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BRICS Inter-Bank Cooperation Mechanism: Highlights of India's Presidency

The developmental narratives for each nation is different which shape their policy priorities and define the future course, but there remain intertwined challenges which cannot be delinked. It is in this context that the BRICS Summit for this year called for mutual engagement, empowerment and resurgence through creation of coherent and well-articulated strategies, backed by policies, institutions and incentives in a wide array of areas including the financial sector. The BRICS Inter-Bank Cooperation Mechanism continued its proactive collaboration for creating innovative, inclusive and integrated solutions for mutual development.

Founded in 2010 with a vision to develop and strengthen economic and investment cooperation between member countries, the BRICS Inter-Bank Cooperation Mechanism serves as a platform for multi-faceted engagement amongst member development banks, aimed at mutual resurgence and empowerment.

The BRICS Inter-Bank Cooperation Mechanism was established with the objective of developing comprehensive long-term cooperation between member development banks for facilitating and supporting cross-border transactions and projects of common interest, while concomitantly strengthening and enhancing trade and economic relations between member countries.

Export - Import Bank of India (Exim Bank) is nominated member development bank representing India under this Mechanism. Other nominated member development banks include: Banco Nacional de Desenvolvimento Econômico e Social (BNDES) for Brazil; State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank) for Russia; China Development Bank (CDB) for China; and Development Bank of Southern Africa (DBSA) for South Africa.

During India's presidency in 2016, a general cooperation agreement was signed between the member development banks of BRICS and the New Development Bank (NDB). The member development banks of BRICS also constituted two more Working Groups for enhancing cooperation amongst the members. It was also agreed that Chairmen/President of the member development banks would meet on the margins of other meetings, such as World Bank, G20 etc. A BRICS Annual Economic Research Award was also instituted with the objective of encouraging doctoral research in diverse fields, such as international economics, foreign trade, development and related financing, among others.

Technical Working Group Meetings

During India's presidency in 2016, Exim Bank convened two Technical Group Meetings – one in Udaipur and another in Mumbai to enhance the scope of engagement under the Inter- Bank Cooperation Mechanism. The First Technical Group Meeting was organized to consider and discuss the following Agreements for cooperation: Memorandum of Cooperation for Instituting a BRICS Rating Agency; Framework Agreement for Risk Participation; and Agreement for Cooperation with the New Development Bank. In the Second Technical Working Group Meeting, a Brainstorming

BRICS Technical Group --------

Session was organized to discuss on the following areas of cooperation: Memorandum of Cooperation for Instituting a BRICS Rating Agency; and Memorandum of Cooperation for Establishing the New Development Bank Institute. The second technical working group meeting witnessed participation from Central Banks and Ministry of Finance from the BRICS nations, in addition to the representatives of member development banks. Apart from these, Exim Bank also organized Meetings of Working Group formed under the Inter-Bank Cooperation Mechanism.

During Russia's presidency in 2015, member development banks had constituted the following three Working Groups (members comprising experts from the five development banks) to look into the key cooperation areas.

1. Working Group on Cooperation on Innovation and High-Technology
2. Working group on Co-financing in Local Currencies
3. Working Group on Cooperation in Personnel Training and Experience Sharing

In 2016, member development banks agreed to further enhance their cooperation, and constituted the following Working Groups:

1. Working Group on Exploring the Feasibility of Establishing Alternate Rating Agencies for Emerging Markets
2. Working Group on Exploring the Feasibility of Establishing a Framework for Economic and Financial Research for Emerging Markets

Skill Development Programmes

During the year, Exim Bank also organized BRICS Skill Development and Orientation Programme for all five member development banks. These workshops helped in understanding the areas of strength of the member banks, and identification of skill-sets and learnings from each other.

To further enhance cooperation with the BRICS nations, Exim Bank, in association with National Centre for Design & Product Development, organized the "BRICS Handicraft Artisans Exchange Programme" for artisans. The 10-day programme was held from 6th to 15th September 2016, at the Indian Institute of Craft & Design campus in Jaipur, Rajasthan. The programme aimed at facilitating exchange of techniques, designs, patterns and finishing processes between the craft persons of the BRICS countries. During the programme, the craftsmen developed new range of product prototypes in home decor and bed furnishing range with the value addition in colours, designs and patterns and also explored combining craft techniques from BRICS countries. A study tour was also conducted for the participants at Anookhi Museum and Albert Hall Museum in Jaipur which gave them exposure to the culture-rich heritage of Indian art and craft.

BRICS Handicraft Artisans Exchange Programme

Annual Financial Forum

Exim Bank organized the BRICS Annual Financial Forum on October 15, 2016, as part of the events associated with BRICS Summit being held during October 15-16, 2016, in Goa. High-level delegations including Chairmen/ Managing Directors from the Development Finance institutions of BRICS and select BIMSTEC countries participated in the event and shared their insights and deliberated upon mechanisms to forge effective partnerships. The theme for the Annual Financial Forum was "Building Responsive, Inclusive and Collective Solutions".

Welcoming the delegates, Mr. Yaduvendra Mathur, Chairman and Managing Director, Exim Bank stated that the role of Development Finance Institutions will be crucial, and not just in their capacity as agents for financing projects, underpinning the development agenda, but for building innovative and facilitating mechanisms which contribute

towards redefining the contours of the current financial architecture. He also stated that several crucial proposals, like Alternative Credit Rating Agency, and an institutional framework for Economic Research, have been discussed under the Inter-Bank Cooperation Mechanism during India's presidency this year, which would have positive implications for the development finance architecture.

Speaking on the occasion, Mr. Shaktikanta Das, Secretary, Department of Economic Affairs, Ministry of Finance said that integrated, inclusive, and innovative solutions will form the cornerstone for solving host of inter-related development challenges in developing countries. Mr. Das emphasized upon the need for local currency financing arrangements in BRICS countries, and noted that such arrangements would help achieve internationalization of BRICS currencies, while also alleviating the exchange rate risk.

Mr. Das opined that in an era of negative and zero interest rates, and where pension and superannuation funds were increasingly looking for opportunities to invest, the NDB has an opportunity to channelize these funds to satisfy the investment appetite in developing countries. Mr. Das also emphasized the need for an all-encompassing plan for the BRICS countries which goes beyond finance, and extends to aspects such as research and knowledge dissemination. In this context, he lauded Exim Bank's initiatives of proposing the idea of a BRICS Research Institute and instituting the Exim Bank BRICS Economic Research Award.

During the panel discussions, Mr. K.V. Kamath, President, the NDB, highlighted the significant progress that NDB had made over the past year, with considerable focus on green projects. Mr. Kamath noted the significance of local currency financing in the context of developing economies and stressed the need for making a switch from hard currency to local currency, which can reduce the effective cost of lending for the Development Finance Institutions from the BRICS countries, as also the NDB. The issue of deficiencies in the rating methodology of international agencies was also highlighted in the address of Mr. Kamath, noting that the rating for NDB itself may be impacted on account of the unfair low sovereign ratings of the founding partners, in spite of strong fundamentals.

On the occasion, Exim Bank's Working Papers on "Sustainable Investment Opportunities in Africa: Prospects for BRICS" and "Intra-BRICS Trade: An Indian Perspective" were released at the hands of Mr. Das, and Mr. Kamath, respectively.

Exim Bank BRICS Economic Research Award

During the year, Exim Bank also instituted the BRICS Economic Research Annual Award. The objective of the Award is to encourage and stimulate advanced (doctoral) research on economics related topics of relevance to the member nations of BRICS. Nationals of any of the five member nations of BRICS, who have been awarded a Doctorate or accepted for award of a Doctorate from any recognized nationally accredited University or academic institution globally, are eligible to receive the Award. The Award consists of a Citation and prize money of ₹ 1.5 million (approx. equivalent to USD 20,000) sponsored by Exim Bank.

The Exim Bank BRICS Economic Research Award 2016 was presented by Mr. Shaktikanta Das to Dr. João Prates Romero, a Brazilian national, for his doctoral thesis titled "Technical Progress and Structural Change: The Role of Demand and Supply in Economic Growth", during the Annual Financial Forum.

Intra-BRICS Trade: An Indian Perspective

In the recent years, developing countries have increasingly emerged as regional and global growth engines, reflecting higher growth in economic activity and trade, as compared to the developed economies. Brazil, Russia, India, China and South Africa (BRICS) – the five emerging global powers from the continents of Asia, Africa and Latin America – are incrementally increasing their global engagements. Today, BRICS economies together account for 22.5 per cent of the global output, 17.2 per cent of global trade, and over 40 per cent of the global population. Earlier called BRIC, without South Africa, this group was initially coined by Goldman Sachs in 2001, by Jim O'Neill in a paper titled 'Building Better Global Economic BRICs'.

BRICS had a tentative start in the margins of the 61st session of the UN General Assembly in New York in September 2006. The foreign ministers of four countries, Brazil, Russia, India and China, met briefly to explore ways to cooperate politically. The proposal to hold regular meetings came when the leaders of Russia, India and China met at the margins of G-8 Outreach Summit in St. Petersburg in July 2006 (Group of Eight consists of France, Germany, Italy, the United Kingdom, Japan, the United States, Canada, and Russia). This grouping of vastly different economies took a concrete shape when the leaders of the BRIC nations (Brazil, Russia, India, and China) agreed to hold regular summits starting in 2009 to discuss broad range of issues. South Africa was added to the list on April 13, 2011 creating "BRICS" (Brazil, Russia, India, China and South Africa). Nonetheless, BRICS remains largely heterogeneous in character, with wide variance in the socio-political-legal frameworks of member countries. By the year 2020, nominal GDP of BRICS economies is projected to touch US$ 23 trillion and its share in world GDP is expected to increase to 25.2 per cent. Growth in BRICS economies is also expected to stabilize by 2020, with India and China being the major drivers of the region's growth.

BRICS Global Trade

The total trade of BRICS has almost doubled from US$ 2.8 trillion in 2006 to US$ 5.7 trillion in 2015. This upward trend has been underlined by favourable growth performances of both its exports and imports. In the case of exports, total exports of BRICS has risen from US$ 1.6 trillion in 2006 to US$ 3.2 trillion in 2015, with a resultant rise in the share of BRICS in global exports from 13.2 per cent to 19.3 per cent during the period.

As regards imports, total imports of BRICS have also witnessed a continuous growth. In 2015, total imports rose to US$ 2.5 trillion (15.1 per cent of global imports), up from US$ 1.3 trillion (10.3 per cent of global imports) in 2006. BRICS together maintain a trade surplus, which has increased from US$ 314.8 billion in 2006 to US$ 644.7 billion in 2015. China, Russia and Brazil, maintained a trade surplus, while India and South Africa maintained a trade deficit in the same year. Electrical machinery and equipment dominated the exports of BRICS, accounting for 19.6 per cent of its global exports in 2015. Other commodities in its export basket include machinery and equipment; mineral fuels, oils and its distillation products; furniture, bedding, mattresses, and cushions; and vehicles other than railway or tramway. Exports of furniture, bedding, mattresses, and cushions registered the highest growth with a CAGR of 14.4 per cent during 2006 and 2015. Imports of BRICS were also dominated by electrical machinery and equipment, accounting for 20.7 per cent of its global imports in 2015. While BRICS' export of electrical machinery and equipment mainly included telephone sets (HS 8517), imports of the BRICS economies was dominated by electronic integrated circuits (HS 8542). Other items in the import basket of BRICS include mineral fuels, oils and its distillation products; machinery and equipment; optical, photographic, medical or surgical apparatus; and vehicles other than railway or tramway.

Intra-BRICS Trade

Analysis of trading patterns within BRICS countries reveals that levels of intra-BRICS trade are quite diverse, mainly reflecting comparative sizes of the economies. Over the past decade, intra-BRICS trade has increased by nearly threefold, supported by increase in intra-regional trade for all the member countries (Chart 1). An analysis of the intra-BRICS trade reveals that China has played a significant role by accounting for nearly half of the intra-BRICS trade followed by India, accounted, Brazil, Russia, and South Africa.

However, it may be mentioned that BRICS countries have not harnessed the potential offered by the regional cooperation, especially given the significant growth of its market size to US$ 16.5 trillion in 2015 from US$ 6.1 trillion a decade ago, supported by a large consumer base of over 3 trillion population. An analysis of trade intensity index (TII) highlights that trade intensities of Brazil and South Africa with BRICS have improved since 2001, while that of China, India and Russia, on the other hand, have deteriorated since 2001. The mutually invigorating trade interactions among the BRICS countries is reflected in their trade composition. Brazil and Russia are among the world's largest producers and exporters of natural resource, while most of their imports include manufactured and processed goods. India and China, on the other hand, are among the major exporters of manufactured and processed goods, and major importers of natural resources. South Africa, apart from being a major trading partner for India, China and Brazil, serves as an important trade route for India-Brazil trade. Thus, growing synergies among the BRICS economies is mutually beneficial to the members. According to Goldman Sachs, a significant driver of BRICS growth stems from the large scale Chinese and Indian industrialisation and urbanisation creating strong demand for Russia's and Brazil's abundance of natural resources.

Potential for Enhancing India's Trade with BRICS

Underlying the robust trend in bilateral trade between India and rest of BRICS countries, has been the rising trend in India's trade deficit with BRICS countries. India's trade deficit with rest of BRICS increased from US$ 8.7 billion in 2006, to US$ 58.4 billion in 2015. India maintained the largest trade deficit with China (US$ 52 billion), followed by Russia (US$ 2.9 billion), South Africa (US$ 2.5 billion), and Brazil (US$ 1 billion). To further enhance India's trade with the BRICS countries, and at the same time to address the rising trade deficit, an important strategy would be to focus on India's export potential to these countries. Such a strategy would also contribute to the overall efforts to enhance India's trade with BRICS. While India's current global capability could be matched with the import demand of BRICS countries, leading to enhanced exports from India, strategy to promote bilateral trade relations could also encompass the case for enhancing domestic production in India to cater to the large demand existing in other BRICS countries. Given India's expertise in several manufactured products, and technology which is affordable and adaptable, other BRICS countries would also stand to gain with increased import of such items from India. This would also help in further strengthening bilateral ties, and resulting in a mutually rewarding long-term partnership.

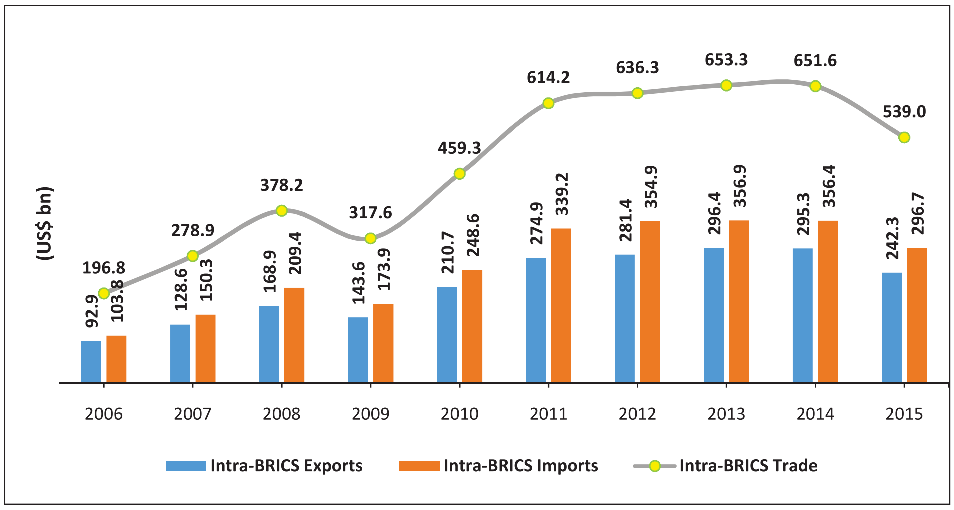
Challenges and the Way Forward

BRICS countries have made significant progress in integrating with the global economy. According to the IMF, more than 40 per cent of the global economic growth is generated by BRICS economies. However, the share of intra-BRICS trade to its global trade is still as low. Further, intra-BRICS trade is dominated by China on both export and import fronts. The growth of intra- BRICS trade has been constrained primarily by high and escalating trade costs and restrictive trade policy environment. In the World Bank's 'Ease of Doing Business', trading across borders index, it has been observed that despite progress made in the past, the trading across borders rankings of BRICS countries remain low. Cumbersome documentation and customs clearance, poor inland transportation and terminal handling, are some of the reasons that hamper exports. BRICS economies have reduced their tariff rates in the recent years, however, there exists import restrictions in terms of non-tariff barriers. There has been a rise in the incidence of technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS) applied by the BRICS. Apart from these, the prevalence of anti-dumping measures, countervailing duties and safeguards have also affected intra-BRICS trade.

In order to expand cooperation in trade among BRICS countries, the following goals should be pursued:

- enhancing consultations and exchanging information on macroeconomic and trade policies;
- encouraging trade and investment links between BRICS countries with an emphasis on promoting market access on goods and services amongst BRICS countries and supporting industrial complementarities, sustainable development and inclusive growth;
- simplifying and increasing the efficiency of administrative procedures to facilitate and accelerate mutual trade and investment; improving the transparency of trade and investment climate in the framework of international obligations and national legislation; and
- creating favourable conditions for development of mutual trade and foreign direct investment in the BRICS countries in order to diversify production and exports.

Chart 1: Intra-BRICS Trade



Source: ITC Trademap; and Exim Bank Analysis

6 Trade Scenario in the Latin America and the Caribbean: Trends and Prospects for India

Economic Scenario in LAC

According to the IMF, growth performance of the Latin American and the Caribbean (LAC) region has, on average, fallen behind the rate of increase in global activity since 2013, eventually witnessing stagnancy in its cumulative GDP growth in 2015. The current situation has been particularly difficult for the economies of South America, which are in what looks like being the longest and deepest recession since the debt crisis, with decline in GDP in 2015 and 2016 far exceeding that during the subprime crisis and the Asian crisis of the late 1990s. In fact, in 2015, the subdued performance of the LAC region was mainly due to the contractions in two of the region's largest economies, Brazil (-3.8 per cent) and Venezuela (-6.2 per cent).

Foreign Trade in LAC

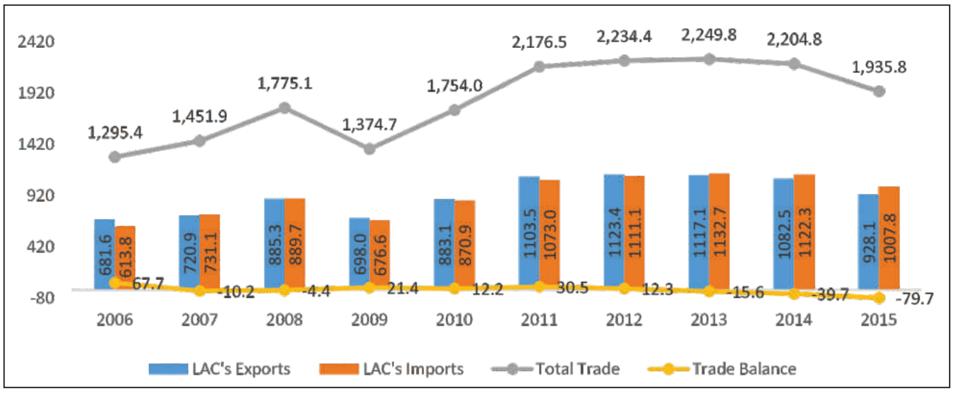
The LAC region accounted for about 5.9 per cent of world trade in 2015. Global trade of LAC has witnessed upward trend in recent years. In fact, during the last decade, LAC's total trade has risen from US$ 1,295.4 billion in 2006 to US$ 1,935.8 billion in 2015, underlined by buoyant exports and imports (Chart 1). On an annual basis, trade of LAC region declined by 12.2 per cent in 2015. The slackening dollar commodity prices, and the weak nature of the global recovery have taken their toll on trade. The trade decline also stems from a weakening in demand from the region's major trading partners. For the region as a whole, the worst declines occurred in trade with Asia (excluding China), which fell 19 per cent, with the European Union (-18 per cent), and in intra-regional flows (-19 per cent). Exports to China plunged 14 per cent, while expectations of a rebound of exports to the United States were neutralized mostly by a drop in the value of oil, which resulted in sales to that country shrinking by 7 per cent.

LAC's total exports have risen from US$ 681.6 billion in 2006 to US$ 928.1 billion in 2015, however with a decline of 14.3 per cent witnessed over 2014.In 2015, LAC's exports constituted 5.7 per cent of global exports. As regards imports, LAC's total imports have also witnessed a steady growth, increasing from US$ 613.8 billion in 2006 to US$ 1,007.8 billion in 2015. In 2015, LAC's imports constituted 6.1 per cent of global imports, up from 5 per cent in 2006. On a y-o-y basis, LAC's imports declined by 10.2 per cent in 2015.

Amongst the countries in LAC, the largest exporters are Mexico, Brazil, Chile, Argentina, Venezuela, and Colombia which together accounted for as much as 82.5 per cent of LAC's total exports in 2015. Among the non-regional members, major import partners include the USA, China, and Canada, among others. As regards imports, the leading importers in LAC are Mexico, Brazil, Chile, Argentina and Colombia, which together accounted for 73.8 per cent of LAC's total imports in 2015.

Mineral fuels, oils and its distillation products dominated the exports of the LAC region, accounting for 12.5 per cent of its global exports in 2015. Other commodities in its export basket include vehicles other than railway or tramway (11.6 per cent), electrical and electronic equipment (9.7 per cent), machinery and equipment (8 per cent), ores, slag and ash (5.4 per cent), and oil seeds and oleaginous fruits (3.2 per cent). Imports of the LAC region were also dominated by electrical and electronic equipment, accounting for 14.9 per cent of its global imports in 2015. Other commodities imported by the region include machinery and instruments (14.5 per cent) and mineral fuels, mineral oils and products (10.3 per cent). The region's major import sources mainly include countries within the region; among the non-regional members, major import partners include the USA, China, Germany, Republic of Korea and Japan.

Chart 1: Trends in LAC's Foreign Trade, 2006-2015 (US$ billion)



Source: ITC Trade Map

India's Trade Relations with LAC

India has maintained a robust trade relationship with countries in the LAC region. During the last ten years, India's total trade with the LAC countries has witnessed over four-fold increase from US$ 9 billion in 2006 to US$ 32.6 billion in 2015. However, India accounts for meagre 1.7 per cent of the LAC's total trade. While India's total exports to LAC has risen from US$ 3.9 billion in 2006 to US$ 11 billion in 2015, depicting a three-fold rise during the period, India's total imports from LAC have also risen, at a much faster pace, from US$ 5.1 billion to US$ 21.7 billion, showing a four-fold rise. India's trade deficit with LAC widened from US$ 1.2 billion to US$ 10.7 billion in 2015.

Transport vehicles are the largest items in India's export basket to LAC, with a share of 24.2 per cent of India's total exports to LAC in 2015. Other important items of India's exports to LAC include organic chemicals, mineral fuels, oils and its products, pharmaceutical products, machinery and equipment, and miscellaneous chemical products. Brazil is India's largest export destination in LAC, accounting for around 28.3 per cent of India's total exports to the region in 2015. Other major export markets in LAC include Brazil, Mexico, Colombia, Peru, Chile, and Argentina.

Reflecting the increased importance of the LAC region as sources for India's crude oil imports, minerals fuels (HS-27) are the largest items in India's import basket from LAC, accounting for as much as 50 per cent of India's total imports from LAC in 2015. India's share in LAC's export of mineral fuels, oils and its distillation products stood at 9.4 per cent in 2015. Venezuela is India's largest import source from the region, followed by Brazil, Mexico, Argentina and Chile.

Strategies to Enhance Trade Relations with LAC

To further enhance India's trade with the LAC region, and at the same time to address the rising trade deficit, an important strategy would be to focus on India's export potential to the major countries in LAC with which India maintains large and rising trade deficit, viz. Venezuela, Argentina, Chile, Brazil, Ecuador, Dominican Republic, Suriname, and Bolivia; and the continent's largest importer, Mexico. While India's current global capability could be matched with LAC's import demand, leading to enhanced exports from India, strategy to promote bilateral trade relations could also encompass the case for enhancing domestic production in India to cater to the large demand existing in focus countries in LAC. Given India's expertise in several manufactured products, and technology which is affordable and adaptable, LAC countries would also stand to gain with increased imports of such items from India. Moreover, matching India's capability in high value-added production and manufacturing with an increasing import demand in LAC for such products and technology, could prove to be a win-win situation for both India and LAC. This would also help in further strengthening bilateral ties, and resulting in a mutually rewarding long-term partnership. With many Indian companies exporting high-value products to markets in the USA, rising demand for such products in emerging economies including LAC countries would present opportunities for enhancing exports and partnerships.

BOX : 7TH INDIA-LATIN AMERICA & THE CARIBBEAN CONCLAVE IN GUADALAJARA, MEXICO

The 7th edition of the India-Latin America & Caribbean (LAC) Conclave was held in Guadalajara, Mexico during 28-29 November, 2016, organised by CII; Ministry of External Affairs (MEA), Government of India; the United Nations Economic Commission for Latin America and the Caribbean (UN ECLAC) and the Government of Jalisco, Mexico.

Export-Import Bank of India (Exim Bank)'s study on "Enhancing India's Trade Relations with Latin America and the Caribbean (LAC) Region: Focus on Select Countries" was released at the hands of Gen. V K Singh (Retd.), Hon'ble Minister of State for External Affairs, Government of India, during the Conclave on November 28, 2016.

This is the first time that the conclave was held in the LAC region and this has a huge significance as it shows that India is reaching out to Latin America. The LAC region is a key growth market for sectors like pharmaceuticals, renewable energy and automobiles. There is more complementarity between India and LAC in trade as well as investment. This growing commercial relationship has entered a new phase of cooperation, with increased investments and joint collaboration over the years.

Exim Bank's Lines of Credit

Exim Bank of India (Exim Bank) has placed special emphasis on extension of Lines of Credit (LOCs) as an effective market entry mechanism with particular focus on small and medium enterprises. Exim Bank's LOCs provides a risk-free, non-recourse export financing option to the Indian exporting community, which helps them penetrate new markets and enhance their export volumes in the existing markets overseas. Exim Bank extends LOCs to overseas financial institutions, regional development banks, sovereign governments and other entities overseas, to enable buyers in those countries to import developmental and infrastructural projects, equipment, goods and services from India, on deferred credit terms. Exim Bank also extends LOCs with the support of Government of India. Under the Lines of Credit extended with the support of Government of India, Exim Bank reimburses 100 per cent of contract value to the Indian exporters, upfront upon the shipment of goods and at least 75 per cent of goods and services of total contract value should be sourced from India. LOCs have also enabled India to demonstrate project execution capabilities in the emerging markets. LOCs have helped to gather considerable momentum in the recent years, especially in the developing countries of Africa, Asia, Latin America and the CIS. The Bank has now in place 216 Lines of Credit, covering over 63 countries in Africa, Asia, Latin America, Europe and the CIS, with credit commitments of over US$ 15.96 billion, available for financing exports from India. LOCs are thus an effective instrument for promoting and facilitating India's exports of projects, goods and services to developing countries.

Exim Bank, with the support of Government of India, has signed four LOCs as given below during the period October-December 2016:

[i] An LOC of US$ 24.54 million was extended to the Government of Ghana for Sugarcane development and irrigation project. With the above LOC, Exim Bank, till date, has extended seven LOCs to Ghana, with the support of the Government of India (GOI), taking the total value of LOCs extended to US$ 208.26 million. The earlier LOCs were extended to Government of Ghana for rural electrification, agricultural and transportation projects, construction of Presidential Office, Foreign Policy Training Institution, fish processing project, Waste management equipment and sugar plant.

[ii] An LOC of US$ 52.30 million was extended to the Government of Mauritius for Project Trident. With the above LOC, Exim Bank, till date has extended four LOCs to Mauritius, with the support of GOI, taking the total value of LOCs extended to US$ 164.80 million. The earlier LOCs were extended to Government of Mauritius for Offshore Patrol Vessel, Purchase of specialised equipment and vehicles and acquisition of Waterjet Fast Attack Craft.

[iii] An LOC of US$ 10 million was extended to the Government of Guyana for Procurement of Ocean Passenger-Cargo Vessel. With the above LOC, Exim Bank, till date has extended six LOCs to Guyana, with the support of GOI, taking the total value of LOCs extended to US$ 88.38 million. The earlier LOCs were extended to Government of Guyana for Construction of a cricket stadium, traffic signaling system project, fixed and movable irrigation pumps, multi-specialty hospital and road linkage project.

[iv] An LOC of US$ 31.29 million was extended to the Government of Nicaragua for Transmission lines and substation project. With the above LOC, Exim Bank, till date has extended three LOCs to Nicaragua, with the support of GOI, taking the total value of LOCs extended to US$ 67.53 million. The earlier LOCs were extended to Government of Nicaragua for supply of equipment for building electric substations, transmission lines and expansion of substations.

For further information, please contact

Nadeem Panjetan
Chief General Manager
Export-Import Bank of India,
Maker Chamber IV, 8th Floor,
222 Nariman Point,
Mumbai 400 021

Telephone : (022) 22861561
Fax : (022) 22823394
E-mail: eximloc@eximbankindia.in

Buyer's Credit under National Export Insurance Account (BC-NEIA): Revision of interest Rates and Guarantee Fee

Export-Import Bank of India, in conjunction with ECGC Ltd., operates Buyer's Credit under Government of India (GOI)'s National Export Insurance Account (BC-NEIA), under which the Bank finances and facilitates project exports from India. The interest rate structure for 'Buyer's Credit under Government of India (GOI)'s National Export Insurance Account (BC-NEIA) payable by eligible Borrower has been revised downwards by 25 bps across tenors. The revised interest rates (w.e.f 01.10.2016), are as under:

(i)	LIBOR + 1.25% p.a. for tenor < 8 years
(ii)	LIBOR + 1.50% p.a. for tenor of 9 to 12 years
(iii)	LIBOR + 1.75% p.a. for tenor of 13 to 15 years

Further, charges and fees, including a suitable interest differential as may be determined by Exim Bank is payable by the Indian company. The Guarantee Fees under the BC-NEIA Scheme has also been revised as per the ECGC country classification as follows:

Country Classification by ECGC	Guarantee Fee rate for 100% coverage	Guarantee Fee rate for 150 % coverage
Countries Rated A1, A2	2%	3%
Countries Rated B1 , B2	3%	4.5%
Countries Rated C1, C2 and D	3.5%	5.25%

Exim Bank Expands Its Frontiers of Development Partnership

Mr. Yaduvendra Mathur, Chairman & Managing Director, Export-Import Bank of India flagged off the consignment of materials and components of Jaipur Foot to the National Disability Institute – Kabul (NDI), for 1000 amputees of Afghanistan.Exim Bank is supporting Bhagwan Mahaveer Viklang Sahayata Samiti (BMVSS), the parent body of Jaipur Foot – the most widely used artificial foot / limb in the world – for setting up a permanent Jaipur Foot Centre at the NDI in Kabul, Afghanistan. Exim Bank has provided a grant support of US$ 100,000 for the Jaipur Foot Project which includes support towards materials and components for fitting of 1000 artificial limbs in a year. In addition, a sum of US$ 25,000 has also been provided for training three NDI technicians in Jaipur for a period of three to four months.

Exim Bank's Study Highlights Potential for Enhancing India's Trade Relations with Latin America and the Caribbean (LAC) Region

Export-Import Bank of India (Exim Bank)'s study on "Enhancing India's Trade Relations with Latin America and the Caribbean (LAC) Region: Focus on Select Countries" was released at the hands of Gen. V K Singh (Retd.), Hon'ble Minister of State for External Affairs, Government of India, during the 7th India-Latin America and Caribbean (LAC) Conclave, in Guadalajara, Mexico The LAC region accounts for about 5.9 per cent of world trade in 2015. Global trade of LAC has witnessed an upward trend in the last decade. In fact, LAC's total trade has risen from US$ 1,295.4 billion in 2006 to US$ 1,935.8 billion in 2015. The slack in dollar commodity prices, and the weak nature of the global recovery, however, have taken their toll on trade in the last few years.

Exim Bank wins the Asset Triple A Country Award 2016 for Best Investment Grade Bond

The Export-Import Bank of India has won the Asset's Triple A Country Award 2016 for Best Investment Grade Bond. The award was given for the Exim Bank's debut 144A / RegS deal. Exim Bank, on July 28, 2016, successfully launched a 10 year Bond issue of USD 1 bn, its inaugural transaction in the 144A/Reg S format. Speaking on the occasion, Mr. Yaduvendra Mathur, Chairman and Managing Director of Exim Bank, said, "We are honoured to receive this award which is a significant recognition in our endeavor to set a benchmark for other issuers from India seeking longer tenor funds from the international debt capital market. We would like to thank all our investors who trusted in us and helped in making this the Bank's largest ever bond issue".

Exim Bank's Study 'Inter-linkages between Exports and Employment in India' released.

A Study on "Inter-linkages between Exports and Employment in India" conducted by Exim Bank has been released at a Seminar based on the theme of the Study in New Delhi on December 5, 2016 in the presence of Mr. D.K. Singh IAS, Chairman, APEDA, Mr. Pankaj Jain IAS, Joint Secretary, Govt. of India, Ministry of Finance and Mr. T. C. A. Ranganathan, Former Chairman & Managing Director, Exim Bank. The Study highlights that, employment growth has been sluggish despite India's fast economic growth since the 1990s. Export growth has the potential to generate large scale employment as India has a comparative advantage in labour-intensive products. Utilizing an input-output (IO) model, this study provides estimates of the direct and indirect jobs supported by merchandise and services exports from the early 2000s. The Study makes use of the official Input-Output Tables (IOTs) for the benchmark years 1998-99, 2003-04, 2007-08 as well as the recently published Supply Use Tables (SUTs) for 2011-12 and 2012-13.

Inter-linkages between Exports and Employment in India[1]

Despite the fast pace of economic growth witnessed by India since the 1990s, employment growth in the country has been sluggish. During the period 1999-2000 to 2012-13, employment grew at the rate of just 0.8% per annum, which was much slower than real GDP growth. Given the comparative advantage that India has in labor-intensive products, export-led growth can play an instrumental role in driving employment growth. In this context, a study has been conducted by Exim Bank and IGIDR to estimate the extent of interlinkages between exports and employment in India, based on input-output (IO) analysis covering the period 1999-2000 to 2012-13.

According to the study, the total number of jobs supported by aggregate Indian exports (merchandise plus services) increased from about 34 million in 1999-00 to 62.6 million in 2012-13, with a growth rate of 3.4% per annum (**Chart 1**).

Chart 1: Total Number of Employment Supported by Indian Exports, Millions

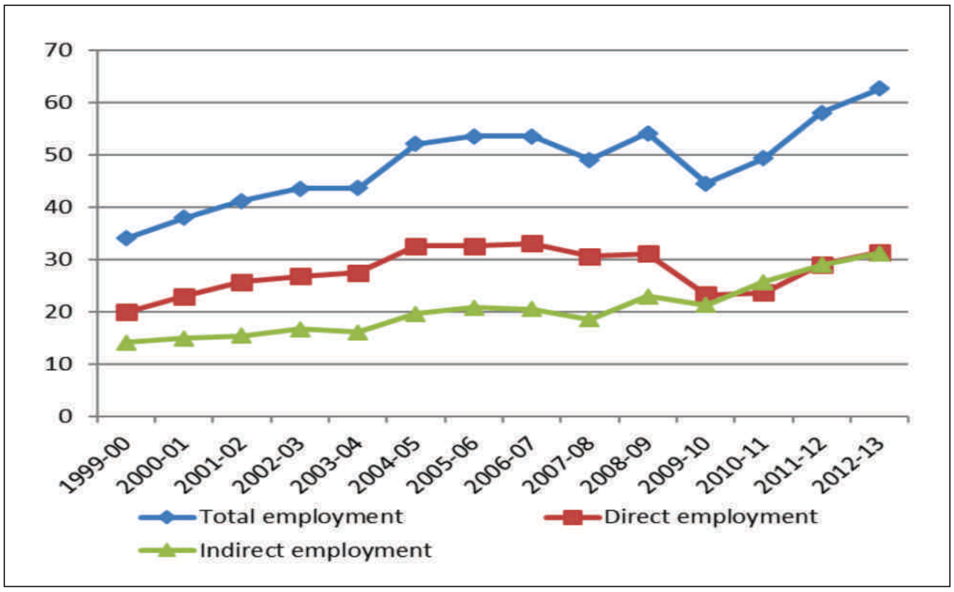
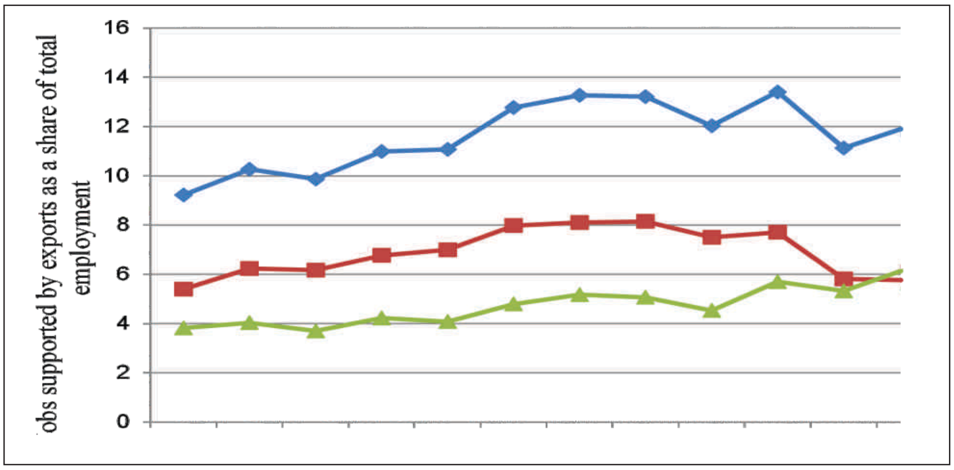


Chart 2: Number of jobs supported by exports as a share of total employment in the country (%)



The total number of jobs tied to exports increased steadily at the rate of 7.6% per annum during the first half of the 2000s. Export-supported jobs also declined briefly in 2009-10, in the aftermath of the global financial crisis. During the period 2006-07 to 2012-13, as export growth slowed down, growth rate of employment tied to exports fell to 2.6% per annum. Nevertheless, export related jobs grew significantly faster than total employment throughout the period. As a result, the share of export-supported jobs in total employment in the country increased from a little over 9% in 1999-2000 to 14.5% in 2012-13 (**Chart 2**).

During the period 1999-2000 to 2009-10, the share of direct employment (that is, employment in a given sector attributed to its own exports) in total export-related employment stood significantly higher than that of indirect employment (employment in a given sector due to its linkage with other exporting sectors). However, the contribution of indirect job creation increased significantly in recent years .

The share of indirect jobs in total export-supported jobs increased from about 38% in 2007-08 to 52% in 2010-11. During 2011-12 and 2012-13, the share of indirect employment stood at about 50%. During the period 1999-00 to 2005-06, direct and indirect jobs tied to exports grew at the rate 8.4% and 6.5% per annum, respectively. However, during

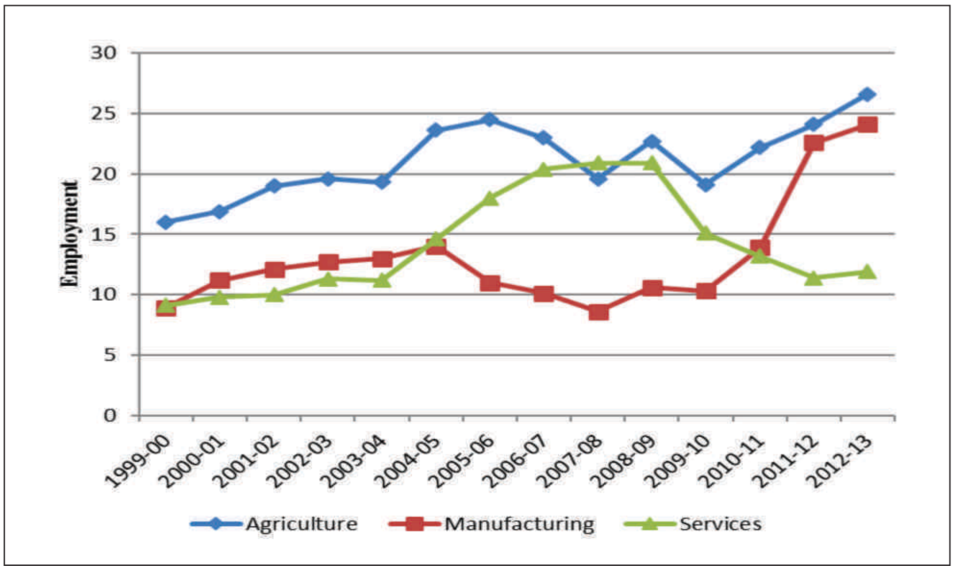
[1]For further details, please see Exim Bank's Study on "Inter-Linkages between Exports and Employment in India", Occasional Paper No. 179, November 2016, which is available at Exim Bank's Website www.eximbankindia.in

2006-07 to 2012-13, while job support through indirect linkage channels registered a growth rate of above 8% per annum, the growth rate of direct job creation has been negative (-1.9%). Backward linkages, particularly from manufacturing to agriculture and services, have become an important source of export related job creation in the country.

While the total number of jobs supported by exports increased significantly, jobs supported per million dollar (or billion Rupees) worth of exports declined over the years. One million dollar worth of exports supported 638 jobs in 1999-00, which has declined to 138 in 2012-13. The detailed review of the literature suggests that this decline is consistent with the trends observed in several other countries. The observed decline in the number of jobs per million dollars of exports can arise as a result of improvement in labor productivity (which in turn may mean higher wages) as well as due to changes in the composition of exports in favor of more skill and capital intensive products. Despite the decline, the number of jobs supported per million-dollar worth of exports from India is significantly higher than those reported for other countries in previous studies: for example, per million dollar worth of exports from US supported only 6.6 jobs in 2009 and 5.2 jobs in 2014. Estimates for China suggest that per million dollar worth of exports from the country supported 140 jobs in 2007 as compared to 191 jobs in India for the same year. Turning to the estimates for the broad sectoral groups, total number of export-supported jobs for agriculture, mining & allied activities (henceforth, agriculture) increased from 16 million in 1999-2000 to 26.6 million in 2012-13 for India (**Chart 3**).

Within the manufacturing sector, the total number of jobs tied to exports increased from 8.9 million in 1999-2000 to 14 million in 2004-05. The second half of the 2000s, however, witnessed a decline in the growth of manufacturing jobs with 10.3 million jobs being created in 2009-10. This trend has reversed during the more recent years as manufactured exports supported 13.9 million jobs in 2010-11 and 24.1 million jobs in 2012-13. As far as services sector is concerned, total number of export-supported jobs increased steadily from 9.1 million in 1999-2000 to 20.9 million in 2008-09 and then declined sharply to 11.9 million in 2012-13.

Chart 3: Total Employment (millions) Supported by Indian Exports across Sectors



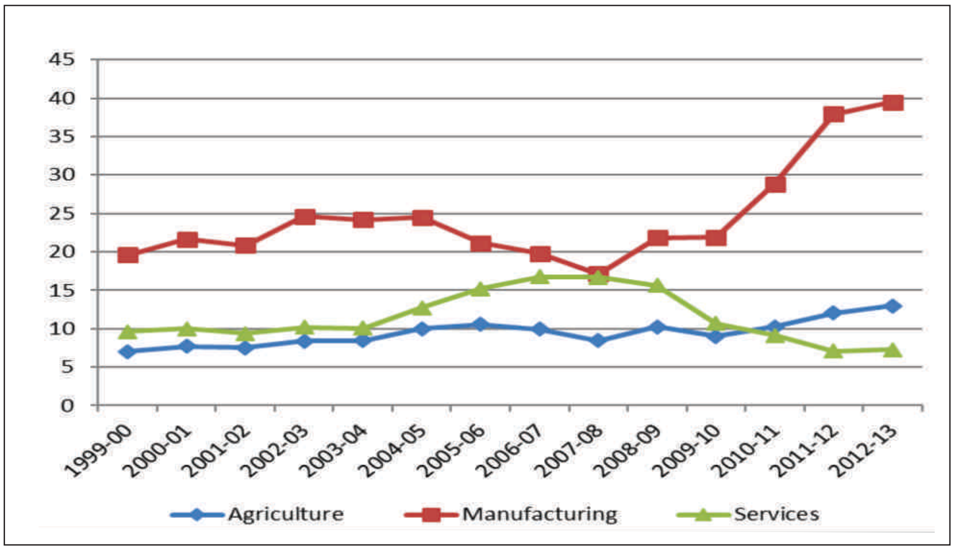
According to the study, a major increase in aggregate export supported jobs during the period 2010-11 to 2012-13 was mainly brought about by the manufacturing sector. The aggregate number of export supported jobs increased by 13.3 million, of which manufacturing sector contributed to over 75% (10.2 million) of the increase, followed by agriculture (4.4 million) while services contributed negatively with a decline in number of export supported jobs by 1.3 million. The high contribution of manufacturing sector is consistent with the fact that its share in India's exports increased significantly since the late 2000s. The percentage of total manufacturing employment that can be attributed to exports increased significantly from 19.6% in 1999-2000 to 24.5% in 2004-05, and further to 39.5% in 2012-13 (**Chart 4**).

Sector wise analysis suggest that the significant growth of export-related manufacturing employment between 2010-11 and 2012-13 has been brought about by sectors such as 'readymade garments & miscellaneous textile products' (with an employment growth of 4.5 million), gems & jewelry' (2.4 million), cotton textiles (0.7 million), communication and electronic equipment (0.6 million), motor vehicles (0.5 million), 'miscellaneous food products (0.4 million), miscellaneous metal products (0.4 million), leather footwear (0.2 million) 'other non-metallic mineral products' (0.2 million), tobacco products (0.2 million), and drugs and medicines (0.2 million)

The composition of export supported employment underwent significant changes during the period. In 1999-2000, agriculture accounted for the largest share of export-supported jobs (47.1%) followed by roughly equal shares for services (26.8%) and manufacturing (26.2%). By 2003-04, the share of manufacturing increased to about 30% while that of agriculture and services declined to 44.4% and 25.7% respectively. Between 2003-04 and 2007-08, however, the share of services increased steadily to nearly 43% at the cost of agriculture and manufacturing whose shares declined to 40% and 17.5% respectively. The trend got reversed again since 2007-08 as the share of manufacturing steadily increased to 38.5% in 2012-13 while the share of services declined sharply to 19%. Despite the changes noted above, agriculture accounted for the largest share of employment throughout the period except for 2007-08. During the more recent years, the share of manufacturing increased significantly at the cost of services. These changes in the sectoral composition of employment are consistent with the observed changes in the composition of exports. Export data reported in IOT and SUT shows that, between 2003-04 and 2007-08, the share of manufacturing sector in India's exports declined significantly while the share of services increased. However, between 2007-08 and 2012-13, the trend got reversed as manufacturing exports gained prominence in relation to services

Direct employment accounts for a very high share – ranging from 73% to 85% - of total export-supported jobs in the manufacturing sector. In contrast, a significant share of employment generated in agriculture and services are attributed to indirect effects, implying that manufacturing export plays an important role in generating employment in agriculture and services sectors through backward linkage effects. For the year 2012-13, direct employment accounted for only 20% of total export linked jobs generated within the agriculture sector while as much as 80% of export related jobs in this sector is attributable to its linkages with other sectors, particularly manufacturing. Similarly, direct employment accounted for 48% of export-linked jobs within the services sector while the remaining 52% could be attributed to its linkages with manufacturing.

Chart 4: Export-Supported Employment as a Share Total Sector Employment (%)



In Sum

The study suggests that exports have become an important driver of job growth in India. The study identifies a number of specific sectors where exports can contribute significant employment growth, directly as well as through backward linkages. At the broad sectoral level, manufacturing exports hold the largest potential to generate employment within the sector (direct effect) as well as in agriculture and services through backward-linkage effects. Policies specifically targeting export growth from the manufacturing sector can reap rich dividends in terms of creating large scale employment opportunities for various skill categories. Viewed in this light, the manufacturing focus in "Make in India" initiative of the government is a move in the right direction.

Exim Bank Organizes BRICS Handicraft Artisans Exchange Programme

Exim Bank was involved with Govt. of India in organizing the 8th Annual Summit of the BRICS (Brazil, Russia, India, China & South Africa) nations during October 2016. To further enhance ties, the Bank organized "BRICS Handicraft Artisans Exchange Programme" with an aim to share and exchange techniques, designs and technical knowhow between similar art form i.e., Hand Embroidery amongst craftsmen from BRICS nations.

The Bank in association with Ministry of Textile's National Centre for Design & Product Development (NCDPD) and Indian Institute of Craft and Design (IICD), organized the programme for 46 participants which lead in spreading awareness, support and promotion of inter regional cooperation. A total of 46 participants from Brazil, Russia, India, China and South Africa attend the 10-day programme from during September 2016 at IICD campus in Jaipur, Rajasthan. During this programme, the participating artisans produced bags, clutches, diary, folders, I-pad covers, photo frames, jewellery box, tissue box, festive decorations, BRICS mementos, cushion covers, runners and curtains using a fusion of various hand embroidery techniques like Gota, Chikankari, Kachchi Embroidery, Zari, Crewel Embroidery, Sozni, Namda and Gabba from India and Dimensional Embroidery from Brazil, Chain Stitch from Russia, Suzhou from China and Kaross from South Africa.

The training programme developed required skills among craftsmen from BRICS nations in an effort to create necessary awareness on Hand-Embroidery & Stitching which provided support leading to promotion of global business with high quality hand crafted products. This shall also lead to improvement in livelihood and economic status of craftsmen.

For more details please contact: mas@eximbankindia.in

Activities of ECL during *October-December 2016*

In an ongoing endeavour to create an economic hub in India's North eastern region, by exploring the trade and commerce potential with ASEAN neighbours, Bank has actively participate in seminars to disseminate information on various initiatives taken by Govt. of India Financial and Support Institutions to exporters in general, and to those located in North Eastern region in particular, and a broad overview of Foreign Trade policy, export potential from the region and various financial & incentives for Indian Exporters. Hence, Exim Bank in association with Indian Chamber of Commerce had organized a seminar on "Energising Entrepreneur in International Trade" at Agartala on Sept 6, 2016.Senior Government officials from the ministry of Commerce, Trade and Finance, Govt of Tripura also attended the programme.

An interactive session for exporters on "Emerging Global Trade Scenario-Impact on India's Exim Trade' was organized on Sept 6, 2017 at Kolkatta in association with Federation of Indian Export Organisation. This seminar has speakers from DGFT, Customs and ECGC. The objective of such seminar is to bring various stake holders contributing to India's Trade & Investments at one platform and discuss the issues relevant to the Indian exporters/importers.

An Interactive session was also held in Bangalore on Dec 22, 2016 with international delegates of National Institute for Micro, Small & Medium Enterprises (NIMSME), Hyderabad. Exim Bank gave a comprehensive presentation about Exim Bank's various financing programmes extended to African Countries and the business potential.

Programmes in the pipeline include Seminars/workshops focusing on Investment agencies / SMEs/ handicrafts / Entrepreneurship Development/ Export awareness programmes at Raipur, Udaipur, Nagaland, Sikkim & Varanasi.

Book Review

Demonetization and Black Money

On 8th November 2016, India demonetized its high denomination currency notes of Rs. 500 and Rs. 1000, thereby invalidating nearly 86 percent of the currency in circulation. Mr. C. Rammanohar Reddy in this timely book explores the various facets of demonetization, including the motives, design, implementation, and effects.

The book is divided into four sections that deal with a general discussion on black money and demonetization, the assessment of the design and implementation of demonetization policy, its impact on the common people and polity, and its impact on India's banking sector. Beginning with a discussion on the meaning of black money, the importance of cash as a form of black money, and the global experiences with demonetization, the Book goes on to discuss the various alternative and less disruptive ways in which the desired outcomes could have been realized. The Book also highlights the distress and despair for the various sectors of the economy.

The Book also sheds light on a different, yet important aspect related to the impact on the banking sector and RBI. The currency that the RBI issues is a liability. A major question which therefore surfaced is that if a very large amount of the high denomination currency in circulation was not going to be surrendered, would the corresponding reduction in central bank liability result in a gain to the government through a transfer from the asset side of the RBI' balance sheet. Mr. Reddy discusses this and several other pertinent issues in this comprehensive commentary on the demonetization exercise.

Technical Progress and Structural Change: The Roles of Demand and Supply in Economic Growth

EXIM Bank instituted the BRICS Economic Research Annual Award (BRICS Award) in March 2016. The Award is envisaged to stimulate advanced research on economics related topics of relevance to the member nations of BRICS. The Award accepts as entries, Doctoral Thesis written by nationals of any of the five member nations of BRICS, who have been awarded a Doctorate or accepted for award of a Doctorate from any recognized nationally accredited University or academic institution globally. The broad focus of the eligible theses could be international economics, trade, development, and related aspects of financing, which could have particular relevance especially to BRICS nations. The Award consists of a prize amount of ₹ 1.5 million (approx. USD 20,000/), and a citation. The maiden BRICS Award was won by Dr. João Prates Romero, for his doctoral thesis titled "Technical Progress and Structural Change: The Roles of Demand and Supply in Economic Growth". Dr. Romero received his Doctoral degree in 2015 from University of Cambridge (UK). The Award was conferred by Mr. Shaktikanta Das, Secretary, Department of Economic Affairs, Ministry of Finance, Government of India, to the Award winner, Dr. João Prates Romero during the BRICS Financial Forum hosted by Export-Import Bank of India in Goa on October 15, 2016.

Throughout the years, amongst different explanations for why output and productivity growth differ between countries, two alternative theories became particularly influential. On the one hand, building on Keynes' (1936) short-term demand-led approach, Kaldorian works emphasise the importance of demand growth for long-term productivity growth. On the other hand, in parallel to the Kaldorian demand-led approach, Schumpeterian works emphasise the importance of supply-side factors for technical progress.

Both the Kaldorian and the Schumpeterian approaches to economic growth present strong theoretical foundations, with important contributions to macroeconomic growth theory and considerable support from a large number of empirical works. Both approaches emphasise the importance of endogenous technical progress and trade for economic growth, while recognizing the importance of non-price competitiveness for trade performance and stressing the role of structural change in economic growth.

Furthermore, both approaches emphasise the importance of cumulative mechanisms for long-term growth. While Kaldorian theory emphasises the importance of demand growth for long-term growth, putting less stress on the importance of supply-side factors, the opposite holds true for Schumpeterian theory. On the one hand, this difference generates a certain degree of complementarity between the two approaches, opening up the possibility of enriching the explanation of the process of long-term growth by combining the two. On the other hand, this difference creates an important difficulty, since combining these theories can subvert one of the two by attributing final role to either demand or to supply alone.

On combining the Kaldorian and the Schumpeterian approaches in a consistent multi-sectoral growth model, in order to offer a more comprehensive explanation for long-term growth, it is observed that both demand and supply-side factors influence long-term growth. In addition to it, is seen that different sectors are subject to different dynamics, so that structural change and inter-sectoral interactions affect long-term growth.

Such a growth model, which consistently combines the key insights from the Kaldorian and the Schumpeterian traditions, while keeping the importance of both demand and supply side factors for long-term growth, shows that in a multi-sectoral framework with balance-of-payments constraint, changes in the performance of a given sector affect the performance of the rest of the economy via inter-sector demand externalities. More specifically, an increase in productivity in a given sector leads to an increase in this sector's exports, which eases the balance-of-payments constraint, allowing higher output growth in the other sectors of the economy. This model also shows that an increase in the growth rate of foreign output can exert a negative impact on the domestic economy if the negative effect of this increase on the trade performance of the domestic economy (via the increased foreign non-price competitiveness) is larger than the positive demand effect.

The novelty of the model, therefore, is not only that both the technology gap and research intensity influence long-term growth, but also that higher output growth in the foreign economy can exert a negative impact on the domestic economy. Most importantly, the model shows that an increase in productivity growth in any given sector, by easing the balance-of-payments constraint, leads to increases in output growth in the other sectors of the economy.

INDICATORS	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
GDP (at current prices, US$ bn)	**1365.4**	**1708.5**	**1823.0**	**1829.0**	**1863.2**	**2042.4**	**2073.7f**	**2230.8f**
GDP Per capita (US$)	**1146.7**	**1411.7**	**1482.1**	**1462.9**	**1466.4**	**1581.6**	**1579.8f**	-
Sectoral Share in GDP (%)								
Agriculture & allied activities	14.6	14.6	18.5	17.8**	17.5**	16.3**	15.3p**	15.0ae**
Industry	28.3	27.9	32.5	31.9**	31.5**	31.2**	31.2p**	30.8ae**
Services	57.1	57.5	49.0	50.3**	51.0**	52.5**	53.5p**	54.3ae**
Inflation rate (CPI, annual avg. %)	12.2	10.4	8.3	10.2	9.5	5.9	4.9	3.41 (Dec '16)
Inflation rate (WPI, annual avg. %)	3.8	9.6	8.9	7.4	6.0	2.0	-2.5	3.39 (Dec '16)
Gross Fiscal Deficit (% of GDP)	**6.5**	**4.8**	**5.9**	**4.9**	**4.5**	**4.1**	**3.9e**	**3.5e**
Exchange Rate (₹/US$, avg.)	47.4	45.6	47.9	54.4	60.5	61.1	65.5	67.90 (Dec'16)
Exchange Rate (₹/Euro, avg.)	67.1	60.2	65.9	70.1	81.2	77.5	72.3	71.59 (Dec'16)
Exports (US$ bn)	**178.8**	**249.8**	**306.0**	**300.4**	**314.4**	**310.3**	**262.3**	**198.8(Apr-Dec'16)**
% change	*-3.5*	*39.8*	*22.5*	*-1.8*	*4.7*	*-1.3*	*-15.5*	*0.8^*
Oil Exports (US$ bn)	**28.2**	**36.4**	**56.7**	**60.9**	**63.2**	**56.7**	**30.6**	**22.0 (Apr-Dec '16)**
% change	*2.3*	*29.0*	*55.9*	*7.3*	*3.8*	*-10.2*	*-46.1*	*-9.8^*
Non-oil Exports (US$ bn)	**150.6**	**213.4**	**249.2**	**239.5**	**251.2**	**253.6**	**231.7**	**176.8 (Apr-Dec'16)**
% change	*-4.6*	*41.8*	*16.8*	*-3.9*	*4.9*	*0.9*	*-8.6*	*2.2^*
Imports (US$ bn)	**288.4**	**369.8**	**489.3**	**490.7**	**450.2**	**448.0**	**381.0**	**275.4 (Apr-Dec '16)**
% change	*-5.1*	*28.2*	*32.3*	*0.3*	*-8.3*	*-0.5*	*-15.0*	*-7.4^*
Oil Imports (US$ bn)	**87.1**	**106.0**	**155.0**	**164.0**	**164.8**	**138.3**	**82.9**	**60.9 (Apr-Dec '16)**
% change	*-7.0*	*21.6*	*46.2*	*5.9*	*0.4*	*-16.0*	*-40.0*	*-10.8*
Non-oil Imports (US$ bn)	**201.2**	**263.8**	**334.3**	**326.7**	**285.4**	**309.7**	**298.1**	**214.4(Apr-Dec '16)**
% change	*-4.2*	*31.1*	*26.7*	*-2.3*	*-12.6*	*8.5*	*-3.8*	*-6.4^*
Trade Balance (US$ bn)	**-109.6**	**-120.0**	**-183.3**	**-190.3**	**-135.8**	**-137.7**	**-118.7**	**-76.5 (Apr-Dec '16)**
Services Exports (US$ bn)* **	**96.0**	**124.6**	**140.9**	**145.7**	**151.8**	**158.1**	**154.3**	**106.5 (Apr-Nov '16)**
*Software Exports (US$ bn)****	49.7	53.1	62.2	65.9	69.4	73.1	74.2	36.9 (Apr-Sep '16)
Services Imports (US$ bn)* **	**60.0**	**80.6**	**76.9**	**80.8**	**78.7**	**81.6**	**84.6**	**64.0 (Apr-Nov '16)**
Services Balance (US$ bn)***	36.0	44.0	64.0	64.9	73.1	76.5	69.7	42.5 (Apr-Nov '16)
Current Account Balance(US$ bn)	**-38.4**	**-47.9**	**-78.2**	**-87.8**	**-32.4**	**-26.8**	**-22.1**	**-3.7 (Apr-Sep)**
CAB as percentage of GDP (%)	*-2.8*	*-2.8*	*-4.2*	*-4.8*	*-1.7*	*-1.3*	*-1.1*	*-0.3 (Apr-Sep)*
Forex Reserves (US$ bn)	**279.1**	**304.8**	**294.4**	**292.0**	**304.2**	**341.6**	**360.2**	**358.9 (Dec'16)**
External Debt (US$ bn)	**260.9**	**317.9**	**360.8**	**409.4**	**446.2**	**474.7**	**485.0**	**484.3 (Apr-Sep)**
External Debt to GDP Ratio (%)	18.2	18.2	20.5	22.3	23.9	23.2	23.4	-
Short Term Debt (US$ bn)	52.3	65.0	78.2	96.7	91.7	85.5	83.4	81.9 (Apr-Sep)
Short Term Debt / Total Debt (%)	20.1	20.4	21.7	23.6	20.5	18.0	17.2	16.8 (Apr-Sep)
Total Debt Service Ratio (%)	5.8	4.4	6.0	5.9	5.9	7.6	8.8	-
FDI (US$ bn)	**37.7**	**36.0**	**46.6**	**34.3**	**36.0**	**45.1**	**55.6**	**43.1 (Apr-Nov '16)**
GDRs/ADRs (US$ bn)	3.3	2.0	0.6	0.2	0.02	1.3	0.4	-
FIIs (net) (US$ bn)	29.0	29.4	16.8	27.6	5.0	40.9	-4.0	0.7 (Apr-Nov '16)
FDI Outflows (US$ bn)	**15.1**	**17.2**	**10.9**	**7.1**	**9.2**	**4.0**	**8.9**	**1.0 (Apr-Nov '16)**

Source: Economic Survey, Various issues; Union Budget, RBI Monthly Bulletin, Annual Report & Weekly Statistical Supplement; Ministry of Finance; CSO; EIU; NASSCOM; Ministry of Commerce & Industry; Institute of International Finance (IIF); WEO, IMF.

Note: e - GOI's estimates; ae - GOI's advance estimates; p - EAC, GOI's Provisional Estimate; f- IIF Estimates; - Not Available; @ - IIF Forecast; ^-% change is over corresponding period of the previous year; '- not available; ** - Data as per the revised base year 2011-12; ***- Data from 2009-10 onwards is given by RBI as per new format of standard presentation of BoP statistics based on guidelines set out in IMF Balance of Payment Manual

Trade and Partnership Opportunities

Trade Opportunities

Kutch Handicrafts

A craft society serving as a platform for promotion and perseverance of traditional handicrafts from Gujarat region. Offers products including woven plastic bags, copper bells, leather items, carpets, embroidered textile and wood products.

Laminated Tubes

Located in Rajkot, Gujarat, this SME is engaged in manufacturing laminated tubes for utility in various industries like cosmetics, pharma & food stuff. These tubes are available in various sizes with custom printing option and serves as an excellent solution for the packaging industry

Kantha & Block Printed Textile

Micro enterprise based in Rajasthan involves women artisan in producing nearly 150 varieties of home furnishing and apparel products using kantha & block printing technique. Additionally, the enterprise also supports healthcare & vocational training programmes.

Infrastructure Development

One of India's leading construction company, offering turnkey projects in telecom infra, roads & highways, water supply & sanitation, power transmission and commercial buildings. This company covers every discipline of construction including civil, mechanical & instrumentation.

Rugs, Carpets & Durries

Manufacturer & exporter of rugs, durries, carpets and poufs from Uttar Pradesh. The company imports wool from Argentina & New Zealand and makes it in yarn at its Rajasthan factory. The carpets are woven in Badohi using modern, contemporary, classic and vintage patterns.

Natural Sweetener

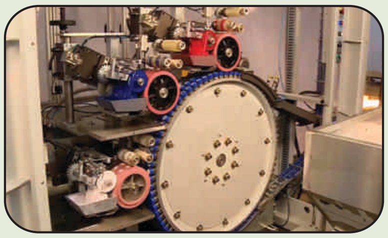
New generation natural sweetener containing purified stevla extract having zero calories & no side effects. The company produces sweetener using natural ingredients and presently exports to seven countries around the globe.

Clinical Reagents

One of the top manufacturers of quality Clinical Chemistry Reagents and Urinanalysis Test Strips with over 30 years of expertise in the medical device industry.

Dry Offset Machine

High speed fully automatic screen printing machines manufacturing company for applications of printing on packing products like drums, buckets and caps.



Lithium Battery

An ISO-9000 & ISO 14000 certified company manufacturing Batteries for the telecom power infrastructure. Providing the widest range of high quality energy storage solutions well suited to telecom energy applications.

For more details, please contact:- Phone: 2217 2600, Extn : 2707/2737, Fax: 2218 8268, Email: mas@eximbankindia.in