



PROGRESS HARMONY DEVELOPMENT

Estd. - 1905

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Executive Summary (TIF January 2016)

Developments pertaining to foreign trade and investments in India remained significant both at the domestic level and international level during the previous month.

According to the recent UNCTAD's Global Investment Trends Monitor, FDI flows to India nearly doubled, reaching an estimated US\$59 billion in 2015. The report highlighted that this is on account of measures undertaken by the government to improve the investment climate in the country.

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi has given its ex-post facto approval for the approach adopted by India at the Tenth Ministerial Conference of the WTO held in Nairobi, Kenya during 15-19 December 2015. The outcomes of the Conference, referred to as the 'Nairobi Package' include Ministerial Decisions on agriculture, cotton and issues related to least developed countries (LDCs).

India undertook a "stock-taking exercise" for a free trade agreement with the EU. The purpose of the meeting was to assess where both sides stand and how India and the EU should go forward with the proposed pact.

India's exports for the month of December 2015 stand at USD 22.3 billion as compared to USD 26.2 billion in December 2014 registering a growth of (-) 14.7%. During December 2015, the imports are registered at USD 34 billion as compared to USD 35.3 billion in December 2014, registering a growth of (-) 3.8%.

Pertaining to bilateral trade developments India has signed a protocol with Czech Republic to promote bilateral cooperation in the field of heavy industry, especially in industrial cooperation and facilities construction. The government has given ex-post facto approval for signing MoU between India and Singapore to establish mutual cooperation in the field of civil aviation, which will initially cover, the airports of Jaipur and Ahmedabad and Memorandum of Understanding (MoU) between India and Bangladesh for setting up of Border Haats on India-Bangladesh Border among others.

With regard to policy developments, for faster clearance of imported food products, including supplements and nutraceuticals, the government has decided to waive off sampling from consignments of general food products at ports, airports and other points of entry. The Government has initiated a probe into alleged dumping of an automobile component, axle for trailers by China in the domestic market in order to protect domestic players in the automobile sector against cheap imports. Madras High Court has granted a stay on a notification by the Director General of Foreign Trade (DGFT) restricting imports of apple only through Nava Sheva port in Maharashtra.

1st meeting of the Council for Trade Development and Promotion was held in the Capital wherein around 10 States and senior officials from other States participated and the Union Commerce & Industry Minister Smt. Nirmala Sitharaman expressed the hope that the Council will help in developing a framework for making the States active partners of this Ministry in boosting India's exports.

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1. Developments in India's foreign trade

1.1 Exports

1.1.1 Merchandise exports decline by (-) 15% in December, 2015 - India's exports for the month of December 2015 stand at USD 22.3 billion as compared to USD 26.2 billion in December 2014 registering a growth of (-) 14.7%. During December 2015, the imports are registered at USD 34 billion as compared to USD 35.3 billion in December 2014, registering a growth of (-) 3.8%. The balance of trade stands at around USD (-)11.7 billion during December 2015 as compared to USD (-)9.2 billion for December 2014.

Value of Foreign Trade		USD Billion		
Period	October	November	December	
Exports				
FY16	21.4	20	22.3	
Growth (%)	(-)17.5	(-)24.4	(-)14.7	
Imports				
FY16	31.1	30	34	
Growth (%)	(-)21.2	(-)30.3	(-)3.8	
Trade balance				
FY16	(-)9.8	(-)9.8	(-)11.7	

Source: PHD Research Bureau, compiled from Ministry of Commerce and Industry, Govt of India

1.1.2 November, 2015 services exports stand at USD 12 billion - India's services exports for the month of November 2015 stand at around USD 12 billion and services imports stand at USD 5.7 billion in November 2015. The trade balance in services stands at USD 6.3 billion for the month of November 2015.

1.1.3 Cotton exports registered a robust growth in November 2015 - Cotton fibre exports from India registered a robust growth of around 160% (m-o-m) to 214 million kg or 1,263,835 bales valued at US\$291 million in November 2015. Pakistan and Bangladesh were the largest importers of cotton with combined volumes at 950,000 bales amongst the 17 countries that imported cotton from India.

1.1.4 Oil meal exports fell 86% due to high prices - According to the Solvent Extractors' Association of India (SEA) exports of soya meal were registered at 61,556 tonnes in the first nine months of 2015-16, down 86% from 4,44,736 tonnes in the same period last year. While, the exports of soya meal during the month of December 2015 stood at 5,667 tonnes (1,94,012 tonnes) witnessing a steep fall of 97% over the same period last year. The sharp decline in the exports is attributed to non-competitive price of the oil meals in the domestic market.

1.1.5 Foreign Tourist Arrivals in December 2015 grow at 3.2% (y-o-y) - FTAs during the month of December 2015 were 9.13 lakh as compared to FTAs of 8.85 lakh during the month of December 2014 and 8.22 lakh in December 2013. There has been a growth of 3.2% in December 2015 over December 2014. FTAs during the period January-December 2015 were 80.16 lakh with a

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growth of 4.4% , as compared to the FTAs of 76.79 lakh with a growth of 10.2% in January-December 2014 over January-December 2013 .

1.2 Imports

1.2.1 Steel imports rose 23% in December , 2015 - India's steel imports rose by 23% to 0.94 million tonnes (MT) in December 2015 as compared to 0.76 MT in November 2015. This neutralized the measures taken by the government to check cheap inbound shipments of the product. Imports of total finished steel stood at 8.389 MT in the April-December period of 2015-16 fiscal, a growth of 29.2% compared to same period of last year.

1.2.2 Urea imports up by 10% in April-December to 68.71 lakh tonnes - Urea imports registered an increase by 10% to 68.71 lakh tonnes in the first nine months (April-December 2015) of the current financial year. The country had imported 62.57 lakh tonnes of the fertiliser in the same period (April-December) of 2014-15. The country's annual urea demand is 30 million tonnes, while the production is stagnant at 22 million tonnes.

2. Developments in India's Foreign Investments

2.1 FDI flows to India nearly doubled, reaching an estimated US\$59 billion: UNCTAD - According to the recent UNCTAD's Global Investment Trends Monitor, FDI flows to India nearly doubled, reaching an estimated US\$59 billion in 2015. The report highlighted that this is on account of measures undertaken by the government to improve the investment climate.

2.2 Net FII investments stands at about (-) USD 1243 million in Dec 2015 - The net FII investments in the month of December 2015 stand at about (-) USD 1243 million as compared to around (-) USD 1641 million in November 2015. The net FII investments registered a y-o-y growth of about (-) 162% in December 2015 over investments at about USD 1998 million in December 2014. The net FII investments registered a growth of about (-) 140% in November 2015 (Y-O-Y).

2.3 Chinese city launches India centre to promote investments - Wenzhou, one of the richest Chinese cities, has launched the India China Economic and Cultural Centre (ICECC) to promote investments in India. Over 120 leading entrepreneurs from Wenzhou who are looking at investing in India attended the ceremony held by the municipal government. A total of 10 MOUs were signed between leading companies from Wenzhou and their Indian counterparts to promote trade, investments and cultural cooperation with India in 2016.

3. Bilateral Trade and Investment Developments

3.1 India and Czech Republic signed a protocol to help India modernize heavy industry - India has signed a protocol with Czech Republic to promote bilateral cooperation in the field of heavy industry, especially in industrial cooperation and facilities construction. The protocol includes modernization of the existing facilities in India by the Czech companies, including modernization of three plants of Heavy Engineering Corporation and a Central Public Sector Enterprise (CPSE) under the Department of Heavy Industries at Ranchi, set up with Czech support in early 1960s.

3.2 MoU between India and Singapore in the field of Civil Aviation - The Union Cabinet under the Chairmanship of the Prime Minister Shri Narendra Modi has given its ex-post facto approval for signing a Memorandum of Understanding (MoU), which was signed in November, 2015 between Airports Authority of India (Representing Government of India) and Singapore Cooperation Enterprise (Representing Government of Singapore) in Civil Aviation during Prime Minister's visit to Singapore. The objective of this MoU is to establish mutual cooperation in the field of civil aviation, which will initially cover, the airports of Jaipur and Ahmedabad.

This cooperation will be extended to other airports with mutual consent. The salient features of the MoU include collaboration in Civil Aviation Sector in the areas of: (a) Master-planning and design, (b) Traffic development, (c) Commercial development, (d) Service quality improvement, (e) Training and development, (f) Cargo handling and Management, (g) Maintenance, repair and overhaul (h) Operation and management and (i) Any other areas with mutual consent.

3.3 FTA with EU - India took up 'stock-taking exercise' - India undertook a "stock-taking exercise" for a free trade agreement with the EU. The purpose of the meeting was to assess where both sides stand and how India and the EU should go forward with the proposed pact. Between 2007 and 2013, about 16 rounds of negotiations have happened, but after that no negotiations have been held. The EU flagged their outstanding issues and would now take stock and decide how to proceed on this. The Indian side raised the issue of data security status, Mode-IV ceilings (movement of professionals), seamless intra-corporate movement and realm market access in terms of sanitary and phyto-sanitary (norms related with plants and animals); and technical barriers to trade measures adopted in EU. The negotiations will proceed once a decision is taken on whether there is enough ground to move ahead. The talks were expected in August last year, but they were deferred by India, expressing disappointment and concern over the EU banning sale of around 700 pharmaceutical products, clinically tested by GVK Biosciences.

3.4 Memorandum of Understanding (MoU) between India and Bangladesh for setting up of Border Haats on India-Bangladesh Border - The Union Cabinet has given its ex-post-facto approval for the Memorandum of Understanding (MoU) between India and Bangladesh for the following :- (i) MoU and Mode of Operation of Border Haats signed on 23.10.2010 with Bangladesh for setting up Border Haats on India-Bangladesh Border, (ii) addendum to the MoU signed on 15.5.2012; (iii) to establish new Border Haats after identification of suitable locations in consultation with Government of Bangladesh and concerned State Governments and (iv) to modify/revise the terms and condition of the above MoU/Addendum in consultation with relevant State Governments/Central Government agencies and Government of Bangladesh.

3.5 EU's extension of import ban on veggies upsets India - The European Union (EU) has extended the ban on import of four vegetables, bitter melon, eggplant, taro plant (arbi) and snake gourd from India by another year despite efforts made by the country to put in place stringent quality control and packaging measures.

4. India and WTO

The Union Cabinet gave its ex-post facto approval for the approach adopted by India at the 10th Ministerial Conference of the WTO - The Union Cabinet, under the chairmanship of our Hon'ble Prime Minister Shri Narendra Modi has given its ex-post facto approval for the approach adopted by India at the Tenth Ministerial Conference of the WTO held in Nairobi, Kenya during 15-19 December 2015. The outcomes of the Conference, referred to as the 'Nairobi Package' include Ministerial Decisions on agriculture, cotton and issues related to least developed countries (LDCs).

5. Policy Developments

5.1 The government has decided to adopt easier norms for import of food items - For faster clearance of imported food products, including supplements and nutraceuticals, the government has decided to waive off sampling from consignments of general food products at ports, airports and other points of entry. Instead, only risk-based sampling will be done to ascertain compliance. The move is in line with international standards aimed at easing trade between countries by awarding speedier clearances to products that do not involve serious health concerns, while focusing on specific items which are identified on the basis of "pre-defined risk parameters", as specified by food and drug regulatory agencies. The customs department could then introduce these parameters into its own system to draw random samples at ports, while immediately clearing those that do not raise an alarm.

5.2 The Government has started probe into dumping of Chinese auto part - The Government has initiated a probe into alleged dumping of an automobile component, axle for trailers by China in the domestic market in order to protect domestic players in the automobile sector against cheap imports. The Directorate General of Anti-Dumping and Allied Duties (DGAD) stated that it has found a sufficient prima facie evidence of dumping of the product from China therefore, the authority hereby initiated an investigation into the alleged dumping, and consequent injury to the domestic industry to determine the existence, degree and effect of alleged dumping and to recommend the amount of antidumping duty, which if levied, would be adequate to remove the injury to the domestic industry it said. The period of investigation is from April 2014 to June 2015.

5.3 Madras High Court has granted a stay on imports of apples from NhavaSheva - The Madras High Court has granted a stay on a notification by the Director General of Foreign Trade (DGFT) restricting imports of apple only through Nava Sheva port in Maharashtra. According to the notification of the DGFT, the importers in Chennai were not able to import fresh apples, which has been contracted and dispatched, through the Port of Chennai.

5.4 Government increased import duty on certain medical devices - To provide impetus to domestic medical devices sector, the government increased import duty on certain specified medical devices equipment to 7.5% from 5% earlier. Simultaneously, the exemption from additional customs duty (SAD) on these medical devices has also been withdrawn, and they will now attract 4% SAD.

5.5 The central government encouraged the States to form export policy - With a view to giving a concerted push to India's declining exports, the central government asked the states to formulate respective export promotion policies focusing on products or services of interest to supplement the Centre's efforts at boosting the country's outbound shipments.

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FOREX

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OBJECTIVES

- Updates on global and domestic changes in the dynamic forex regulatory environment.
- Information on recent relaxations and curbs on current and capital account instruments.
- Clarifications about interpretation of the rules, regulations and procedures.
- Advice by panel of experts to MSMEs on their FEMA issues.

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6. Miscellaneous

6.1 1ST Meeting of Council of Trade Development and Promotion held in New Delhi - Consultations held for developing a Framework for making States Active partners in boosting India's exports - 1st meeting of the Council for Trade Development and Promotion was held in the Capital wherein around 10 States and senior officials from other States participated and the Union Commerce & Industry Minister Smt. Nirmala Sitharaman expressed the hope that the Council will help in developing a framework for making the States active partners of this Ministry in boosting India's exports. Smt. Nirmala Sitharaman asked the State Governments to give inputs for creating facility for testing, certification, trace-back, packaging and labelling. She advised the States to enhance their co-operation with Central Agencies for setting up common facilities like testing labs, training institutes as well as packaging and storage support to industry. The Commerce Minister told the States that there was a need to diversify India's services exports basket by enabling more sectors and to reach more markets. Other areas like Medical tourism, nursing and healthcare, education, audio-visual media also afford an excellent potential which can be harnessed.

6.2 Ministry of Shipping initiates Project Green Port - Weighing in the environmental perspective for sustained growth, the Ministry of Shipping has started 'Project Green Ports' which will help in making the Major Ports across India cleaner and greener. Project Green Ports will have two verticals - one is Green Ports Initiatives related to environmental issues and second is Swachh Bharat Abhiyaan. The Green Port Initiatives include twelve initiatives which will be implemented under strict time bound fashion in order to achieve the targets. Some of these initiatives are preparation and monitoring plan, acquiring equipments required for monitoring environmental pollution etc. Under Swachh Bharat Abhiyaan, the Ministry has identified 20 activities with certain time-line to promote cleanliness at the port premises. Some of the activities include cleaning the wharf, cleaning and repairing of sheds and so on.

6.3 Africa can export duty, quota-free cotton - African countries can now export their cotton to developed countries duty and quota free as from January 2016 following a global deal finalized in Nairobi at the World Trade Organisation (WTO) ministerial conference. The ministers agreed on a deal that will allow the Least Developed Countries (LDCs) to export more cotton to developed countries. This will help the LDCs, mainly those in sub-Saharan Africa, to gain greater access to non-producing foreign markets because of the suppressed customs and taxes.

6.4 Chemical and plastic industry export promotion bodies to hold a trade EXPO - The Ministry of Commerce and Industry has granted RS. 36 crore for the three-day event CapIndia, to be organised from March 20 in Mumbai by the Plastics Export Promotion Council, Basic Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council (Chemexcil), Chemical and Allied Export Promotion Council of India (Capexil) and Shellac & Forest Products Export Promotion Council (Shefexil). The four associations accounted for US\$35-billion exports in the last fiscal while in the first seven months of the current fiscal their exports were down 5% per cent at US\$20 billion.

6.5 High-level US trade mission set to visit India - The US Department of Commerce reported that a high-level American trade mission is set to visit India next month with the aim of increasing bilateral trade focussing on technologies, systems and services in key sectors like security, transportation and power. US Deputy Secretary of Commerce Bruce Andrew would lead the delegation of 18 American companies on a Smart Cities Infrastructure Business Development Mission to India from February 8-12.

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The Research Bureau has been instrumental in forecasting various lead economic indicators national and sub-national. Many of its research reports have been widely covered by media and leading newspapers.

Research Activities	Comments on Economic Developments	Newsletters	Consultancy
<ul style="list-style-type: none"> Research Studies 	<ul style="list-style-type: none"> Macro Economy 	<ul style="list-style-type: none"> Economic Affairs Newsletter (EAC) 	<ul style="list-style-type: none"> Trade & Inv. Facilitation Services (TIFS)
<ul style="list-style-type: none"> Research Projects 	<ul style="list-style-type: none"> States Development 	<ul style="list-style-type: none"> Economic & Business Outlook (EBO) 	<ul style="list-style-type: none"> Business Research Consultancy
<ul style="list-style-type: none"> Research Proposals 	<ul style="list-style-type: none"> Infrastructure 	<ul style="list-style-type: none"> Global Economic Monitor (GEM) 	<ul style="list-style-type: none"> Forex Helpline
<ul style="list-style-type: none"> State Profiles 	<ul style="list-style-type: none"> Foreign exchange market 	<ul style="list-style-type: none"> Forex Newsletter 	<ul style="list-style-type: none"> Investment Advisory Services
<ul style="list-style-type: none"> Impact Assessments 	<ul style="list-style-type: none"> International Trade 	<ul style="list-style-type: none"> Trade & Inv. Facilitation Services (TIFS) 	
<ul style="list-style-type: none"> Thematic Research Reports 	<ul style="list-style-type: none"> Global Economy 	<ul style="list-style-type: none"> State Development Monitor (SDM) 	
<ul style="list-style-type: none"> Releases on Economic Developments 			

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Economic Affairs and State Affairs (Macro Economy, Policy Development & Business environment)	Global Economy & India's International Relations	Infrastructure, Agriculture and Rural Development	Foreign Trade & Investments Environment	Forex Affairs (Banking, Taxation & Financial Markets)
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At a Global level we have been working with the Embassies and High Commissions in India to bring in the International Best Practices and Business Opportunities.



- Seven Thrust Areas**
- Industrial Development
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 - Health
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 - Agriculture and Agribusiness
 - Digital India