 19,000 tonnes close to 20% higher than the year before. In the current fiscal, imports are anticipated to top 20,000 tonnes given the plunge in price of Vietnamese pepper.

B) INDIA'S STEEL IMPORT FALLS 36% TO 7.4 MT IN 2016-17

India's import of total finished steel fell 36% to 7.4 million tonnes (MT) and exports jumped 102% to 8.2 MT in 2016-17, according to official data. Export of total finished steel rose 102.1% in April-March 2016-17 to 8.244 MT as against 4 MT in same period of last year and dependence on import eased to 7.4 MT as compared to 11.7 MT in the preceding fiscal. The country recorded a crude steel output of 89.7 MT in 2015-16. Consumption of steel also grew from 81.5 MT to 83.9 MT in 2016-17. In March 2017, exports were up 363% at 1.621 MT over the year-ago period while it rose 114% as compared to the preceding month of February 2017 at 0.756 MT. Imports in March, 2017 (0.8 MT) was down 19.7% over March 2016 but was up 51.8% over February 2017 at 0.491 MT. India is the third largest producer of crude steel after China and Japan and is aiming to become the second largest in the near term.

2. FDI

A) GOVERNMENT MAY SOON ALLOW 100% FDI IN CASH, ATM MANAGEMENT COMPANIES

Cash and ATM management companies will soon be allowed to attract 100% FDI as they are not required to comply with the Private Security Agencies (Regulation) Act (PSARA). There are about a dozen cash management players in the country, including Writer Safeguard, SIS Securitas, CMS, Secure Value, Logicash, Brinks Arya, Securitrans and Scientific Security Management Services. Companies that make devices such as currency authenticators and sorting and currency counting machines will also benefit from this clarification. Several players, including TVS

Electronics and ITI, are in such businesses. Cash Management companies handle over Rs 40,000 crore of cash per day.

3. ECONOMY

A) UNPROMISING LANDS- FOREIGN JOBS DRY UP FOR INDIAN WORKER

Tighter norms in western nations, slowdown in oil fuelled Gulf economies have hit Indians hard. Job opportunities abroad plummeted in 2016, recruitment and remittances data show, projecting an employment crisis brought on by upheaval in the oil economies of Gulf countries and rising protectionism in the West. The year saw a 33% fall in Indians getting jobs in the six Gulf countries – the destination for 90% of Indians emigrating for blue-collar jobs. It also saw the rise of political and economic conservatism, with nations such as the United States and Australia deciding to put up protectionist curbs in skilled sectors such as software. From Gulf, workers send most of their earnings back home, pointing to an effect reflected in remittances to India. India saw an 8.9% drop in money sent back by its citizens from other countries in 2016, a sharp decline compared to the 1% dip in the previous year. India saw \$69.6 billion in remittance from 2014, which dipped to \$68.9bn in 2015 before falling to \$62.7bn last year. The back-to-back decline is a first in three decades, the World Bank report said.

Gulf: 33% dip in jobs for Indians compared to last year, 50% drop in Saudi alone. **US:** 86% of H-1B visas issued for workers in computer space go to Indians; figure might be scaled down to 60% or. **UK:** 60% of skilled foreign worker visas are held by Indians who are facing problems after salary thresholds for different visas were raised. Under new rules, a provision under which Indian tech firms take their workers to UK will be discontinued. **Australia:** 457 category visa, meant for foreign skilled workers up to 4 years, has been abolished. Indians constitute almost 30% of these visa holders. **Singapore:** 25 employees or more necessitate that the employer must advertise a vacancy for 2 weeks before seeking employment pass for an international worker. Indian firms are finding it tough to hire Indians because of the hire-local policy.

B) INDIA'S FASTEST-GROWING ECONOMY TAG FACES NO RISK FROM CHINA: IMF

India will not need to fear losing its fastest growing economy tag to China, instead will see bigger growth rate numbers despite the demonetisation setback it faced last year, International Monetary Fund has said.

4. PAN INDIA

A) INDIA, UK TO JOINTLY INVEST £240 MILLION IN GREEN ENERGY SECTOR

India and the United Kingdom (UK) decided on Tuesday to jointly invest up to £240 million in an India-UK fund to finance India's rapidly growing energy and renewables market. The fund aims to leverage private sector investment from London and is likely to raise around £500 million initially. the proposed fund will be set up under the National Investment and Infrastructure Fund (NIIF).

B) GVK WINS RIGHTS TO BUILD NAVI MUMBAI AIRPORT

GVK Power & Infrastructure Ltd, which runs the Mumbai and Bengaluru airports, has won the right to build Mumbai's second airport in Navi Mumbai, beating arch rival GMR Infrastructure Ltd. GVK, through Mumbai International Airport Ltd, which runs the Mumbai airport, offered to share 12.60% of the revenue of the new airport with City and Industrial Development Corp. of Maharashtra (CIDCO). That was higher than the 10.44% offered by GMR Infrastructure, which runs the Delhi and Hyderabad airports. GVK and GMR were the only bidders in the race for the right to build the Rs16,000 crore Navi Mumbai airport project that will reduce the burden on Mumbai's

congested airport. CIDCO expects the first phase of the airport to be operational by 2019; this will handle 10 million passengers annually. The airport will handle 60 million passengers a year by 2030, when it will reach full capacity. Navi Mumbai is Asia's largest public-private partnership airport project. The project requires around 2,268 hectares, out of which 1,160 hectares will be utilized for aeronautical purposes. Mumbai's existing airport is crowded, in terms of both passengers and planes. Many airlines are finding it difficult to get slots at the airport. Domestic air traffic is growing at over 20% annually and touched 100 million passengers in 2016. The Mumbai airport handles about 40 million passengers annually. GVK shares nearly 38% of revenue from the primary airport with the government.

C) INDIA, THE 4TH LARGEST AVIATION MARKET

India's record breaking aviation growth continues unabated. According to The International Air Transport Association (IATA), the country saw the fourth highest number of passengers taking off in 2016, up two places from the previous year overtaking UK and Brazil. The top three markets - US, China and Japan remained unchanged but there was a shakeup below with India a part of this upheaval. India has jumped up two places to the fourth ranking with 13.1 crore departures in 2016 and, with growth of 20% year-on-year, continues to close in fast on Japan. Just three years ago India held the eighth ranking," said IATA. Indonesia also moved up two positions in 2016, to the sixth spot. The Centre for Asia Pacific Aviation (CAPA) had recently said India had become the third largest domestic air travel market globally with more people flying here within the country last year than Japan, pushing the "land of the rising sun" to number four spot. India's 9.9 crore domestic flyers in 2016 were more than the 9.7 crore in Japan.

D) INDIA 2nd FASTEST GROWING PASSENGER VEHICLES MARKET GLOBALLY

India was ranked as the second fastest growth market for passenger vehicles among top five global nations with a growth of 7% during the year 2016. Passenger vehicle sales stood at 29,66,637 units during the year 2016, as compared to 27,72,270 units in 2015, according to the data by the Organisation Internationale des Constructeurs d'Automobiles (OICA). India maintained its position as the fifth largest market for passenger vehicles in the world in 2016. The largest market, China, posted a growth of 14.93% with 2,43,76,902 units sold in 2016 as against 2,12,10,339 units in 2015.

E) CHENANI-NASHRI TUNNEL IS INDIA'S LONGEST, AND SAFEST

Jammu and Kashmir's Chenani-Nashri tunnel, touted as India's longest tunnel, is also the country's "safest", with provisions to ensure the safety of passengers from fire incidents and collision inside the 10.89 km-long tunnel on the Jammu-Srinagar Highway.

5. GOVERNMENT CIRCULARS AND POLICIES

A) GOVT WANTS 28% TAX ON ALL TOBACCO PRODUCTS

In a move aimed at lowering consumption of tobacco products, the health ministry has sought to tax all such products, including bidis, at 28% as well as impose higher cess under the new GST regime. In an office memorandum issued by the health ministry recently, it suggested that exemptions from the high taxation norms should not be extended to industries with low turnover such as bidi manufacturers as this will allow them to manipulate norms. The ministry, which has favoured higher taxes on all tobacco products for long, also highlighted that tiered tax structure

for cigarettes needs to be done away with as these slabs are open to manipulation for products substitution and promotion. Tobacco consumption is one of the leading causes for non communicable diseases including different types of cancer, heart disorders and respiratory diseases. Experts say globally there is ample evidence to show that tobacco tax increases are the most effective policy to reduce tobacco use.

6. GLOBAL BUZZ

A) PARENTS CAN GIVE GOATS AS SCHOOL FEES INSTEAD OF MONEY IN THIS COUNTRY

As the burden of rising school fee on parents, Zimbabwe's education minister Lazarus Dokora has come up with a solution of its own kind. The cash-strapped nation's education minister said that if the parents cannot pay their children's school fee they can offer livestock instead. Education ministry's permanent secretary Dr Sylvia Utete-Masango also backed Dokoro's comment and said that the schools should not send back students home in case they are unable to pay their fees. He stated that parents from rural areas should pay in form of livestock while parents staying in the urban areas should work for the school community. The country is facing its worst economical crisis. Last year in December, Zimbabwe has sold 35 elephants to China to raise money for conservation.

7. TOGETHER WE PROGRESS

MOU'S

- A) NEPAL CHAMBER OF COMMERCE
- B) INDIA THAI CHAMBER OF COMMRC
- C) ASSOCIATION OF ELECTRONIC TRADING PLATFORMS (RUSSIA)
- D) FEDERATION OF EMPLOYERS OF UKRAINE
- E) E.M.T.B (SENEGAL)

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

INDIAN IMPORTERS CHAMBERS OF COMMERCE & INDUSTRY

F-5, HAUZ KHAS ENCLAVE, NEW DELHI 110016

PH: + 91 11 26963660, 41655142

www.indianimporterschambers.com