

Monthly Newsletter

1. TRADE

A) IMPORT OF SOLAR PANELS 35 TIMES EXPORT

India's import of solar cells and modules is more than 35 times its export, says a recent study. While India imported solar equipment worth \$2.17 billion (₹14,630 crore) in the 10 months between April 2016 and January 2017, its exports were just \$60.3 million (₹404 crore). China, with cheaper panels, is the biggest exporter of solar equipment to India with 87% market share, accounting for \$1.9 billion, while Malaysia was a distant second with 8% share, at a total value of \$170.42 million. Chinese solar equipment is cheaper than Indian mainly due to economies of scale at its manufacturing units, as well as the fact that India does not manufacture polysilicon, the basic material for making solar modules, but imports it. Indian solar exports mainly go to some European countries which have an anti-dumping ruling against Chinese manufacturers. Britain is the biggest importer of Indian solar modules, accounting for 31% of India's solar exports (\$18.84 million), followed by Italy and Belgium.

B) DAIMLER, VOLVO FLAG OFF 'EXPORT FROM INDIA

Daimler AG and Volvo AB are likely to feature among the biggest success stories of the Make-in-India drive, with the two marquee names in the global heavy-duty transport industry using the South Asian nation as their export hub for large trucks and luxury buses. Daimler AG and Volvo AB are likely to feature among the biggest success stories of the Make-in-India drive, with the two marquee names in the global heavy-duty transport industry using the South Asian nation as their export hub for large trucks and luxury buses. Daimler India Commercial Vehicles (DICV), the Indian subsidiary of the world's largest heavy-duty truck maker, has already begun exporting Mercedes-Benz-badged trucks and buses, made at its suburban Chennai (Oragadam) facility, to Southeast Asian markets. DICV exports the India-made Mitsubishi Fuso range of trucks to 28 countries: In the second half of 2017, it will begin sales to Mexico of the Freightliner-branded giant trucks. . DICV also sells bus frames to 10 markets, and the fullybuilt Mercedes-Benz school bus to the Middle East. Volvo AB will likely begin later this year overseas sales of the light duty UD Trucks, which are manufactured at its Indian joint-venture plant at Pithampur in Madhya Pradesh. Shipments meant for the Indonesia, will begin in the second half of 2017. India is already the manufacturing centre for the 5-8 litre, medium-duty Euro VI engines for Volvo's home base in Europe. Volvo Buses also intends to use the base in Bengaluru to export vehicles to western Europe in future.

C) INDIA TO IMPORT LPG FROM IRAN TO MEET RISING DEMAND

India has for the first time ever signed a contract to import LPG from Iran as it looks at additional sources of cooking fuel to meet rising domestic demand. State-owned oil firms will import one

very large gas carrier (VLGC), or 44,000 tonnes, per month for an initial six-month period. India imports almost a million tonnes of LPG every month to meet rising demand that has been further fuelled by the government drive to give free gas connections to poor women. India mainly imports LPG via term contracts from major Middle Eastern producers Saudi Aramco, Qatars Tasweeq, Abu Dhabi National Oil Co and Kuwait Petroleum Corp. The country is looking to import LPG from Bangladesh also. Imports last year made India the worlds second-largest importer of liquefied petroleum gas (LPG), behind China. It overtook Japan, which imported 10.6 million tonnes.

D) INDIA NOW 2ND BIGGEST STAINLESS STEEL PRODUCER

India has emerged as the second largest stainless steel producer in the world after China. India overtook Japan as the second-biggest producer in 2016, according to data released by the International Stainless Steel Forum. India's stainless steel production rose to 3.32 million tonne in 2016 showing an impressive growth of about 9% over 3 million tonne it produced in 2015. Several government initiatives like 'Make in India', smart cities, focus on improving sanitation & waste management facilities, building new infrastructure etc. is likely to give a strong push to the stainless-steel industry in future. Increase in exports of stainless steel from India to the world market especially Europe and Americas has established Indian producers capable of producing quality material from their latest state of the art mills meeting stringent quality parameters.

2. FDI

A) FY17 FDI INFLOWS AT RECORD \$43 B

Inflow FDI into India increased by 9% to record level of \$43.48 billion in 2016-17 on account of reform measures undertaken by the government. In 2015-16, the country had attracted \$40 billion foreign investments. The total FDI including re-invested earnings increased to a "new all-time high" of \$60.08 billion last fiscal from \$55.6 billion in 2015-16. Provisions were relaxed in sectors such as construction development, broadcasting, retail trading, air transport, insurance and pension. After the launch of Make in India initiative (October 2014 to March 2017), the FDI flows increased by 62% to \$99.72 billion as compared to \$61.41 billion during the previous 30 months (April 2012 to September 2014).

3. PAN INDIA

A) INDIA IS NOW THE WORLD'S BIGGEST TWO-WHEELER MARKET

India has overtaken China to emerge as the world's biggest market for two-wheelers. A total of 17.7 million two-wheelers were sold here last year, that's over 48,000 units every day. Neighbouring China trailed with 16.8 million units sold. Besides rising incomes and growing infrastructure in rural areas, one big reason for the spurt in sales has been women commuters+ who like the ease of zipping in and out of chaotic city traffic on their gearless scooters. The market in China has been on a decline over the past few years, perhaps due to the fast-paced growth in car sales there as well as the curbs on petrol two-wheelers in top cities. Indonesia is holding steady as the third-largest two-wheeler market with annual sales estimated at 6 million units. Here too, volumes have slipped from 6.5 million units sold in 2015.

B) ANTI DUMPING DUTY IMPOSED ON 47 STEEL ITEMS

India imposed retroactive anti-dumping duties on some steel products of foreign firms including POSCO and Nippon Steel & Sumitomo Metal Corp. The duties on hot-rolled flat products of alloy or non alloy steel, originating in or exported from China, Japan, Korea, Russia, Brazil and Indonesia, will be effective for five years from Aug. 8, 2016. These measures have prompted the world's second biggest steel producer Japan to ask the World Trade Organization to set up a dispute settlement panel to examine India's actions. The latest duty on hot-rolled steel follows a recommendation from the Directorate General of Anti-Dumping and Allied Duties (DGAD), which has also suggested a similar step for some cold-rolled products. Some other companies whose products will be affected by the duties include Hyundai Steel Co, JFE Steel Corp , POSCO Daewoo Corporation, Samsung C&T Corp and Mitsui & Co.

4. GOVERNMENT CIRCULARS AND POLICIES

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5. GLOBAL BUZZ

A) CASHEW NUT PRICES ZOOM ON CROP SHORTFALL IN VIETNAM, CAMBODIA

Cashew nut prices have hit the roof and seem to be on a sustained rally due to crop shortfall in Vietnam. Traders said that the rally is scary as market prices have crossed \$5 per pound and touched a record high of \$5.35-5.50. India produces 6-7 million tonne raw cashew per annum and was till recently the leading supplier of kernels to the global markets. Shortfall in the nut crop in Vietnam and Cambodia has affected the market sentiments. The shortfall is reported to be about 40% but the market is reacting to it in a scary way. Prices are at historic high and demand seems to be still resilient. In the last 18 months, cashew market has gone up \$3.55-3.70 to \$5.00-5.10 – a gradual rise of over 35% with occasional small dips. During these 18 months, each spurt has ended at a higher level. Raw cashews are priced higher – about 30% compared to the same time last year – and are at 10% high since the beginning of 2017 season.

B) INDIA REMAINS TOP REMITTANCE EARNER, BUT CHINA CLOSING IN

Remittance, the money citizens of a country send home from working abroad, has witnessed a decline globally with India registering the steepest fall of \$6.2 billion in 2016. Despite the slump, India remained the world's top remittance recipient but it runs the risk of being unseated by China. According to the latest World Bank data, last year India received \$62.7 billion in remittance, which was 8.9% less than the money sent to the country in 2015. The World Bank has attributed the decline to fewer people finding jobs abroad due to a slump in the Gulf economy, stricter visa norms, and people from countries such as Pakistan sending workers abroad. China, which received \$61 billion in remittance – just \$1.7 billion less than India – finished a close second. China may

again become the top remittance receiving country, a position India has held since 2008. The drop is worrying for India because from a balance-of-payments perspective, remittances are crucial as they ensure permanent foreign currency inflows and help finance current account deficit. Unlike NRI deposits that can be repatriated and FDI that can be withdrawn instantly, remittances are more stable. Remittances to developing countries are expected to grow by 3.3%, while India's projected growth rate is just 1.9%.

C) INDIA BEATS CHINA ON LIST OF NEPAL'S TOP DEVELOPMENT PARTNERS

India has again emerged as one of the top ODA (Official Development Assistance) donors to Nepal, clawing its way back to the list of top five bilateral development partners of the country. India displaced from the list China which was ranked 4th last year as a development partner in terms of ODA disbursement to Nepal. Nepal finance ministry's latest Development Cooperation Report on FY 2015/16 puts India at the 5th position behind US, UK, Japan and Switzerland in the list of top ODA disbursers. According to the latest report, India disbursed US \$ 35.76 million from July 16 2015 to July 15 2016 to claim its place among the top 5 bilateral development partners of Nepal. This is 3.33% of total ODA received by Nepal in the year. China in the same period accounted for 3.29% of the overall ODA to Nepal. According to the report, the top 5 bilateral development partners for FY 2015/16 are the USAID (US\$ 118.93 million), United Kingdom (US\$ 89.47 million), Japan (US\$ 45.91 million), Switzerland (US\$ 36.98 million) and India (US\$35.76 million). Ironically, India's re-emergence in the list of Nepal's top development partners comes at a time when Nepal has officially agreed to become a part of China's ambitious, but contentious, OBOR project.

D) CHINA-MYANMAR OIL PIPELINE OPENS ENHANCING TIE

Crude oil began flowing from Myanmar to China over a 1,420 km long pipeline putting the relationship between the two countries on better footing. Oil will flow through the pipe at a speed of about 50 kilometers per day for a length of 650 km before reaching a processing facility in the city of Anning in Yunnan. The facility has a designed processing capacity of 13 million tons per year. Despite differences which was highlighted by Myanmar's decision to stop work on a \$3 billion Chinese funded hydroelectric project, Myanmar has been steadily coming closer to China since the new pro-democracy government led by among others, State Counsellor Aung San Suu Kyi took over. China is keen to enhance access the Bay of Bengal and eventually the Indian Ocean by building close ties with Myanmar.

E) THIS 'VENDING MACHINE' DISPENSES FERRARIS

Forget about soft drinks and potato chips - a "vending machine" in Singapore is offering up luxury vehicles, including Bentleys, Ferraris and Lamborghinis. Used car seller Autobahn Motors opened a futuristic 15-story showroom in December, with vehicles on display in 60 slots, billing it as the "world's largest luxury car vending machine". Customers on the ground floor choose from a touch screen display which car they wish to see. The car arrives within one to two minutes thanks to an advanced system that manages vehicle retrieval, the company says. Vehicles on offer run from modern luxury sports cars to classics, including a 1955 Morgan Plus 4. U.S. Company Carvana also uses vending machine-like towers to sell used cars. In March, it opened an eight-floor structure that holds up to 30 cars in San Antonio, Texas.

6. 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.

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