INDIAN IMPORTERS CHAMBERS OF COMMERCE AND INDUSTRY

IICCI

Together We Progress

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1. TRADE

A) INDIAN AUTO INDUSTRY TO HOLD ITS FIRST EXPO IN BANGLADESH NEXT YEAR

The Indian automobile industry is deepening ties with Bangladesh by organizing a motor show there in February 2017. For the first time, the Society of Indian Automobile Manufactures (Siam) will be partnering with its counterpart in Bangladesh to organize the show. The event, to be known as the Dhaka Automotive Show, will see leading Indian automobile and component manufacturers participating. It is learnt that top Indian companies Maruti Suzuki, M&M, Tata Motors, Ashok Leyland, Hero Moto Corp and Bajaj Auto, among others, have expressed interest in participating. The Automotive Component Manufacturers Association of India, the apex body of auto component makers, will also be a partner. Indian companies export cars, two-wheelers and commercial vehicles to Bangladesh, which has no manufacturing base. Bangladesh depends on imports from countries such as Japan, Korea and India. A number of Indian companies have assembly units in Bangladesh. Tata Motors has a joint venture assembly unit with Bangladesh's Nitol Motors and sells commercial and passenger vehicles. Commercial vehicles major Ashok Leyland is setting up an assembly unit in Bangladesh with a local partner. India's biggest two-wheeler maker Hero Moto Corp is setting up a manufacturing unit with the Nitol Niloy Group, which also has a partnership with Tata Motors. The unit, with a capacity to produce 150,000 units, will become operational in 2017. Tyre maker Ceat is also setting up a unit with a Bangladesh company. Annual sale of cars in Bangladesh is estimated to be around 50,000 units. However, a bulk of the cars are reconditioned (refurbished used) ones, imported from countries like Japan. India exports new vehicles to Bangladesh.

B) 90% RISE IN CONSUMPTION OF SMUGGLED CIGARETTES IN INDIA

Smuggled cigarettes' consumption has increased by over 90% from 12.5 billion to 23.9 billion sticks in last 10 years. 74% smokers are willing to switch to cheaply-priced smuggled or illegal cigarettes due to higher taxes on legal cigarettes. Operation of illicit markets such as smuggling, which has close links to terror groups and criminal networks, impacts industries, government, economies and the health and safety of the consumers. Trade of illicit cigarettes, which constitute a significant component of the tobacco industry and is leading to the loss of revenue to government, loss of *business to the legitimate industry, livelihood opportunities, adversely impacting farmers, besides being a threat to national security*.

C) ROSNEFT, TRAFIGURA AND UCP TO BUY INDIA REFINER FOR $12-$13 BILLION

A group led by Russian oil major Rosneft will acquire India's Essar Oil in a $12 to $13 billion deal including debt, strengthening the ties between the world's largest oil producer and the world's fastest growing fuel consumer. The deal helps Russia to deepen economic ties that stretch back to the Soviet era and is the single largest foreign investment in the Indian refining sector. Rosneft will get a 49% stake in Essar and the two investors -- European trader Trafigura and a Russian fund UCP -- will hold the remaining 49% in equal parts. Through this acquisition, Rosneft will not only get an additional outlet for its oil amid a global supply glut but will also get to market fuels in the world's fastest-growing major economy. Rosneft and Trafigura are the latest international oil companies after Royal Dutch Shell and BP to enter the Indian fuel retailing market.

D) HANDICRAFTS EXPORTS TO GROW BY 10% IN FY17

With pickup in demand in the new and traditional markets, handicrafts exports will grow by about 10% to Rs 23,560 crore in 2016-17 according to Exports Promotion Council for Handicrafts (EPCH). Demand in regions like the US, Europe, Latin America and Middle East is growing and it will help in recording a healthy growth figures in exports. To boost the exports, the council has sought enhanced duty benefits for the sector.

2. FDI

***A)* GOVERNMENT LOOKS AT RELAXING FDI RULES FURTHER**

The Government is looking at further relaxing the foreign direct investment policy after recent reforms that allowed automatic approval for most sectors and increased the limit in many areas. India has become one of the most open economies in the world. Even in very sensitive sectors, 100% FDI has been allowed and under automatic route in most cases 92% of FDI comes under automatic route. There is a huge potential in India to attract FDI. Reforms are ongoing and based on industry feedback, the government will take steps to ease processes.

B) RBI ALLOWS 100% FDI IN REGULATED FINANCIAL SERVICES

The Reserve Bank of India (RBI) has decided to allow foreign investment up to 100% under the automatic route in 'other financial services'. Foreign investment in an activity that is regulated by an Act will be restricted to foreign direct investment (FDI) limits. Hence, sectors such as insurance, which already have pre-defined FDI limit (49% in insurance) will continue to follow that. FDI shall be subject to conditionalities, including minimum capitalization norms as specified by the concerned regulator or government agency. In the financial services activities that are not regulated or are partly regulated by any financial sector regulator or where there is a lack of clarity regarding regulatory oversight, FDI will be allowed up to 100% under the government approval route. 'Other financial services' will include activities which are regulated by any financial sector regulator, including the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority of India, Pension Fund Regulatory and Development Authority, National Housing Bank. In order to attract foreign investment in startups, the central bank has also said foreign venture capital investors registered with Sebi will not henceforth require any approval from RBI for investment in sectors such as biotechnology, IT, seed research and development, dairy and poultry, and production of bio-fuels.

3. ECONOMY

A) AT 7.6% GROWTH, INDIA SEEN RACING PAST CHINA

India's economy is recovering strongly, the International Monetary Fund (IMF) said in its latest assessment of global growth, bumping up the country's growth forecast for the current and next year as it warned of subdued global growth that could fuel protectionism. IMF has forecast India will grow 7.6% this fiscal and next, up from 7.4% for both the years. India's economy continued to recover strongly, benefiting from a large improvement in the terms of trade, effective policy actions, and stronger external buffers. With this uptick in forecast, India has pulled further ahead of China, which is projected to grow 6.6% and 6.2% respectively in 2016 and 2017. The IMF said India has benefited from lower commodity prices. Global growth will remain subdued following a slowdown in the US and the UK's exit from the EU, recovering only marginally to 3.4% in 2017 from 3.1% in the current year. Advanced economies will expand 1.6% in 2016, less than 2.1% last year. The US is now forecast to grow 1.6%, down from 2.2%.

B) M&A DEALS REACH US$ 46 BILLION IN VALUE, MORE THAN THE VALUE OF DEALS IN ENTIRE 2015 YEAR

The mergers and acquisition (M&A) deals in India have reached a value of US$ 46 billion. The value for the first nine months of the year is higher than the value of deals signed in entire year of 2015, as per a report by Merger market. The July-September quarter alone witnessed deals worth US$ 27.7 billion. According to Merger market report, specific government policies have helped companies consolidate, thereby leading to higher value of deals. In terms of number of deals signed, the January to September 2016 period witnessed 278 transactions compared to 419 deals signed in 2015.

4. PAN INDIA

A) TATA MOTORS IS 2ND MOST VALUABLE AUTOMAKER IN ASIA OUTSIDE JAPAN

Tata Motors has overtaken Korea's Hyundai Motor Co to become the second most valuable automaker in Asia outside Japan. Tata Motors is currently valued at about $27.3 billion, compared with Hyundai's market capitalization of about $27 billion. China SAIC is currently the most valuable automaker in Asia outside Japan with a market cap of around $36 billion. Tata Motors' market capitalization is up over 50% in the past 12 months, making it the best performer among top 20 carmakers globally during the period. In comparison, Hyundai Motor's market value is down 13.5%, while SAIC is up 16% during the period. Tata Motors is now the world's 13th most valuable automaker, up from the 21st slot a year ago, and is ahead of Renault, Suzuki Motor Corp and Volvo among others. Tata Motors is currently the 16th largest automaker globally in revenue terms with consolidated sales of $42 billion during the trailing twelve months ending June this year. In comparison, Hyundai Motors is world's 11th biggest automaker with revenues of $81 billion, while China SAIC Motor is 8th biggest with revenues of $107 billion

B) INDIAN OIL TO LAY INDIA'S LONGEST LPG PIPELINE

State-owned Indian Oil Corp (IOC) plans to lay the nation's longest LPG pipeline from Gujarat coast to Gorakhpur in eastern Uttar Pradesh to cater to growing demand for cooking gas in the country. IOC plans to import LPG at Kandla in Gujarat and move it through the 1,987 kilometer pipeline to Gorakhpur via Ahmedabad (in Gujarat), Ujjain, Bhopal (in Madhya Pradesh), Kanpur, Allahabad, Varanasi and Lucknow (in Uttar Pradesh). The pipeline will carry 3.75 million tonne per annum of

LPG. GAIL currently operates a 1,415-km line from Jamnagar in Gujarat to Loni near New Delhi. The proposed pipeline will connect eight of IOC's LPG bottling plants in Central and Northern India. IOC caters to nearly half of country's 18 crore LPG consumers.

C) <u>INDIA GETS FIRST IRANIAN OIL PARCEL FOR EMERGENCY RESERVES</u>

India has received the first parcel of Iranian oil to partly fill its strategic storage in southern India, Mangalore Refinery and Petrochemicals Ltd, which imported the very large crude carrier (VLCC) MRPL shipped in 2 million barrels of Iranian oil in the VLCC Dino. A second parcel to be procured by Bharat Petroleum is scheduled to arrive shortly. India, which is seeking to hedge against energy security risks as it imports about 80% of its oil needs, is building emergency storage in vast underground caverns at three locations in southern India to hold a total of 36.87 million barrels of crude, enough to cover almost two weeks of demand.

D) <u>INDIA'S FIRST COMMERCIAL ARBITRATION CENTRE TO BE OPENED IN MUMBAI</u>

The Mumbai Centre for International Arbitration (MCIA), India's first major centre for commercial arbitration, was launched in Mumbai. The centre, being set up with the view of making India a hub of international commercial arbitration and helping ensure ease of doing business, is a joint venture between the Maharashtra government, industry members and the legal fraternity. Experts see MCIA as an alternative forum that Indian businesses can approach instead of the Singapore International Arbitration Centre and the London Court of International Arbitration. Singapore, London and Hong Kong have been the preferred destinations for commercial arbitration for Indian parties. Apart from being neutral venues, these cities offer the best international practices in arbitration.

E) <u>BMW TO MAKE INDIA GLOBAL HUB FOR SMALL BIKES</u>

BMW has decided to make India a hub for the company's smallest bike — theG310R, the 313cc motorcycle, which will be manufactured in partnership with the TVS Group, and will be exported to the company's home market Germany as well as countries across Europe and in the US. The company is working on retail and distribution plans for the bike that may hit the market early next year, at a price that may range between Rs 2 lakh and Rs 2.5 lakh. The motorcycle will be manufactured at TVS Motor's Hosur plant in Tamil Nadu and the Indian partner also plans to roll out a local version , which had been showcased as the 'Akula 310'. The company is planning dealerships across key metros and some of the bigger cities. BMW also has plans to offer individually-tailored optional accessories for those who want add-ons and frills.

F) <u>ASHOK LEYLAND LAUNCHES INDIA'S 1ST ELECTRIC BUS</u>

Commercial vehicle major Ashok Leyland has launched India's first Made-in-India electric bus. The company has invested Rs 150-200 crore to develop this. The bus is a zero-emission, non-polluting vehicle, created specifically for Indian road and passenger conditions. Ashok Leyland owns an UK firm, Optare, which is a leading alternate technology player, especially in electric bus manufacturer. The vehicle would cost around Rs 1.5-3 crore, depending on the batteries and seats. These vehicles are all exclusively engineered on India-specific platforms that could tackle varied topography, gradients, and usage conditions. Integrated with a fire detection and suppression system, this vehicle could travel 120 km on a single charge.

G) <u>PERTO/DIGICON OF BRAZIL OPENS ITS FIRST ATM MACHINE PLANT IN INDIA</u>

The Brazilian Perto S. A., a Digicon Group company, a high technology and IT company and the world's leading manufacturer of Automatic Teller Machines (ATMs) and Cash Dispenser Machines (CDMs), inaugurated its first plant in India, in the Mahindra World City in Jaipur on Wednesday.

The factory in Rajasthan, which has international regional export potential, was entirely built with green field direct investments, on a 100.000 square metre plot. According to Perto's research, the potential for the Indian Market is estimated at over 500,000 ATMs. India today has only 195,000 ATMs, only 40% of its potential. The manufacturing facility in Rajasthan required an initial investment worth $3.1 crore, that may exceed $6.5 crore. The investment is expected to generate direct employment for highly skilled and skilled labour, and generate demand for local quality services and suppliers.

H) *AVIATION SCHEME UDAN TAKES OFF, FARES CAPPED AT RS 2,500 FOR 1-HOUR FLIGHTS*

The Government of India aims to launch its first budget regional flight under the regional connectivity scheme (RCS), which has been named Ude Desh ka Aam nagrik (UDAN), by January 2017. Under the scheme, which aims to enable the common man to afford air travel, airfares will be capped at Rs 2,500 (US$ 37.37) for half of the seats in one-hour flights. UDAN will be based on market mechanism as well as bidding for a minimum of 50% seats in the participating airline's flight and the rest would be market-based pricing. The cap on fares will be reviewed periodically based on consumer price index (CPI) for industrial workers and would also vary in tune with duration of a flight. The Government also plans to upgrade 50 more unserved and underserved airports in the country, in order to boost air connectivity across pan-India.

I) INDIA PIPS US IN SMART PHONE CONNECTIONS

India has become the second-biggest market globally in terms of smart phone connections, overtaking the US and trailing only China. More and more Indians are logging on the internet using their mobiles, aided by availability of low-priced smart phones. According to figures provided by global telecom body GSMA, smart phone connections in India at the end of the first half of this year stood at 275 million, higher than 259 million connections in the US. China, however, leads by a huge margin with overall smart phone connections at 910 million.

J) WITH 4,750 STARTUPS, INDIA RETAINS ITS 3RD POSITION

As many as 1,400 startups have come up in the country this year, allowing India to maintain its position as the third largest startup base in the world with over 4,750 tech startups, ahead of countries such as China and Israel. The startup density in Bengaluru, Pune, Chennai, NCR, Mumbai and Hyderabad has strengthen over the last few years.

5. GOVERNMENT CIRCULARS AND POLICIES

A) GOVT RECOMMENDS 5-20% ANTI-DUMPING DUTY ON JUTE

DGAD has recommended anti-dumping duty of 5-20% on jute and jute products to protect the domestic industry. The DGAD had last year initiated anti-dumping investigation against imports of products comprising jute yarn/twine, hessian fabrics, jute sacking bags from Nepal and Bangladesh on the request of Indian Jute Mills Association (IJMA). IJMA said that dumping of products was causing huge financial losses to the country's jute sector. West Bengal is a major player in the jute industry, with 3.5-4 lakh people employed in the sector. Almost 16-18 jute mills have shut, rendering job losses to the tune of 30,000 and industry production is down by 20% due to rampant imports at subsidized rates from Nepal and Bangladesh.

B) ANTI-DUMPING DUTY LIKELY ON SOME CHINESE, EU PRODUCTS

The government may impose anti-dumping duty on imports of certain flat steel products from China and European Union to protect the interest of domestic players from cheap in-bound shipments. In its preliminary findings, the directorate general of antidumping and allied duties

(DGAD) has recommended the duty on imports of "colour coated / pre-painted flat products of alloy or non-alloy steel". Essar Steel India and JSW Steel Coated Products had jointly filed the application for initiation of anti- dumping investigations. DGAD has suggested the duty be the difference between the landed value of steel products and $849 per tonne. It is used in many applications and sectors including construction, roofing, walling, paneling, cladding and decking, automotive, white goods, appliances and furniture. DGAD concluded the product has been exported to India at "below the normal value."

6. GLOBAL BUZZ

A) TALLER THAN THE TALLEST ALSO IN DUBAI?

Dubai is building 'The Tower' that will stand a notch higher than the 828m-high Burj Khalifa, which is currently the world's tallest skyscraper. The structure will be completed in 2020 and will cost around $1 billion. Developer Emaar Properties has not revealed the exact final height of the tower. They also said the tower will be slender, evoking the image of a minaret. Saudi Arabia is building a tower in Jeddah that is planned to surpass the Burj Khalifa, rising more than a kilometer.

B) SAUDI CAPITAL SPENDING TO DROP 71% IN 2016

Saudi Arabia's austerity measures will slash capital spending this year by 71%, as the world's biggest exporter of crude seeks to repair public finances damaged by low oil prices. Capital expenditure is projected to fall to 75.8 billion riyals ($20.6 billion) this year compared with 263.7 billion in 2015. The kingdom, with the largest budget shortfall among the world's 20 biggest economies, has delayed payments to contractors and is weighing plans to cancel more than $20 billion of projects. The budget deficit will decline to 13.5% of gross domestic product this year from 15% in 2015. Current spending will decline to 581.2 billion riyals from 714.4 billion.

C) CHINA'S OUTBOUND DIRECT INVESTMENT SURGES TO OVER $134 BILLION

China's non-financial outbound direct investment (ODI) surged 53.7% from a year ago to 882.78 billion yuan ($134.22 billion). The rise in Chinese investments to the Belt and Road (Silk Road) Initiative, has boosted business cooperation between Chinese and foreign firms. 191 engineering contracts were signed by Chinese companies in 61 countries along the Belt and Road routes, with combined contract value of $74.56 billion. Some of the big investments under the Silk Road plan were made in Pakistan under the $46 billion

D) POLAND'S NEW GLOW-IN-THE-DARK BIKE LANE GETS CHARGED BY THE SUN

The Polish town of Lidzbark Warminski has a unique new way of constructing bike lanes: It makes them glow in the dark. It's made of a material that uses phosphors, the same synthetic material you find in glow-sticks and other glow-in-the-dark products. According to construction company Strabag, which installed the lane, the phosphors can hold a glow for 10 hours and recharge during the day. The 330-foot-long lane is divided into two 6-foot-wide sections - one for cyclists and the other for pedestrians. It cost the town $31,000 to install. The road is loosely modeled after a glow-in-the-dark lane built in Eindhoven, Netherlands in 2014. That lane, called the "Van Gogh-Roosegaarde" cycle avenue, was inspired by the famous painter's most recognizable piece, "The Starry Night.

7. TOGETHER WE PROGRESS

A) *MOU signed with* ***NEPAL CHAMBER OF COMMERCE***

B) *MOU signed with* ***INDIA THAI CHAMBER OF COMMRCE***

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

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