



# EXIMIUS: EXPORT ADVANTAGE

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## Forging Sustainable India-Africa Partnership through Green Transition

– Sara Joy, *Chief Manager*  
Srejita Nandy, *Deputy Manager*

A transitioning and diverse continent with huge trade and investment potential, Africa has made remarkable progress in a range of economic and development areas over the past two decades. Africa has an estimated collective gross domestic product of US\$ 2.98 trillion in 2022, which is expected to cross US\$ 3 trillion by 2023.

### Green Trade in Africa

Environmental goods exports of a country are considered as a proxy for its green trade. According to the International Monetary Fund, environmental goods include both goods connected to environmental protection, such as goods related to pollution management and resource management and adapted goods, which are goods that have been specifically modified to be more environmentally friendly or cleaner. Green exports allow countries to foster economic, social and environmental sustainability at the same time.

Africa's exports of environmental goods stood at US\$ 12.4 billion in 2021, increasing from US\$ 8.3 billion in 2020 and US\$ 8.9 billion in 2019. In 2021, share of environmental goods in Africa's total exports was 2.2%, increasing from 2.1% in 2020 and 1.9% in 2019. Togo was the only African country, having environmental goods exports as share of its total exports higher than the world average of 7.3% in 2020.

Africa's imports of environmental goods stood at US\$ 37.8 billion in 2021, increasing from US\$ 33.8 billion in 2020 and US\$ 36.9 billion in 2019. Environmental goods accounted for 6.2% of Africa's total imports in 2021, declining from 6.7% in 2020. In case of environmental goods imports, Nigeria leads among African countries, with 12.6% share of environmental goods in its total imports in 2020, followed by Zimbabwe and Mozambique. Environmental goods imports share of Nigeria and Zimbabwe were above world average of 7.9% in 2020.

### India-Africa Green Trade

India's exports of environmental goods to Africa stood at US\$ 1.7 billion in 2021, increasing from US\$ 1.4 billion in 2020, and US\$ 1.5 billion in 2019. Environmental goods accounted for 4.6% of India's exports to Africa, moderating from 5.2% in 2020 and 5% in 2019. In

2021, Africa accounted for 10% of India's overall exports in environmental goods. Environmental goods accounted for 24% of India's exports to Algeria in 2021, witnessing a sharp jump from 9.7% share in 2020. Algeria was followed by Burundi, Seychelles, and Ghana in terms of share in India's exports of environmental goods. African countries such as Lesotho, Botswana, Togo, Comoros and Chad had the lowest share in environmental goods exports from India in 2021.

India's imports of environmental goods from Africa stood at US\$ 296 million in 2021, increasing from US\$ 158.6 million in 2020, and US\$ 193.8 million in 2019. Africa accounted for a meagre 0.9% of India's global imports of environmental goods in 2021. Similarly, environmental goods accounted for a marginal 0.7% of India's total imports from Africa, increasing from 0.6% in 2020 and 0.5% in 2019. With respect to African economies, Algeria remains a major import source of environmental goods for India, with environmental goods accounting for 7.2% of India's imports from Algeria in 2021, witnessing a sharp jump from 3.3% share in 2020. Algeria was followed by Libya, Seychelles, and Egypt.

### **Climate Financing in Africa**

Africa accounts for the lowest share in terms of CO<sub>2</sub> emissions globally, which has increased marginally from 3.5% in 2000 to 3.8% in 2020, whereas it accounts for 16% of the world's population. According to the Climate Policy Initiative Africa 2022, the total cost of implementing Nationally Determined Contributions (NDCs) in Africa is estimated at US\$ 2.8 trillion over 2020-2030. Of this, African governments have committed to providing US\$ 264 billion (about 10%), with the remaining US\$ 2.5 trillion identified as climate finance needs. An annual average of US\$ 29.5 billion in climate finance was committed to Africa in the years 2019 and 2020. This represented only around 11% of the estimated US\$ 277 billion of climate financing needs annually to implement Africa's NDCs and climate goals by 2030. Public climate finance flows to Africa grew from US\$ 22.3 billion in 2019 to US\$ 24.3 billion in 2020. Multilateral Development Financial Institutions were the largest source of public climate finance in the continent (around 40% of total international public climate finance flows) during 2019-2020, followed by bilateral development partners including bilateral DFIs (22%), international governments (16%) and climate funds (4%). Climate-related projects in Africa received US\$ 4.2 billion in private investments during 2019-2020, representing only 14% of the total climate finance flows. Countries like South Africa, Nigeria, Kenya, Morocco, and Egypt accounted for over 50% of private finance. Overall, energy systems accounted for the highest climate financing received in Africa (31.8%), followed by

agriculture, forestry, and other land use (15.7%), and water and wastewater sectors (9.3%).

### **Opportunities in Green Business for India- Africa Trade and Investment**

Africa has been receiving considerable investments during the past decade due to its abundant resources and growing markets besides enormous development needs. For instance, renewable energy accounted for 24% share in sectors attracting envisaged capital investment in Africa between 2013 to 2022. UAE, India, and France accounted for more than one third of renewable energy investments in Africa during this period. As global investments in Africa are extending beyond extractives and other traditional sectors, opportunities are flourishing in new value chains, from sustainable agribusiness to renewable energy. India, being a trusted development partner for the region, is exploring newer avenues to strengthen and advance its engagement with Africa with a focus on green transition to combat and mitigate climate change impacts. African countries and India can forge mutually useful collaborations in the following areas.

#### ***Investment in Clean Energy***

Africa has enormous energy potential to harness in addition to natural gas. The continent can produce enough clean energy to meet the needs of its people and to industrialize, while supporting sustainable development; however, it lacks the necessary technology. India possesses a significant advantage as a pioneer in harnessing Africa's solar resources through its involvement in the International Solar Alliance. India, therefore, can play a vital role in establishing a collaborative platform by providing technology transfer, capacity building, and even employment opportunities.

#### ***Climate Smart Agriculture***

The agriculture, fisheries and other land uses sector is a major source of employment for Africa and accounts for 57% of the continent's emissions. Africa's diverse crops and regions require crop-specific models based on climate variability data to predict yields, mitigate risks, and optimize resource allocation. Smart farming offers an opportunity to integrate digital and physical infrastructures and bridge the technology gap. Indian agro-based start-ups can play a crucial role by providing viable and cost-effective solutions to Africa's small and marginal farmers. These start-ups can enable access to digital tools and help improve the efficiency and profitability of their farming operations.

#### ***Water and Wastewater Management***

Many African countries are at extremely high risk considering multiple factors like vulnerability to droughts and floods, seasonal

variability and competition for available water. As climate change makes rainfall more erratic and increases the risks of floods and droughts, investing in better water management and infrastructure is becoming even more important. Securing safe drinking water, sanitation, and hygiene for all in Sub-Saharan Africa would require US\$ 35 billion per year. India and Africa could collaborate in areas like water recycling, water sanitation and treatment to enhance Africa's resilience in access to clean water.

### ***Investments in Green Minerals for Clean Energy and Sustainable Transport***

There is a growing demand for minerals essential for the clean energy transition and technologies like batteries and EVs, such as lithium, cobalt, copper, platinum, and manganese, many of which are abundant across Africa. African countries can leverage the demand for new sources of rare earth elements to bring in much-needed revenue to finance core socioeconomic objectives and reduce poverty, improve value addition, and strengthen global trade partnerships. These minerals would also support renewable energy development for domestic energy access, facilitate the transition to a sustainable transport network across the continent and thus, accelerate the low carbon transition. The African Continental Free Trade Area (AfCFTA) can play a vital role in leveraging these resources by enabling countries to build regional clean energy value chains, along with supporting the global EV transitions, particularly considering infrastructure and capital constraints. India could play a significant role in the African mining value chain to optimize benefits from the demand for battery and electric value chain.

### ***Strategic Collaboration in Green Fuel***

Green hydrogen production is expected to reach approximately 25% of global energy sources by 2050, with Africa having the potential to take a significant share. Several African countries, in particular South Africa, Egypt, Morocco and Namibia, have the potential to develop fully sustainable hydrogen economies. The African Hydrogen Partnership, a continent-wide umbrella association dedicated to developing green hydrogen, hydrogen-based chemicals, and fuel cell technology was established in 2018. India is aiming to become the world's largest hydrogen hub. Hydrogen demand in India is expected to grow more than fourfold by 2050, representing almost 10% of global hydrogen demand. India and Africa could cooperate on technological development to scale up the production, enable exports of green hydrogen, supporting research and development to develop more efficient and cost-effective technologies and setting up transnational partnerships.

### ***Mainstreaming the Circular Economy***

Looking ahead to 2030, Africa's projected exponential increase in consumer demand, particularly in urban areas, presents both opportunities and challenges. To effectively meet these demands while minimizing resource waste and environmental impact, transitioning to a circular production model is crucial. Indian companies can invest and collaborate with various African companies across sectors like consumer goods, textile and fashion, mining and electronics, among others to develop circular economies and waste management.

### **Release of India Exim Bank's Publications during the 18<sup>th</sup> CII-EXIM Bank Conclave**



India Exim Bank and the Confederation of Indian Industries (CII), in collaboration with Ministry of External Affairs and the Ministry of Commerce & Industry, Government of India, had organized the 18<sup>th</sup> edition of the CII-Exim Bank Conclave on India-Africa Growth Partnership during June 14-16, 2023. The theme of this year's conclave was "Creating One Future". The first Conclave was held in 2005 in New Delhi, and over the years the Conclave has emerged as the pioneer event in building partnerships and enhancing the economic engagement between India and Africa. The Conclave has seen the participation of eminent dignitaries from across Africa and India. The 18<sup>th</sup> edition of CII-Exim Bank Conclave on India-Africa Growth Partnership was inaugurated by Dr. S Jaishankar,

Hon'ble Minister of External Affairs, Government of India at New Delhi on June 14, 2023. Addressing the large number of Indian and international delegates, Dr. S. Jaishankar emphasised that rise of Africa is important for global rebalancing. He also stressed that India believes in forging a development partnership based on the needs and priorities of Africa. The event also witnessed release of two India Exim Bank publications - 'Forging Sustainable India-Africa Partnership through Green Transition' and 'India's Investment Potential in Africa'. ■

# Inter-Linkages between Exports and Employment in India: An Update

Based on India Exim Bank's Study

Potential realignment of the global value chains (GVCs) in the coming years provides an opportunity for India to replace China as an assembly hub for manufactured exports. This can create millions of jobs for the burgeoning youth population. In this context, it is important to understand the nature of the relationship between exports and domestic job creation. Using Input Output (IO) analysis, aggregate and sector level time series estimates of the number of jobs supported by India's merchandise and services exports have been used for the period 1995-2018. Two sets of estimates have been reported. The first set of estimates, for the period 1995-2018 and for 45 sectors, is obtained from the OECD's 'Trade in Employment' (TiM) database. The second set of estimates, for the period 2011-12 to 2017-18 and for 63 sectors, is based on India's official Supply use tables (SUT) prepared by the Central Statistical Office.

## Aggregate Level Estimates

As per the OECD-TiM estimates, the total number of jobs supported by Indian exports increased steadily from 35.7 million in 1995 to 73.9 million in 2008. This upward trend was halted briefly in the aftermath of the global financial crisis, as the number of export related jobs declined to 65.1 million in 2009 and 70.1 million in 2010. However, as export growth picked up, the number of jobs tied to exports further increased to 75.1 million in 2011 and reached an all-time peak of 75.6 million in 2012. As export growth slowed down during the post-2012 period, the number of jobs tied to exports gradually declined to 58.2 million in 2018.

The SUT based estimates for the period 2011-12 to 2017-18 are similar to the TiM estimates. According to the SUT based estimates, India's exports supported 58.1 million jobs in 2017-18. Export related jobs grew significantly faster than total employment until about 2012. The share of export-supported jobs in total employment increased from little over 9% in 1995 to the peak of 16.1% in 2012, before declining to 12.2% in 2018. Indirect employment through backward linkages accounts for over a half of total employment supported by exports. The estimates show that US\$ 1 million worth of exports supported 108 jobs in 2018, down from about 889 jobs in 1995. This trend, partly due to an improvement in labour productivity and partly due to changes in export composition towards skill-intensive and capital-intensive products, is consistent with the pattern observed for a number of other countries. Despite the decline over the years, employment intensity of Indian exports is found to be higher than the similar estimates available for other major countries, including US and

China. For example, US\$ 1 million worth of US exports supported only 6.6 jobs in 2009 and 5.2 jobs in 2014. Available estimates for China suggest that US\$ 1 million worth of its exports supported 140 jobs in 2007 as compared to 282 jobs for India for the same year.

## Estimates for Sectors

The total number of jobs supported by exports of agricultural products increased from 3.2 million (accounting for 8.9 % of total export related jobs) in 1995 to the peak of 8 million in 2012 and then declined to 3.4 million (5.8 % of total export related jobs) in 2018. The SUT based estimates reveal a similar trend for agriculture, with a decline from 7.3 million jobs in 2012-13 to 4.3 million in 2017-18.

The number of jobs tied to manufactured exports more than doubled from 23.2 million in 1995 to 47.5 million in 2013. However, as India's export growth slowed down, this has gradually declined to 33 million by 2018. The SUT based estimates show that manufactured exports supported 43.4 million jobs (accounting for 74.7% of total export related jobs) in 2017-18 as compared to 54.1 million jobs (accounting for 78% of total export related jobs) in 2011-12. The number of jobs supported by services exports increased steadily from 9.3 million (accounting for 26% of total export related jobs) in 1995 to 20.9 million in 2012 and 21.8 million (accounting for 37.5% of total export related jobs) in 2018.

Unlike for agriculture and manufacturing, jobs attributed to exports from the services sector have not declined during the post-2012 period. The SUT based estimates suggest that about 10.4 million jobs can be attributed to services exports in 2017-18, up from 9.2 million in 2011-12. Indirect employment generally accounts for more than 60% of total export-supported jobs for the manufacturing sector, implying that manufacturing exports plays an important role in generating employment in agriculture and services sectors through backward linkage effects. In contrast, a large share of employment attributed to exports of agriculture and services are due to the direct effects. It can be seen that US\$ 1 million worth of agricultural exports could generate about 350 jobs in 2018. Compared to agriculture, the number of jobs attributed to US\$ 1 million worth of manufacturing or services exports are much smaller – about 127 and 97 jobs, respectively, in 2018. It must be noted, however, that employment generated in manufacturing and services are generally better paying compared to those in agriculture.

## Estimates by Gender

In 2017-18, aggregate exports supported about 43.4 million jobs for males (accounting for about three-fourths of total export related employment) and 14.7 million jobs for females. Exports of agriculture products supported about 3 million jobs for males and 1.3 million jobs for females. Female employment constitutes about 29% of total export related employment in agriculture. Manufactured exports have supported about 32 million jobs for males and 11.4 million jobs for females. Exports of services supported 8.3 million jobs for males and 2.1 million jobs for females.

Within manufacturing, export of 'wearing apparel' support the largest number of export related jobs for women (about 2 million, of which about 80% are direct jobs), followed by 'textiles' (1.6 million), 'grain mill products' (1.5 million), 'meat, fish, fruit, vegetables, oils and fats' (1.3 million) and 'other manufacturing' (1.3 million). The manufacturing sectors that support the largest number of export related jobs for men include 'miscellaneous manufacturing' (5.8 million, mainly contributed by gems and jewellery), 'textiles' (3.6 million), 'grain mill products' (3.6 million), 'wearing apparel' (3.4 million) and 'meat, fish, fruit, vegetables, oils and fats' (3.2 million). Within services, the sectors that record the largest number of export related jobs for women include 'IT and information services' (0.8 million), 'education & research' (0.5 million) and 'other business services' (0.3 million). These sectors also support large number of jobs for men: 'IT and information services' (3.7 million), 'other business services' (1.9 million) and 'education & research' (0.7 million).

At the sector group level, manufacturing and services show a pattern similar to that at the aggregate level whereas an opposite pattern can be observed for agriculture. Thus, a strategy based on exports of manufacturing and services as the key driver of growth can support greater employment opportunities for women as

compared to a strategy based on selling mostly in the domestic market.

## Estimates by Educational Attainment of Workers

As can be seen from Table, in 2017-18, at the aggregate level, about 21% (12.6 million) of total export related jobs went to workers with no formal schooling. The bulk of these jobs are supported by manufactured exports (10.2 million) and mainly (81%) due to its backward linkages. About 18% (10.7 million) of total export related jobs were created for workers with educational attainment up to the primary level. Again, the majority of these jobs (9 million) are attributed to manufactured exports. Workers with middle school attainment accounted for 22% (13 million) of total export supported jobs, of which 10.6 million jobs are tied to manufactured exports.

Out of the total number of jobs tied to exports, about 37.5% is found to be relatively high skilled jobs, consisting of 21.4% of jobs (12.4 million) for workers with secondary and higher secondary attainment and 16.1% of jobs (9.4 million) for the category of diploma holders, graduates and post-graduates. About 76% (9.4 million) of total export related jobs for workers with secondary and higher secondary attainment can be attributed to manufactured exports. On the other hand, more than half (55%, 5.1 million) of total export related jobs for the category of diploma holders, graduates and post-graduates can be attributed to exports from the services sector. As expected, about 76% of these high skilled jobs attributed to services exports are due to the direct effect.

Exports offer a greater potential to support more skilled jobs as compared to production for the domestic market. For higher educational attainment categories starting from middle school level, export basket is associated with higher share of employment as compared to the basket of total production.

**Table: Export supported employment by educational attainment of workers, 2017-18, Millions**

	No formal schooling*	Up to Primary school	Middle school	Secondary and higher secondary	Diploma and above**	Total
Agriculture	1.53	0.91	0.94	0.75	0.20	4.33
Manufacturing	10.16	8.96	10.62	9.43	4.04	43.20
Services	0.92	0.80	1.46	2.26	5.13	10.58
<b>Total</b>	<b>12.62</b>	<b>10.67</b>	<b>13.02</b>	<b>12.44</b>	<b>9.37</b>	<b>58.11</b>

Note: These estimates are based on SUT; TiM database does not provide break up based on educational attainment; \*this group includes workers who are "not literate" and "literate without formal schooling"; \*\* this groups includes workers who have passed "diploma/certificate course", "graduate" and "post graduate and above". ■

## Augmenting Exports from Andhra Pradesh

– Jahanwi Singh, *Chief Manager*  
Neha Raman, *Deputy Manager*

### Overview

Andhra Pradesh ranked 6<sup>th</sup> among Indian states/UTs in terms of merchandise exports, accounting for a share of 4.4% in India's total merchandise exports during 2022-23. The state's merchandise exports stood at US\$ 19.9 billion in 2022-23, recording a CAGR of 9.0% during 2018-19 to 2022-23, which is higher than the CAGR of 8.1% recorded by India's merchandise exports during the same period. The state's merchandise exports recorded a y-o-y growth of 3.1% in 2022-23.

### Key Products & Markets

Marine products accounted for the largest share of 15.3% in Andhra Pradesh's merchandise exports during 2022-23, followed by ships, boats and floating structure (share of 7.7%), iron and steel (6.8%), drugs formulations and biologicals (6.6%), and motor vehicles/ cars (5.5%), among others. In terms of markets, the USA is the largest destination for exports from Andhra Pradesh, accounting for a share of nearly 21% in the merchandise exports from the state during 2022-23, followed by China (share of 5.4%), Singapore (4.2%) and UAE (4%), among others.

### Potential for Exports from Andhra Pradesh

According to India Exim Bank research, the state has an untapped merchandise export potential of nearly US\$ 11.1 billion. Realising this potential could increase merchandise exports from the state to nearly US\$ 30.4 billion. Over the medium term, Andhra Pradesh has the potential to achieve overall exports (merchandise and services combined) of US\$ 60 billion by 2027-28, taking its share in India's overall exports (merchandise and services) from the current level of approximately 2.9% to nearly 4.5%.

### Strategies for Enhancing Exports

In order to achieve a higher level of exports, there is a need for Andhra Pradesh to adopt a robust export strategy, built upon six essential dimensions of diversification of products and markets, infrastructure leverage and strengthening, capacity building, fiscal incentives, devising an export promotion campaign, and institutional streamlining.

### Key Pillars of Export Strategy



### Diversification to Focus Products and Markets

Analysis by India Exim Bank indicates that while merchandise exports from the state witnessed an upsurge during the recent period, it remains concentrated in a few products. Analysis of Andhra Pradesh's merchandise exports indicates that the top 10 export items and top 10 destinations accounted for shares of nearly 63.8% and 50.7%, respectively, of the total merchandise exports from Andhra Pradesh during 2022-23. There is a need for exporters from Andhra Pradesh to diversify towards higher value-added segments and lesser explored geographies.

India Exim Bank's analysis suggests that Andhra Pradesh has comparative advantage in exports of products in sectors such as marine products; organic chemicals; pharmaceuticals; iron and steel; ships, boats and floating structures; machinery and parts; electrical equipment etc. In the short to medium term, Andhra Pradesh can focus on leveraging the opportunities arising in these segments, as these are low hanging fruits for the state.

In the medium to long term, the state needs to encourage development of capacities in the segments where the state lacks comparative advantage, but there exists strong global demand. This includes products such as static converters, mobile phones, articles of iron and steel, articles of apparel and clothing, parts of construction machinery, etc. These products could be targeted to impart resilience to the state's exports in the face of declining global demand and price fluctuations.

Besides, analysis also highlights that in several of the identified product categories, the top global importers do not feature among the top export destinations for Andhra Pradesh. There remains substantial scope for exporters from the state to diversify towards the key global markets, including several developed economies such as Germany, Japan, France, the UK, the Netherlands, Italy and Belgium. There is need for a market entry strategy for enhancing the reach of products from Andhra Pradesh in these top markets.

### ***Infrastructure Leverage and Strengthening***

The state needs to upgrade the existing export infrastructure, including transportation, storage infrastructure as well as infrastructure for the services sector. In the area of transportation, there is a need for strengthening the road transport network, air cargo facilities and inland waterways network. There is also a need for setting up of inland container depots (ICDs) in the districts of West Godavari, Krishna and Chittoor, which are currently underserved in terms of ICDs, but contribute significantly to the State's gross value added and exports. Besides this, the state also needs to substantially increase the warehousing and cold storage capacities, given that there are considerable exports from sectors such as agriculture and allied activities and pharmaceuticals from the state. The state should also consider improving infrastructure in niche sectors such as Animation, Visual Effects, Gaming and Comics, for driving services exports.

### ***Capacity Building***

Andhra Pradesh has a total of 19 Geographical Indications (GIs), of which 3 GIs belong to the agriculture sector, 2 GIs are food stuff, and the rest 14 GIs belong to the handicraft sector. Andhra Pradesh needs to develop a branding strategy for these products with GI status to ensure that all products marketed under the GI brand adhere to minimum specific standards. Initiatives are also needed for identifying more products from the state which can be accorded GI status. This could include culinary delicacies that are unique to the state such as 'Pootharekulu' (rice paper sweet), 'Kakinada gottam kaja', 'Ulavacharu', 'Bandar Halwa', 'Gongura pacchadi', 'Chegodilu', 'Boorelu', etc. which could further boost exports of these processed food items from the state, as also promote culinary tourism. Further, the state could consider providing support in the form of refund of expenses incurred by exporters in the state for obtaining statutory certifications/ accreditation for promoting exports, such as the WHO-GMP certification for augmenting pharmaceutical exports, and the

Joint Commission International accreditation to encourage medical tourism.

### ***Fiscal Incentives***

Fiscal incentives in the form of refunds/ reimbursements and concessions could be a major step for mitigating the cost burden and enhancing the price competitiveness of exporters in Andhra Pradesh. The state government could consider extending freight subsidy for subsidising the freight component in exports of key products from the state, with special focus on districts that are far from the port. Moreover, in order to assist manufacturers, particularly MSMEs, to acquire and evolve cutting-edge technologies, catalyse growth and compete in global market, technology acquisition support could also be extended by the Government of Andhra Pradesh.

### ***Export Promotion Campaign***

Andhra Pradesh needs to relentlessly push its export promotion campaign. In order to encourage and acknowledge exporters in the state, export awards/recognitions could be given for best performers across key sectors such as agricultural and allied products, marine products, food processing, pharmaceuticals, chemicals, textile and garments, handloom and handicrafts, electronics, information technology, among others. Export promotion efforts of the state government should also focus on various industrial clusters in the state. In this context, a mechanism for assessment of the existing clusters could be developed. Upon assessment of the clusters, relevant capacity building activities can be undertaken by the state government. Additionally, a brand equity fund could also be set up by the state government for building globally competitive brands for products originating from the state.

### ***Institutional Streamlining***

Currently, the state's institutional framework for export promotion and facilitation involves a multitude of departments, committees, and agencies. The overall institutional ecosystem in Andhra Pradesh needs to be reframed in a manner that facilitates the various schemes proposed for exports, allows regular monitoring of the proposed targets, and thereby propels the state to a higher export trajectory. In this context, the state could set up an Andhra Pradesh Export Promotion Council (AEPC) under the Department of Industries, Government of Andhra Pradesh, with the objective of providing a robust institutional mechanism for export promotion. ■

## India-Central America Trade and Investment Relations

– Viswanath Jandhyala, Assistant General Manager  
Alfiya Ansari, Deputy Manager

The study focuses on the Central American countries comprising of- Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Dominican Republic which together constitute the Central America Integration System (SICA). The GDP of Central American countries which stood at US\$ 35.3 billion in 1980 has grown more than twelve folds to reach US\$ 428.4 billion in 2022.

### India's Trade Relations with Central America

India and Central America's trade has shown remarkable growth since the turn of the century. Total trade which stood at US\$ 159.1 million in 2001, has grown to reach US\$ 2.9 billion in 2021. India's exports to Central America were at US\$ 147.4 million in 2001, and with consistent growth, the exports breached the US\$ 1 billion mark in 2014, and since then exports have been over US\$ 1 billion every year. Exports peaked at US\$ 1.9 billion in 2021. India's exports to Central America have shown resilience in the pandemic year as well, with export of US\$ 1.1 billion in 2020. India's imports from Central America were a paltry US\$ 11.7 million in 2001, crossed the US\$ 100 million mark in 2004. Since then, imports have also registered consistent growth, and merchandise imports peaked at US\$ 987.3 million in 2021.

**India's Top Export Destinations in Central America:** India's total merchandise exports to Central America in 2021 amounted to US\$ 1.9 billion. Guatemala, with a share of 27.7% was the largest market for India's exports in the region in 2021. Panama, with a share of 17.8% and Honduras, with a share of 16.2% and Dominican Republic with the share of 16% were the second, third and fourth largest export markets for India's exports in 2021, respectively.

**India's Top Import Sources in from Central America:** India's imports from Central America in 2021 stood at US\$ 1 billion. Dominican Republic, with a share of 66.1% was the largest source of imports for India from Central America. Other major countries supplying to India in the same year were- Panama (with a share of 21.6%), Costa Rica (6.4%), and Honduras (2.3%).

**India's Top Exports to Central America- Product wise:** India's major export items to Central America in 2021 were transport vehicles, with a share of 21.7% in total exports to the region amounting to US\$ 408.2 million. Other major export categories for India were – pharmaceutical products (13.2% of total exports in 2021), cotton (8.6%), mineral fuel and oils (6.4%), tanning or dyeing extracts (5.9%), and machinery and mechanical appliances (4%).

**India's Top Imports from Central America- Product wise:** In 2021, natural or cultured pearls, precious or semi-precious stones constituted for 62.3% of India's total imports from the region. Other major import products in the same year were ore, slag and ash (16.3%), wood and articles of wood (9.4%), iron and steel (4.2%), pulp of wood (2.3%), and machinery and mechanical appliances.

### Investment Scenario in Central American Countries

In 2020, on the back of Covid-19 related economic crisis, FDI inflows in the region almost narrowed to US\$ 7.4 billion, the lowest value post financial crisis. The FDI rebounded in 2021 with total inflow almost doubling from 2020, reaching US\$ 14 billion.

**FDI Inflows- Top Countries:** In 2021, Guatemala, Costa Rica, and Dominican Republic, were the top FDI attracting countries in the region. In 2020, Panama took the hardest hit in its FDI inflows, which fell from US\$ 4,062 million in 2019 to US\$ 606.7 million in 2020, mostly as a result of the Covid-19 pandemic.

**FDI Inflows- Top Sectors:** During January 2013 to December 2022, 38.4% of the total FDI inflows in the region were attributed to the business services sector. This was followed by 11% of investments being absorbed by hotels and tourism, 10.8% by renewable energy, 7.4% by metals, 6.3% by transport and warehousing, and 5.7% by communications.

**Top Investing Countries in Central America:** During the period January 2013 to December 2022, Hong Kong was the top investing country in Central America, with a share of 37.3% in total investment inflows into the region. Hong Kong was followed by the US (19.7% share in total FDI inflows during the same period), Canada (8.5%), Spain (6.2%), and Mexico (3%). India's investments in Central America during the same period amounted to US\$ 48.5 million, accounting for a minuscule 0.04% of total investment flows of the region. With this, India ranked the 46<sup>th</sup> largest investor in the region.

### Indian Investments in Central America

As per the data provided by India's central bank i.e., Reserve Bank of India, India's investments in Central America during April 1996 to March 2023 amounted to US\$ 2.7 billion, with investments being concentrated in Panama.

**Top Sectors:** During April 2010 to March 2023, 77.8% of India's investments in Central America are in the agriculture and mining

sector, followed by 11.5% in transport, storage and communication services, 9.6% in manufacturing, among others.

### Investment Opportunities in Central American Countries

There lie immense opportunities for Indian investment in Central American countries. Potential sectors for investment in the countries are highlighted by their respective investment promotion agencies. Broad sectors which present opportunities for investment include, among others, agribusiness, agro-industry, fisheries, tourism and hospitality, light manufacturing and production, technology and services, energy and natural resources, creative and entertainment industry, real estate and construction, healthcare and pharmaceuticals, business services and aeronautics.

### Activities of Export-Import Bank of India in Latin America and Caribbean Region

In line with the Government of India's focus, the Latin America and the Caribbean (LAC) region has been a focus region for India Exim Bank, and thus a critical component of its strategy to promote and support two-way trade and investment flows. India Exim Bank's commitment towards building relationships with the LAC region is reflected in the various activities and programmes, which India Exim Bank has set in place. India Exim Bank plays a critical role and is committed towards supporting GOI's initiatives in promoting strategic partnerships with countries in different regions and especially those in the LAC region.

India Exim Bank has a representative office in Washington D.C., which play a key role in facilitating economic cooperation with the region and is closely associated with several of the Bank's initiatives. The representative office interfaces with institutions such as Inter-American Development Bank (IDB), Washington D.C.; Banco Nacional de Desenvolvimento Economico e Social (BNDES), Corporacion Andina De Fomento (CAF), Venezuela; Banco de Inversion Y Comercio Exterior S.A. (BICE), Argentina; Central American Bank for Economic Integration (CABEI/ BCIE), Honduras; Caribbean Association of Industry & Commerce, Trinidad & Tobago; Banco Mercantil (Banco Universal) C.A., Venezuela among others, as well as Indian missions in the region.

### Financing and programmes of India Exim Bank in the LAC Region

**Lines of Credit:** As on March 31, 2023, the total number of operative LOCs to the LAC region stood at 32, extended to 6 countries namely Bolivia, Cuba, Guyana, Honduras, Nicaragua and Suriname, for supporting projects such as setting up of

multi-speciality hospitals, irrigation, export of machinery and equipment, and amounted to US\$ 801.7 million.

**Overseas Investment Finance:** As on March 31, 2023, India Exim Bank through its overseas investment finance programme has supported 34 such ventures, set up by Indian companies in 7 countries in LAC namely, Brazil, British Virgin Islands, Cayman Islands, Mexico, Chile, Guatemala, Panama with an aggregate sanction amount of Rs. 4, 925 crore.

**Financing Project Exports:** Under its Project Exports assistance, India Exim Bank extends both funded and non-funded facilities for overseas turnkey projects, civil construction, supplies as well as technical and consultancy service contracts across various sectors of the economy. Through its Buyer's Credit under National Export Insurance Account (NEIA) programme, India Exim Bank facilitates project exports from India by way of extending credit facility to overseas sovereign governments and government owned entities for import of goods and services from India on deferred credit terms. Indian exporters can obtain payment of eligible value from India Exim Bank, without recourse to them, against negotiation of shipping documents.

**Consultancy Assignments:** In 2022-23, India Exim Bank was commissioned by the Export Barbados for a consultancy assignment for setting up an Export Credit Agency (ECA) in Barbados. The Government of Barbados aims to boost exports to US\$ 1 billion by 2030, through the development of an enabling environment for exports in the country. In line with this objective, Export Barbados, an agency of the Government of Barbados, with responsibility of promoting and facilitating industrial and export development, seeks to develop an establishment/business plan for an ECA in Barbados. India Exim Bank was approached by Export Barbados seeking consultancy services to guide the establishment of an ECA in Barbados.

### Way Forward

India and Central American countries are reaping the mutual benefit of the existing partnership between each other. However, in the long run, for India-Central America relationship to further strengthen, it is imperative to identify new drivers for India-Central America synergy and avenues of greater future cooperation. A few policy catalysts that could help boost bilateral cooperation could include (i) expansion of trade based on commodities which hold export potential and import demand (ii) expanding and exploring a Free Trade Agreement (FTA) or an economic partnership agreement with the Central America; (iii) improving transportation and trade logistics (iv) increased industry engagements (v) enhancing people-to-people interactions through improved connectivity. ■

## Unlocking Assam's Export Potential

– Rahul Mazumdar, Assistant General Manager  
Sakshi Garg, Deputy Manager

Assam, despite being landlocked, enjoys strategic advantage due to its proximity to neighbouring countries and as a gateway to the North East India. Assam's locational advantage coupled with its economic potential also makes it a key node in India's Act East policy and regional programmes such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

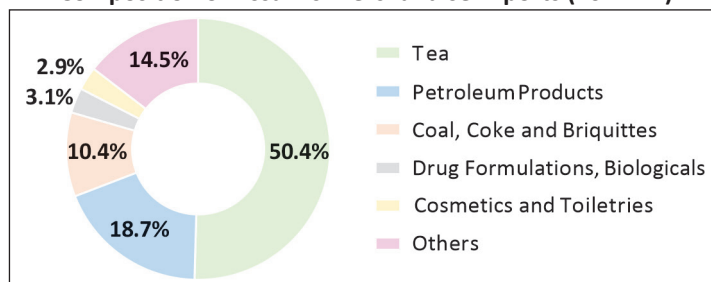
Assam is the largest economy in the North East Region (NER) with a Gross State Domestic Product (GSDP) of ₹ 2.7 trillion in 2021-22 at constant prices, a growth of 9.1% over the previous year. However, its per capita GSDP lags several other North Eastern States, including the national average. Although about 70% of Assam's population is engaged in agriculture, the sector's share in the Gross State Value Added (GSVA) has been declining, indicating the need for migration of labour to industry and services. Assam has hitherto a low industrial base, concentrated in a few sectors such as tea, petroleum refining, jute, textiles, cement, and rubber. Services sector, with the highest contribution to the GSVA is led by public administration, defence and other services and trade, hotels, transport and communication services.

### Composition of Assam's Merchandise Exports (2021-22)

Among all the states, Assam ranked 25<sup>th</sup> in terms of exports with a share of 0.1% in India's merchandise exports in 2021-22. At US\$ 450.4 million, its exports saw an on-year rise of 8.4% in 2021-22. Assam's export basket is highly concentrated, with tea, the most important export item comprising half of the share in total exports. However, in terms of value, tea exports have declined from US\$ 312.5 million in 2019-20 to US\$ 227.1 million in 2021-22. Consequently, Assam's share in India's total exports of tea has seen a considerable drop from 36% to 31% during the period.

In trade facilitation, Assam's performance has been a mixed bag. In NITI Aayog's Export Preparedness Index, 2021, Assam ranked 7<sup>th</sup> out of the 10 landlocked states and 15<sup>th</sup> among all the 36 states and Union Territories. However, in NCAER's State Investment Potential Index 2018, Assam ranked amongst the least favourable states for investments (19<sup>th</sup> out of 21 states). The key impediments to trade are lack of access to power, and inadequate banking facilities and land for industrial purposes. The low utilisation of Inland Container Depot (ICD) at Amingaon, the only ICD present in the NER for supporting trade is another issue. Border trade infrastructure too, despite having high potential for trade is not being fully leveraged.

### Composition of Assam's Merchandise Exports (2021-22)



Source: DGCI&S, India Exim Bank Research

### Possible Strategies for Enhancing Assam's Exports

Building export capabilities in Assam is of utmost importance. The State has the potential to target exports of US\$ 710.3 million by 2024-25 under an optimistic scenario. Several strategies are proposed to achieve this.

Firstly, to boost exports of Geographical Indication (GI) tagged products, effective branding strategies need to be devised along with a robust IP protection mechanism. Secondly, Assam needs to reclaim its position as the global leader in tea production by introducing capacity building initiatives among the tea farmers, serving as an aggregator of tea exports from the NER and dedicating resources for premium tea varieties such as oolong, white, green and purple tea. Thirdly, Assam needs to emerge as a services hub by installing adequate infrastructure for IT and BPO clusters, building more speciality hospitals, setting up a medical tourism department and standardising service delivery to tourists. Assam is blessed with a rich variety of rice such as 'boka chaul', 'joha rice', 'chouwa rice', red rice etc. There is potential for increasing their exports through R&D, marketing and capacity building initiatives.

Coming to connectivity, the Karimganj district in Assam is well connected via multi-modal transportation. Setting up of industries such as auto-parts, cement, food processing etc. in the vicinity and providing incentives such as tax rebates, common warehousing, cold storage etc may thus help in developing Karimganj as an export hub. The ICD currently caters to mainly tea exports and deals with Full Container Load, predominantly making it inaccessible to small exporters. The Central and the State government may explore value-chain linkages between Assam and Kolkata for generating two-way traffic and possibilities of starting cross-border freight and transshipment services with Bangladesh from the ICD.

Enhancing the trade competitiveness of the state would facilitate greater socio-economic development of the entire NER and contribute to India's growth. ■

## India Exim Bank Lines of Credit

Contributed by: **Lines of Credit Group**

India 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. Under the Lines of Credit extended with the support of Government of India, India Exim Bank reimburses 100% of contract value to the Indian exporters where at least 75% of goods and services of total contract value should be sourced from India. LOCs have 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, Oceania and the CIS. LOCs have helped to create the requisite political goodwill for India in the beneficiary countries, besides promoting India's political, strategic and commercial interests. LOCs help project India's growing economic strength as well as its willingness to contribute to infrastructure development and capacity building in the recipient developing countries. LOCs also, help to export goods and services required in the markets of the recipient country, in which India does not have a presence. Indian exporters realise full payment on shipment of goods, through

India Exim Bank, without being exposed to risk on the buyer or the buyer's country.

The LOCs are extended to sovereign governments or their nominated agencies, to enable buyers in those countries, to import goods and services from India on deferred credit terms. The Bank as on June 23, 2023, has 272 Lines of Credit, covering over 62 countries in Africa, Asia, Latin America, Oceania and the CIS, with credit commitments of over US\$ 27.99 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.

### For further information, please contact:

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## Success Story



### India Exim Bank's Government of India Supported Line of Credit of US\$ 250 million to the Government of Nepal.

India Exim Bank has extended a Government of India supported LOC of US\$ 250 million to the Government of Nepal for Financing infrastructure projects such as highways, airports, bridges and irrigation projects. The credit agreement was signed on October 21, 2011.

#### Project Details:

Contracts were signed between (i) Kalpataru Power Transmission Ltd. (KPTL) and Nepal Electricity Authority, Government of Nepal, and (ii) Hitachi Energy India Ltd. (Erstwhile ABB India Ltd.) and Nepal Electricity Authority, Government of Nepal; included under the LOC on May 23, 2018.

The scope of the Project includes Procurement of Plant Design, Supply, Installation of Laha Chowk 132 kV Substation, New Modi 132 kV Switching Station and 132 kV Line Bay expansion at Lekhnath Substation.

The total cost of the Project was **US\$ 20.39 million**

Project was successfully completed on May 08, 2023. ■

## Quarter That Was

Contributed by: Corporate Communications Group

### Mr. Tarun Sharma takes Charge as India Exim Bank's Deputy Managing Director

Mr. Tarun Sharma took charge as the Deputy Managing Director (DMD) of India Exim Bank on April 18, 2023. Prior to this, he was the Chief Financial Officer of the Bank and has also led the Bank's technology initiatives. He has over two decades of global experience in trade, competitiveness, industry and infrastructure development and policy, and recently conceptualised and developed a new trade facilitation initiative, viz., Trade Assistance Programme (TAP), which provides credit enhancement to trade instruments to enhance the capacity of commercial banks to support cross-border trade transactions. Mr. Sharma is the Chair of the BRICS Financial Services Working Group, India Chapter since March 2022, and has earlier led the Task Force on SME cooperation.

### India Exim Bank's Profit Doubles in FY 23

India Exim Bank's Managing Director, Ms. Harsha Bangari, and Deputy Managing Directors, Mr. N. Ramesh and Mr. Tarun Sharma, announced the Bank's results for the financial year 2022-23 at a press conference in Mumbai on Friday, May 12, 2023. Key highlights of the Bank's performance during 2022-23 are as under:

#### Financial Performance

Parameter (A – J in ₹ Crore, K – M in %)	Performance in 2021-22	Performance in 2022-23	Change over 2021-22
A. Net Loan Portfolio	1,17,619	1,34,523	14.37%
B. Non-Fund Portfolio	15,247	17,000	11.50%
C. Customer Asset Portfolio (A+B)	1,32,866	1,51,523	14.04%
D. Net Investments	10,903	12,311	12.91%
E. Total Borrowings	1,07,477	1,28,423	19.49%
F. Total Business (C+D+E)	2,51,246	2,92,257	16.32%
G. Business per Employee	737	814	10.45%
H. Operating Profit	3,130	3,599	14.98%
I. Profit Before Tax	2,150	2,089	(2.84)%
J. Profit After Tax	738	1,556	110.84%
K. Net Non-Performing Assets	-	0.71%	-
L. Capital to Risk Assets Ratio	30.49%	25.43%	(506) bps
M. Provision Coverage Ratio	100%	94.56%	(544) bps

### Exim Bank Supports Capacity Building of Muzaffarpur's GI-certified Shahi Litchi Farmers

Export-Import Bank of India has extended support to the Shahi Litchi farmers of Muzaffarpur, by way of financial grant to the Litchi Growers

Association of Bihar (the Association), for capacity building. Shahi Litchi, also known as the "Queen of Fruits," is a highly prized variety of Litchi that is grown in the state of Bihar and was given the Geographical Indication (GI) tag in 2018. The cultivation of Shahi Litchis primarily takes place in the Muzaffarpur district of Bihar, which is often referred to as the "Litchi Kingdom." The climatic conditions and fertile soil in this region contribute to the exceptional taste and texture of the fruit. India is the second largest producer of Litchi in the world, after China. Shahi Litchis are known for their exquisite taste, sweet aroma, and large size. The fruit has a vibrant red skin and juicy, translucent flesh. It is considered to be one of the finest varieties of litchi due to its unique flavour profile and superior quality.

### Release of India Exim Bank Publication on Enhancing Trade and Investment Relations between India and Central America

India Exim Bank's study titled "Enhancing Trade and Investment Relations: Between India and Central America" was released during the 53<sup>rd</sup> Latin American Association of Development Financing Institutions (ALIDE) General Assembly Meeting held in San Pedro Sula, Honduras on May 31, 2023 by Mr. Luis Antonio Ramírez, President of ALIDE and Mr. Edwin Araque, President of Banhprovi, in the presence of Mr. Ravindra Mehru, Resident Representative, India Exim Bank's Washington D.C. Office.

### India Exim Bank Forecasts India's Merchandise Exports to Amount to US\$ 111.7 bn and Non-oil Exports to Amount to US\$ 86.6 bn for Q1 (April-June) of FY2024

Export-Import Bank of India forecasts India's total merchandise exports to amount to US\$ 111.7 bn, while non-oil exports are forecast to amount to US\$ 86.6 bn during Q1 (April-June) of FY2024. India's exports could be shadowed by continued slowdown in select major trade partners including advanced economies, global financial sector stress, high inflationary pressures leading to tighter global monetary and financial conditions, and continued uncertainty around the Russia-Ukraine conflict.

### Green Economy to Emerge as the New Pillar of Cooperation Between India and Africa

India Exim Bank's Research Papers titled "Forging Sustainable India-Africa Partnership through Green Transition" and "India's Investment Potential in Africa" were released at the 18<sup>th</sup> CII-Exim Bank Conclave on India-Africa Growth Partnership by Dr. S Jaishankar, Hon'ble Minister of External Affairs, Government of India, in the presence of H.E. Gen (Retd) Dr C.G.D.N. Chiwenga, Vice President, Zimbabwe, H.E. Mr. Vital Kamerhe Lwa Kanyiginyi, Deputy Prime Minister and Minister of National Economy, Democratic Republic of Congo, Ms. Harsha Bangari, Managing Director, India Exim Bank and industry leaders on June 14, 2023. ■

## Country Scan

Contributed by: **Research & Analysis Group**

### United Kingdom



Surging inflation, supply-chain disruption, commodity price increases, post-Brexit trade frictions and domestic tax rises have been dragging on economic growth of the United Kingdom (UK). The introduction of new trade barriers after Brexit has exacerbated the supply shocks affecting countries across western Europe, making the UK particularly vulnerable to trade-related disruption. However, the economy has so far avoided falling into a technical recession (two consecutive quarters of negative real growth) and is expected to grow by 0.4% in 2023 moderating from 4.1% in 2022. Recessionary conditions are expected to depress wage growth and constrain consumer spending leading inflation to slow to an average of 6.2% in 2023, from 7.9% in 2022. Sterling Pound is expected to appreciate marginally against the US dollar in 2023 at US\$ 1.25: £1 from US\$1.24: £1 in 2022 as the interest-rate differential between the Fed and the BoE narrows. The UK has run a persistent current-account deficit since 1985. The already high current account deficit is expected to narrow to 3.3% of GDP in 2023 from 3.9% in 2022, largely reflecting lower imported energy costs.

### Bangladesh



Bangladesh's real GDP growth is expected to slow to 5.5% in 2023, from 7.1% in 2022, as energy rationing amid power shortages would depress economic activity in the first half of this fiscal year. The government's decision to scale back some infrastructure projects are expected to hamper public sector investment, resulting in lower demand for raw materials and capital machinery, and fewer employment opportunities. Consumer prices are expected to remain elevated at 6.3% in 2023, fuelled partly by the second-round effects of high global oil prices. Additionally, lower crop yields stemming from global fertiliser shortages drive up local food prices. The taka is expected to continue to weaken against major currencies amid high policy rates in the US, elevated local inflation, and a shortfall on the current account. As a result, the Bangladeshi taka is expected to depreciate to an average of TK 102:US\$ 1 in 2023. The current account is forecast to remain in deficit, owing to the country's heavy reliance on both imported inputs for its export-oriented ready-made garment subsector and capital machinery for construction activity. As a result, the current account deficit is expected to increase, from the equivalent of 3.1% of GDP in 2022 to 3.2% of GDP in 2024.

### United Arab Emirates



Real GDP growth of United Arab Emirates (UAE) is likely to moderate to 4.3% in 2023 as compared to 7.3% in 2022 but will remain robust, particularly in non-oil industries, as Dubai in particular experiences rapid growth. Oil output growth in the UAE is expected to slow significantly, although production could hover slightly above OPEC+ quota levels. Growth in tourism, real estate and construction is likely to continue and non-oil trade could be aided by the authorities' continued push to sign FTAs with fast-growing developing economies in Asia and Africa. Inflation is expected to average at 4.4% in 2023 as compared to 4.8% in 2022 as the UAE maintains a policy of not restoring subsidies on essential goods. UAE dirham's peg to the US dollar, at Dh3.67:US\$1, is expected to remain in place in the coming years. The maintenance of the peg has recently posed a challenge for the competitiveness of non-oil exports and, by extension, diversification efforts. The current account surplus of the UAE is expected to narrow from 22.4% of GDP in 2022 to 18.1% in 2023 as export earnings decline due to lower oil prices and capital imports for infrastructure and oil capacity expansion stay high.

### Egypt



A rise in interest rates and high inflation is likely to constrain domestic demand in 2023-24. A global economic slowdown is likely to affect tourism, even with a cheaper Egyptian Pound. The growth is projected to slow to 3% in 2022-23 and to remain below potential in 2023-24, at 4.1%, before monetary easing. Inflation is likely to ease only late in 2023 and exceed the Central Bank's target ceiling of 9%, averaging 25%. A fall in global energy and food prices could support disinflation, but monetary tightening is likely to take time to bring down core price growth in a context of currency depreciation. A favourable IMF programme review and progress with state asset sales could boost foreign-exchange availability and that this, combined with monetary tightening, is likely to reassure markets. Under such conditions, the pound is projected to fall to E£33.1:US\$1 in 2023. The current account is expected to register a shortfall of 3% of GDP in 2023, after recording an estimated deficit of 3.7% of GDP in 2022. The recent rapid growth in exports, including LNG, tourism and Suez Canal revenue, is likely to slow in 2023 as global growth falls, this could be offset by lower import costs as major commodity prices decline from their 2022 peaks. ■

## Currency Currents

Contributed by: Treasury & Accounts Group

### Sudanese Pound (SDG)

**SDG** The Sudanese pound (SDG) is the national currency of the Republic of Sudan and has been used in the country since 1992 but only became legal tender in 2007. The currency is also used as legal tender by South Sudan, which gained independence from Sudan in 2011. Fierce fighting across Sudan has left hopes for a peaceful transition to civilian rule in tatters. While the ongoing conflict in Sudan has certainly been a contributing factor to South Sudan's economic woes, other issues like political instability and lack of economic reforms have also been highlighted as factors contributing to the current situation. Sudan's inflation has reduced drastically after reaching an all-time high of 422.8% in July 2021 to 63.3% in April 2023 attributed to decrease in the average price of four consumer goods groups including meat, bread, grains and legumes and vegetables which amounts to 36% of the total consumer spending.

Most of the transactions in the country are carried out using the US dollar, due to hyperinflation and the volatility of the local currency. However, in February 2023, as part of the conditions towards building a track record for future IMF supported financing programme, South Sudan's government has suspended the use of the US dollar and directed all transactions to be executed in the local currency, SDG. Since then, the USD/SDG has depreciated by around 6% and is currently trading at range bound. The pair closed at 599.85 as on June 19, 2023.

### Great Britain Pound

**£** The British Pound Sterling represents the economy of the United Kingdom (UK). The UK is amidst an increase in the costs of consumer goods, underpinned by strong demand from consumers and supply chain bottlenecks causing rising inflation, as in 2021 and 2022. Food prices have also been rising sharply and touched 19.0% in April 2023, marginally below their 45-year high of 19.1% set in March 2023. However, the inflation outlook is improving due to the sharp drop in electricity and natural gas prices.

To curb inflation, the Bank of England, in its recent policy meet on May 11, 2023, raised its key interest rate by a quarter of a percentage point to 4.5% and with a cumulative increase of 400 bps in 12 consecutive rate hikes, taking borrowing costs to their highest since 2008. Owing to these hikes, the top-line inflation has moderated to 8.7% in May 2023. Great Britain Pound (GBP) has been performing better vis-a-vis all major currencies on the expectation that the BoE may have to hike more aggressively in the coming months to temper inflation. GBP/USD has appreciated by about 12.20% since April 2023, and closed at 1.28 as on June 19, 2023.

### Ghanaian Cedi

**GHC** Ghana has re-issued its currency several times since 1965 due to high inflation and ballooning sovereign debt. One cedi can be divided into 100 pesewas. Ghana is suffering its worst economic crisis, with the price of goods rising at an average of 41% over the past year. The government had defaulted on loan payments, and it had to restructure its debt with creditors to qualify for the IMF bailout.

On May 17, 2023, the IMF Executive Board approved a relief package with an immediate disbursement of US\$ 600 million to support Ghana's economic recovery. The program is based on the Ghanaian government's post-COVID-19 Program for Economic Growth (PC-PEG).

Last year, Ghanaian Cedi (GHS) depreciated against US dollar by approximately 135% touching its all-time low of 14.25 in mid-November 2022. Since then, US\$/GHS recovered some lost ground in the run-up to the IMF deal and was one of the best performers worldwide against the US dollar, appreciating by around 40%.

In recent sessions, on account of slower market activity, the GHS has been largely stable against US dollar and the pair closed at 11.00 as on June 19, 2023.

### Bahraini Dinar (BHD)

**BD** The Bahraini dinar (BHD) is the official currency of Kingdom of Bahrain, an island nation in the Persian Gulf next to Saudi Arabia. The BHD is officially pegged to the USD at a rate of BHD 1 = US\$ 2.659. The Bahraini dinar (BHD) is the second-highest valued currency in the world after the Kuwaiti dinar (KWD). Bahrain's economy depends on oil & gas, international banking, and tourism. As per the annual economic report, the country's real GDP growth rate has hit a ten-year high, with an increase of 4.9% in 2022. This five-pillar plan launched in 2021 aimed to enhance the economy's long-term competitiveness and support post-Covid-19 recovery. Bahrain's economic outlook hangs on oil market prospects and the results of the accelerated implementation of its structural reforms' agenda under the revised Fiscal Balance Program.

The central bank of Bahrain increased its one-week deposit facility by 25 bps to 6% on May 03, 2023, tracking the US Fed's hike. Bahrain usually follows the Fed's lead on interest rates as it maintains an exchange rate peg to the US dollar. In the last quarter, USD/BHD has been trading range bound and closed at 0.37699. ■

## Exim Mitra

Contributed by: Exim Mitra Group

In an endeavour to enhance India's International trade and to reduce the asymmetry in availability of information on trade finance, credit insurance facilities and other trade related intelligence amongst Indian entrepreneurs, India Exim Bank launched a portal which aims to make concerted efforts towards fulfilling the twin objectives, namely providing information on credit availability for exports, and delivering trade related information. Exim Mitra, attempts to demystify queries related to international trade received from Indian entrepreneurs, some of which are listed below:

### Procedures Necessary to Import A4 size Paper

A4 size paper may broadly fall under 4-digits HS Codes of 4802. You may like to first identify exact HS code at 6-digit or 8-digit level from EEPC database. You like to refer to Custom Duty Calculator under Export-Import Intelligence section of the EXIM Mitra Portal to get information on import duties. You may also visit your nearest DGFT or EEPC office to take advice on import regulations.

### Information about Packing Credit

Pre-shipment finance (packing credit) is provided with or without security depending on the relationship you have established with your Bank. Under Cash Packing Credit Loan, the Bank normally grants packing credit advantage initially on unsecured basis. Subsequently, the Bank may ask for security. Packing credit is also given against hypothecation or pledge. In such cases, the advance is given against security and security remains in the possession of the exporter. The exporter is required to execute the hypothecation deed in favour of the Bank.

### Information on Import license for Lead Acid Battery Sprayers (HS Code 84249000) from China and the List of Documents Required

As per the provisions under Rule 5 batteries (M&H) Rules, 2001 and as amended on May 4, 2010, the responsibility of granting registration to importers of the new lead acid batteries has been transferred from Ministry of Environment, Forest, and Climate Change to Central Pollution Control Board. Accordingly, importer shall get registered with CPCB for a period of 5 years. As per rule 5 (ii), member secretary or any officer designated by CPCB is the prescribed authority for issuance, cancellation, or refusal of registration.

An importer can file an online application on the "Battery Registration and Management System" (BRMS) to obtain New Lead-Acid Battery Import License and to file for renewal or to file half-yearly returns and undertakings. Documents required for acquiring this license are a) Bill of Landing/Airway bill b) Import license c) Printed copy of Form II and Form III taken out from the online application with their stamp and signature on the same d) Self-attested copy of Import-Export Certificate e) Bill of Entry f) Commercial Invoice g) Insurance Certificate h) BIS Certificate (It give assurance about the product's quality and safety)

### Details About Price Margins for Merchant Trade of Onions in International Markets, Quotation to International Buyers and the Documents Required.

One may like to visit "Indicative steps to begin export" under "Export Import Intelligence" section of EXIM Mitra portal where is a section on Pricing/Costing. The prices of onions keep fluctuating. To determine the quotation, one must check on various factors such as, a) Quantity b) Payment terms c) Delivery period d) Packaging e) Price of the product f) Cost of financing g) Freight cost h) Other expenses etc.,

One may like to go through explanation of Export Costing and pricing given by APEDA - [https://agriexchange.apeda.gov.in/Ready%20Reckoner/Export\\_Costing\\_Pricing.aspx](https://agriexchange.apeda.gov.in/Ready%20Reckoner/Export_Costing_Pricing.aspx).

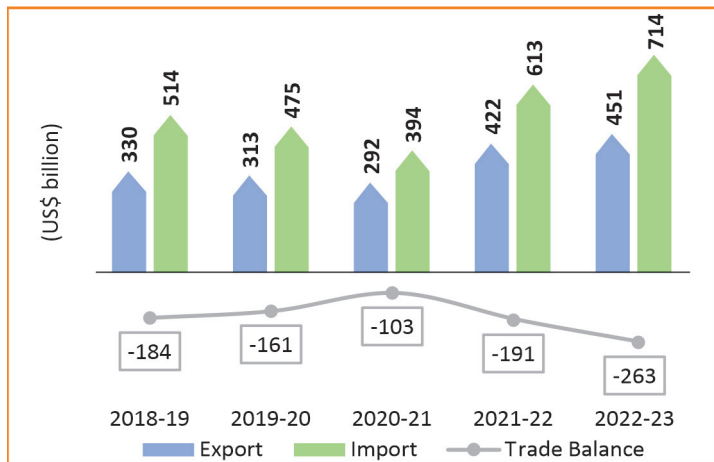
One may like to visit the following site for export documentation and procedures for fresh onions- [https://agriexchange.apeda.gov.in/product\\_profile/Exp\\_document.aspx?categorycode=0201](https://agriexchange.apeda.gov.in/product_profile/Exp_document.aspx?categorycode=0201).

Also one may like to visit the following site for price and arrival statistics under statistics and market information section of National Horticulture Board Portal -<https://nhb.gov.in/OnlineClient/categorywiseallvarietyreport.aspx?enc=3Z008K5CzcdC/Yq6HcdlxJ4o5jmAcGG5QGUX3BIAP4=>

# Snippets on Indian Economy

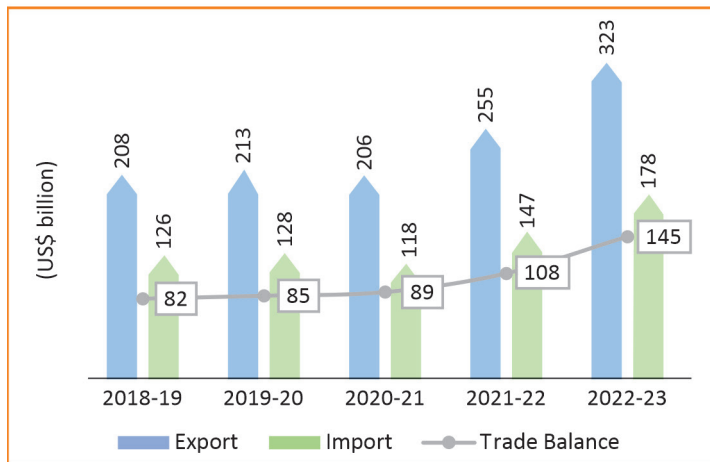
Contributed by: Research & Analysis Group

## Merchandise Trade



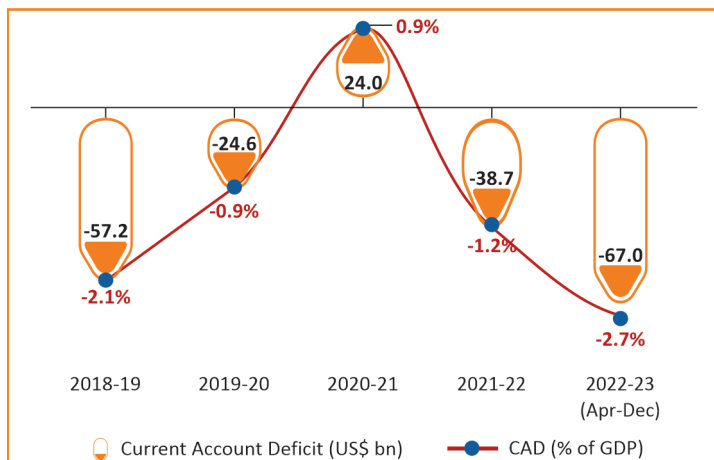
Source: Ministry of Commerce and Industry, GoI

## Services Trade



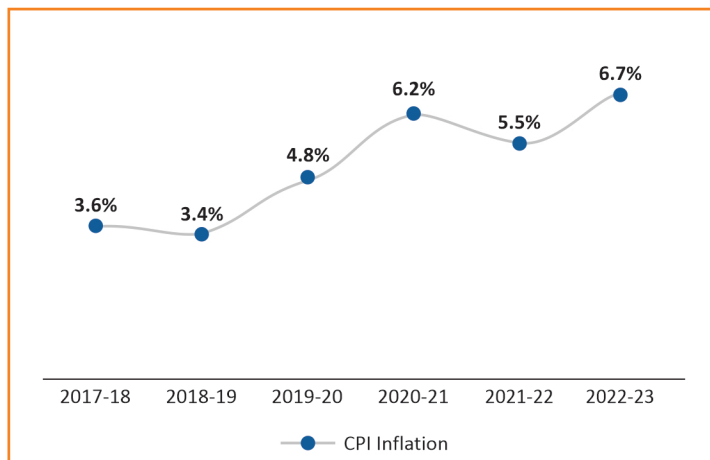
Source: RBI

## Current Account Deficit



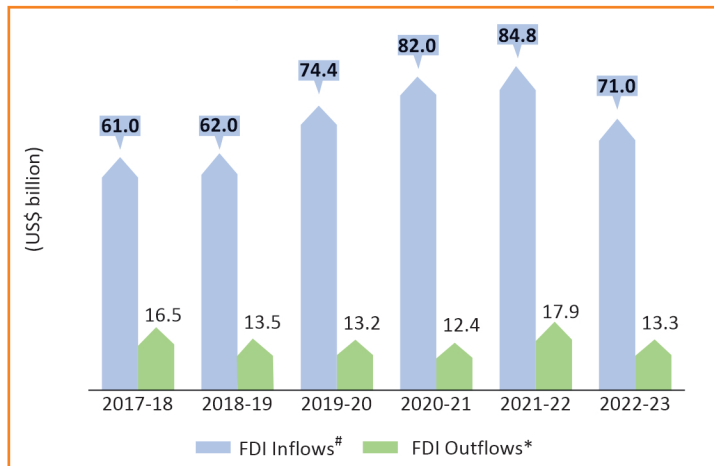
Source: RBI

## Consumer Price Inflation



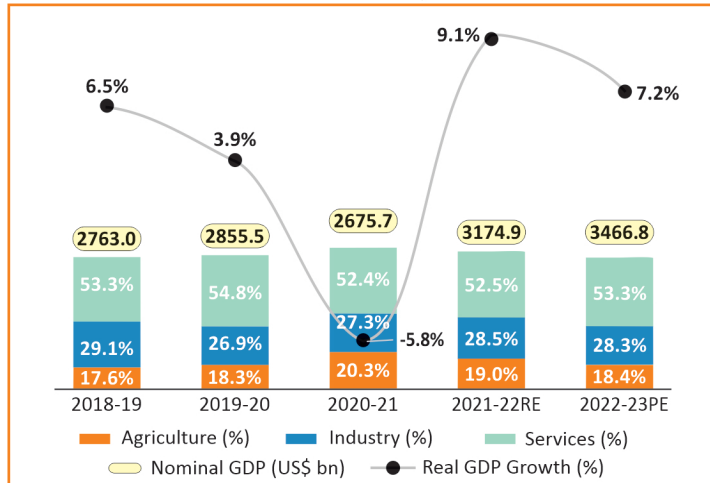
Source: Ministry of Statistics and Programme Implementation, GoI

## Foreign Direct Investment Flows



Note: \* - FDI Outflows reflect actual figures and include equity, loans and guarantees invoked  
# - FDI Inflows include equity, re-invested earnings and other capital  
Source: RBI and Ministry of Finance, GoI

## Sectoral Output



Note: Figures in yellow represent nominal GDP in US\$ billion.  
RE – Revised Estimates; PE – Provisional Estimates  
Source: Institute of International Finance and MOSPI, GoI