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Recent Global Economic Developments

According to International Monetary Fund's (IMF) World Economic Outlook 2015, global growth declined in the first half of 2015, reflecting a slowdown in emerging markets and a weaker recovery in advanced economies. Growth is projected at 3.1 per cent for 2015 as a whole, 0.3 percentage points lower than in 2014 (Table 1). Relative to the previous year, growth in advanced economies is expected to pick up slightly, while it is projected to decline in emerging market and developing economies. Declining commodity prices, depreciating emerging market currencies, and increasing financial market volatility present downside risks to the outlook, particularly for emerging market and developing economies. However, as per IMF forecasts, global activity is projected to gather some pace in 2016, reflecting stronger performance in both emerging market and advanced economies.

Advanced Economies

According to a preliminary set of data by IMF, global growth has been observed at 2.9 per cent during the first half of 2015. Advanced economies are expected to grow at 2.0 per cent in 2015 (compared with 1.8 per cent in 2014) and 2.3 per cent, on average, in 2016-17. The expected growth pickup reflects the recovery in the Euro Area, continued robust activity in the United States, and increased traction from Japan's monetary, fiscal, and structural policy efforts. Growth in the United

States was weaker than expected in the first half of 2015, despite a strong second quarter, reflecting setbacks to activity in the first quarter, caused by harsh winter weather and port closures, as well as much lower capital spending in the oil sector. However, recovery is expected to continue in the United States, supported by lower energy prices, reduced fiscal drag, strengthened balance sheets, and an improving housing market.

The recovery in the Euro Area has progressed more rapidly than expected since late 2014, supported by a weakening euro, declining oil prices, record low interest rates, and an

Table 1: Snapshot of Global Growth (per cent)

2013	2014	2015 ^p	2016 ^p	
World Output	3.3	3.4	3.1	3.6
Advanced Economies	1.1	1.8	2.0	2.2
United States	1.5	2.4	2.6	2.8
Euro Area	-0.3	0.9	1.5	1.6
Germany	0.4	1.6	1.5	1.6
France	0.7	0.2	1.2	1.5
Italy	-1.7	-0.4	0.8	1.3
Spain	-1.2	1.4	3.1	2.5
Japan	1.6	-0.1	0.6	1.0
UK	1.7	3.0	2.5	2.2
Canada	2.0	2.4	1.0	1.7
Emerging and Developing Economies	5.0	4.6	4.0	4.5
Commonwealth of Independent States	2.2	1.0	-2.7	0.5
Russia	1.3	0.6	-3.8	-0.6
Emerging and Developing Asia	7.0	6.8	5.5	6.4
China	7.7	7.3	6.8	6.3
India	6.9	7.3	7.3	7.5
ASEAN-5	5.1	4.6	4.6	4.9
Emerging and Developing Europe	2.9	2.8	3.0	3.0
Latin America and the Caribbean	2.9	1.3	-0.3	0.8
Brazil	2.7	0.1	-3.0	-1.0
Mexico	1.4	2.1	2.3	2.8
Sub Sahara Africa	5.2	5.0	3.8	4.3
Consumer Prices				
Advanced Economies	1.4	1.4	0.3	1.2
Emerging and Developing Economies	5.8	5.1	5.6	5.1

P-Projections

Source: IMF, WEO

improvement in bank credit supply conditions. The depreciation of the euro since June 2014 is expected to contribute around ½ percentage points to growth in the Euro Area in 2015, while lower oil prices is expected to support consumer spending and corporate profits. In general, the moderate euro area recovery is projected to continue during 2015–16, sustained by lower oil prices, monetary easing, and the euro depreciation.

Activity in Japan started picking up in late 2014 and was robust in the first quarter of 2015. Growth is predicted to average 0.6 per cent in 2015, before accelerating to 1.6 per cent in 2016, supported by expansionary policies.

Developing and Emerging Economies

While growth in advanced economies remained modest, for most emerging market economies, external conditions presented difficult conditions. After a strong rebound to almost 7½ per cent after the global financial crisis, real GDP growth in emerging market and developing economies decreased from about 6.3 per cent in 2011 to 4.6 per cent in 2014. In 2015, it is projected to decline further to 4 per cent.

As structural adjustments and policy efforts to address financial vulnerabilities continue, growth in China is expected to decelerate modestly to 6.8 per cent in 2015 and further to 6.3 per cent by 2016. During the first half of 2015, investment growth slowed in China, compared with last year and imports contracted, but consumption growth remained steady. Previous excesses in real estate, credit, and investment continue to unwind, with a further moderation in the growth rates of investment, especially that in residential real estate.

Falling oil prices and geopolitical sanctions have been accompanied by a steep slowdown in 2014 and expected to result in a contraction in the Russian Federation in 2015. Fragile confidence, increases in administered prices, and low commodity prices are expected to contribute to a recession in Brazil in 2015 with a modest recovery in 2016. In contrast, growth is gradually resuming in

South Africa, but is held back by energy shortages, weak investor sentiment amid policy uncertainty, and by the anticipated tightening of monetary and fiscal policies. In India, activity is buoyed by stronger confidence as the government implements its reforms agenda and lower oil prices help contain vulnerabilities.

Economic activity in the economies of Association of Southeast Asian Nations (ASEAN) was also weaker than expected, reflecting lower exports and slowdown in domestic demand. Malaysia, and to a lesser extent, Indonesia are expected to witness slowdown this year, affected by weaker terms of trade. On the other hand, growth is projected to pick up in Thailand, as a result of reduced policy uncertainty, to remain broadly stable at around 6 per cent in Philippines, and to strengthen to 6.5 per cent in Vietnam, which is benefitting from the oil price windfall.

In Latin America, with declining commodity prices, momentum continues to weaken in other countries in the region. Growth was also lower than expected in Mexico, reflecting slower growth in the US and a drop in oil production. Economic activity is expected to contract in the region during 2015, before witnessing a modest recovery in 2016.

Economic activity in Middle East and North Africa (MENA) also fell short of expectations, affected by the drop in oil prices, declines in other commodity prices, and geopolitical and domestic strife in a few countries. Spillovers from regional conflicts and intensified security and social tensions are weighing on confidence and holding back higher growth. Low oil prices are also taking a toll on the outlook for oil exporters. The plunge in oil prices is a particular challenge for oil-exporting countries, most of which have severe security challenges (Iraq, Libya, Republic of Yemen) or have limited buffers (Iran, Iraq). For oil-importing countries, the potential positive effects of lower oil prices are partially offset by spillover effects from more fragile countries in the region, including through lower

remittances and security risks. Growth is expected to remain flat at 2.2 per cent in 2015 in MENA.

Low oil prices have considerably reduced growth in commodity exporting countries of the Sub-Sahara (Angola, Nigeria), where softening oil sectors have also slowed activity in non-oil sectors. Growth in the region is forecast to slow to 3.8 per cent

Inflation

Headline inflation declined in advanced economies during the first half of 2015, mostly reflecting the decline in oil prices and softer prices for other commodities, while core inflation remained stable. With regard to emerging markets, lower prices for oil and other commodities (including food, which has a larger weight in the consumer price index of emerging market and developing economies) have generally contributed to reductions in inflation, except in countries suffering sizable currency depreciations, such as Russia. In oil-importing countries and oil-exporting countries with fixed exchange rates, headline inflation has generally slowed on falling energy and transport prices, although core inflation has remained broadly stable.

Inflation is projected to decline in 2015 in advanced economies, reflecting primarily the impact of lower oil prices. Similarly in developing and emerging market economies, decline in prices and slowdown in activity are expected to contribute in a lower inflation during the year.

Exchange Rate Movements

The widely expected tightening of monetary conditions in the US, along with monetary expansion by other major central banks, has contributed to broad-based appreciation in the US dollar and is exerting downward pressure on capital flows to developing countries. Many developing-country currencies have weakened against the US dollar, particularly those of countries with weak growth prospects or elevated vulnerabilities. In some countries, this trend has raised concerns about balance sheet exposures in the presence of sizeable dollar-denominated liabilities. Currency depreciations have been

significantly less in trade-weighted terms, partly due to a weakening euro and yen, thus offering only modest prospects for competitiveness gains to boost exports.

Exchange rate movements across major advanced economy currencies have been relatively modest in recent months, after the large changes during the August 2014–March 2015 period. In real effective terms, the euro and the US dollar have appreciated between March and August 2015, while the yen weakened slightly. Exchange rate volatility increased in August 2015, particularly after the depreciation of the renminbi associated with the announced increase in exchange rate flexibility.

World Trade

According to IMF, global exports of goods amounted to US\$ 18.6 trillion in 2014, implying a rise of 0.5 per cent over the previous year's total of US\$ 18.5 trillion. In volume terms, the growth in global trade of goods in 2014 increased by 3.3 per cent (**Table 2**). While advanced economies registered a growth of 3.4 per cent in volume of export of goods in 2014, emerging and developing economies witnessed a growth of 2.9 per cent. The world trade prices of non-fuel primary commodities fell by 4 per cent in US dollar terms in 2014 as against the 1.2 per cent fall in 2013. Oil prices contracted by 7.5 per cent in 2014, while world trade price of manufactures moderated by 0.6 per cent during the same year.

A pickup in trade is forecast for advanced economies. For emerging markets, import growth is projected to decline further, reflecting weakening domestic demand and depreciating exchange rates, but export growth is projected to

increase, sustained by higher oil exports from the Middle East and pickup of domestic demand in advanced economies.

Private Capital Flows, Current Account Balances of Emerging Economies

Net private inflows to emerging economies subsided to US\$ 1,032 billion in 2014, as compared to US\$ 1,273 billion in the preceding year. Much of the decline was accounted for by a collapse in flows to Russia triggered by the Russia-Ukraine conflict. Capital flows to emerging markets continued to fall during the first half of 2015, driven by a sustained slowdown in growth, and in particular by uncertainty about China's economy amid continuing concerns about the impact of the Fed's eventual turn to raise US interest rates. On a component basis, portfolio flows account for a significant portion of the recent drop in emerging market capital flows. Portfolio equity and debt flows also saw a sharp reversal in the context of a precipitous emerging market stock market sell off. On a whole, private capital inflows to emerging markets are expected to moderate to an estimated US\$ 484 billion in 2015.

The Current account surplus of the emerging economies was observed at 0.5 per cent in 2014 compared to 0.6 per cent in the previous year. The current account surplus of the Middle East region edged lower. At the same time, the deficit in current account balance of Sub-Saharan Africa widened further. The surplus in current account of the emerging economies is expected to flip to a deficit of 0.1 per cent during 2015.

Global Commodity Prices

Oil prices have begun to find some support after the sharp decline in the second half of 2014, but are expected to remain well below their 2013 levels. A substantial capacity adjustment in the US shale oil industry has raised prices somewhat from the January lows. Continued weak demand, US dollar appreciation, ample and rising global inventories, and unexpectedly solid production in conflict-torn Republic of Yemen, Iraq, and Libya, keep oil prices below their elevated 2013 levels (IEA 2015). A recently negotiated international agreement with the Islamic Republic of Iran is expected to raise supply further. Oil prices are expected to average about US\$ 58 per barrel in 2015 and remain below US\$ 70 per barrel until 2018 (Global Economic Perspectives, World Bank). Second-round effects of low oil prices on other commodities, together with robust supplies and soft demand, are expected to keep prices low for most other commodities in the medium-term.

Developments in China play an important role in base metal markets. China's share in the global consumption of these metals has increased from some 10 to 20 per cent in the early 2000s to more than 50 per cent currently. Some of this increase relates to the country's role as a manufacturing hub, but it also reflects the infrastructure investment and construction boom in 2009–13 after the global financial crisis. China's growth transition and slower metal-intensive investment growth have been instrumental in weakening base metal prices. With demand growth expected to stay relatively weak under the baseline projections, prices are assumed to move broadly sideways in the near term.

Table 2: Global Trade Flows in Goods and Services (per cent change)

	2013	2014	2015 ^p	2016 ^p
World Trade Volume	3.3	3.3	3.2	4.1
Exports				
Advanced Economies	2.9	3.4	3.1	3.4
Emerging market and developing economies	4.4	2.9	3.9	4.8
Imports				
Advanced Economies	2.0	3.4	4.0	4.2
Emerging market and developing economies	5.2	3.6	1.3	4.4

P-Projections

Source: IMF, WEO 2015

Asia's growing appetite for industrial investment, burgeoning infra structural requirements and its quest for expanding trade has attracted global attention. Asia has positioned itself as a key player in the global arena, with the region gaining increased importance in the global economy. As per IMF's World Economic Outlook October 2015, the share of developing Asia in global GDP has more than doubled from 8 per cent in 2004 to 19 per cent in 2014, and is expected to touch 24 per cent by 2020. In fact, two countries from Asia, namely China and India, are among the three largest economies in the world, in terms of PPP,

Developing Asia - A Key Trade and Investment Partner

As regards trade, the share of developing Asia in world trade increased from 22.4 per cent in 2000 to 34.2 per cent in 2014, thus becoming a leading global trade partner; while the shares of developed economies in Europe and America has declined; from 39.9 per cent in 2000 to 34.3 per cent in 2014 for developed Europe, and 19.6 per cent in 2000 to 13.1 per cent in 2014 for developed America. Further, developing Asia remained the number one global investment destination, accounting for nearly 38 per cent of the global FDI. Inflows into developing Asia reached a record level of nearly half a trillion dollars in 2014 (US\$ 465 billion vis-a-vis US\$ 159 billion in 2000). FDI inflows into developing Asia were significantly above that of the EU (US\$ 258 billion) and developed economies in North America (US\$ 146 billion). FDI outflow is an important indicator of the internationalisation of the region. FDI outflows from developing Asia also reached record levels at US\$ 432 billion in 2014, as against US\$ 95 billion in 2000.

Projected Growth in Global Demand

Developing Asia is projected to drive the overall import demand of emerging and developing economies. Import growth in developing Asia is projected to continue to remain strong; from 6.2 per cent in 2014 to 7 per cent in 2020. Developing Asia's robust growth in trade has been underlined by rising intra-Asian trade. Intra-Asian exports/imports have registered sharp rise in recent years.

Prospects and Challenges

Developing Asia is expected to witness strong growth with an annual average growth of 6.5 per cent during 2015-2020. While, export growth would be driven by recovery in advanced economies, domestic demand across the region will be supported by healthy labour markets and strong credit growth within the region.

While Asia's future appears bright, Asia is in the midst of changing its growth model. A study by McKinsey estimated that the consequent deterioration in energy, transport, housing, communications, and water facilities has restrained economic growth by 3 to 4 percentage points of Asia's GDP over the past decade.

Opportunities for Infrastructure Financing in Asia

According to McKinsey, more than 80 per cent of the demand for infrastructure investment in emerging Asia over the next ten years will come from energy and transport, the sectors most critical to supporting heightened economic activity.

Boosting infrastructure finance will require the broadening of the potential group of investors and tapping of the vast financial resources of capital markets. This, in turn, necessitates a broader mix of financial instruments. Both infrastructure funds and bonds have great potential.

Exim Bank of India: a Partner in Asia's Development

Countries in Developing Asia have always been a focus region for the Government of India (GOI), and thus a critical component of the Bank's strategy to promote and support two-way trade and investment.

Exim Bank of India has a comprehensive range of financing, advisory and support services in Asia, including

- 34 operative LOCs in Asia amounting to US\$ 4.5 billion, covering 10 countries
- Support to Indian companies to implemented numerous projects spanning various sectors
- Support for joint ventures
- Experience sharing by participating in the institutional building process in a number of countries in Asia
- Creation of Global Network of Exim Banks and Development Financial Institutions (G-NEXID) at Geneva under the auspices of UNCTAD
- Initiative of the Asian Exim Banks Forum

Project Development & Facilitation Framework (PDF) in CLMV

- Department of Commerce (DoC), GOI has conceived a Project Development Fund (PDF), to be managed by Exim Bank, for aggressively pursuing Indian interests in the CLMV region in accordance with 'Act East' Policy.
- An amount of ₹ 100 crore has been allocated by the DOC for FY 2015-16 with a total corpus of ₹ 500 crore.
- The PDF team will identify viable projects in CLMV region and will help setting up those projects through SPVs with initial funding support from PDF with the main objective of facilitation of Indian trade and investments.

Trade relations between India and Iran have witnessed a significant rise during the last decade, with bilateral trade rising more than nine-fold, from US\$ 1.7 billion in 2005 to US\$ 15.7 billion in 2014 (Table). This buoyant trend has been supported by rise in India's exports to and imports from Iran, with India's imports from Iran surpassing India's exports. India normally maintains a trade deficit with Iran which rose from US\$ 4.3 billion in 2006 to US\$ 10.8 billion in 2012, before contracting to US\$ 6.8 billion in 2014.

During 2014, Iran was India's twenty-fourth-largest export destination, accounting for 1.4 per cent India's global exports. Iran was also the fifteenth-largest source of India's imports, accounting for a share of 2.4 per cent of India's global imports. The economic sanctions imposed on Iran have had an adverse effect on the bilateral trade as the international banking channels have gradually become non-existent.

India's Trade with Iran

India's exports to Iran include rice, machinery & instruments, metals, primary and semi finished iron & steel, pharmaceuticals and fine chemicals, processed minerals, manmade yarn & fabrics, tea, organic/inorganic/agro chemicals, rubber manufactured products, etc.

India's imports from Iran are dominated by crude oil, accounting for 85.9 per cent of India's total imports from Iran. In 2014, India was the second-largest market for

Iran's exports of crude oil. On the other hand, during the same year, Iran was India's sixth-largest supplier of crude oil. India has steadily cut imports from Iran as the sanctions from the US and other Western countries blocked payment channels and crippled shipping routes. Since February 2013, when the US blocked payment channels to Iran for its nuclear programme, India has been paying 45 per cent of its Iran oil bill in rupees through an arrangement with UCO Bank.

India's Investment Relations with Iran

During April 1996 to September 2015, the cumulative approved Indian FDI in joint ventures and wholly owned subsidiaries (FDI outflow) in Iran stood at US\$ 183.4 million. Indian companies such as ESSAR, OVL, Tata Steel, Persia Rohit Mines & Industries Company, etc. have presence in Iran. The State Bank of India (SBI) has a representative office in Tehran.

During April 2000 to February 2015, India's total foreign direct investment inflows from Iran amounted to US\$ 0.6 million. Joint Ventures between India and Iran include the Irano-Hind Shipping Company, the Madras Fertilizer Company, and the Chennai Refinery.

The two countries have signed a Bilateral Investment Promotion and Protection Agreement (BIPPA), and are in the process of finalizing a Double Taxation Avoidance Agreement (DTAA).

India's Pact with Iran for Chabahar Port

In 2003, India and Iran had agreed to execute the Chabahar project, but the venture made slow progress due to Western curbs. In October 2014, India had approved the framework of an inter-governmental Memorandum of Understanding (MoU) for setting a joint venture firm for equipping two fully-constructed berths at Chabahar port. As per the framework, an Indian joint venture company would lease two fully constructed berths in Chabahar port's Phase-I project for a period of ten years, which could be renewed by "mutual agreement". The port will be developed through a special purpose vehicle (SPV) which will invest US\$ 85.21 million to convert the berths into a container terminal and a multi-purpose cargo terminal. The Indian side will transfer ownership of the equipment to be provided through the investment to Iran's port and Maritime Organisation (P&MO) without any payment at the end of the tenth year. The Cabinet had given nod for constituting a Joint Venture or other appropriate SPV comprising the Jawaharlal Nehru Port Trust and the Kandla Port Trust. Approval was also given for incurring annual revenue expenditure of US\$ 22.95 million to support operational activities of the Indian Joint Venture.

Officially designated as a free trade and industrial zone by the Iranian government, Chabahar has acquired increased significance in terms of an international trade hub. Poised to connect business growth centres in South Asia, the Middle East and Afghanistan, the free trade area is being connected to Iran's main rail network.

Table: India's Trade with Iran, 2005-2014 (US\$ bn)

Item	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
India's exports to Iran	1.1	1.6	1.8	2.3	1.9	2.5	2.5	2.6	5.4	4.4
India's imports from Iran	0.6	5.9	9.2	13.8	10.6	11.1	11.5	13.3	10.0	11.2
India's Total Trade with Iran	1.7	7.5	11.0	16.1	12.5	13.6	14.0	15.9	15.5	15.7
India's Trade balance with Iran	0.4	-4.3	-7.3	-11.5	-8.6	-8.6	-9.0	-10.8	-4.6	-6.8

Source: Trade Map, ITC Geneva

The 'Make in India' programme aims at promoting India as an important investment destination and a global hub for manufacturing, design and innovation. A total of 25 sectors have currently been identified under this programme. Several measures have been taken to improve the ease of doing business in the country. These include among others, simplification of process for applying for Industrial License (IL) and Industrial Entrepreneur Memorandum (IEM), favorable amendments to the companies act, reduction in number of documents required for export and import, and easing the process of obtaining clearances.

Measures have also been undertaken to facilitate investments in the country by way of publishing FAQs for grant of ILs on the DIPP website, developing and publishing of checklist with specific time-lines for processing applications filed by foreign investors in cases relating to retail/ NRI/ EoU foreign investments, and starting of an Investor Facilitation Cell to guide, assist and handhold investors.

Apart from this, Government has also simplified the FDI policies, which among others include:

- For sectors other than banking and defence, separate caps for FDI, Foreign Portfolio Investment (FPI) and qualified foreign investors have been replaced with single upper limit.
- 100 per cent FDI is allowed in medical devices, telecom sector and single-brand retail.
- FDI cap increased in insurance and sub-activities from 26 per cent to 49 per cent.
- FDI in commodity exchanges, stock exchanges and depositories, power exchanges, petroleum refining by PSUs, courier services has now been brought under the automatic route.
- FDI limit of 26 per cent in defence sector raised to 49 per cent under Government approval route. FPI up to 24 per cent permitted under automatic route. FDI beyond 49 per

cent is also allowed on a case to case basis with the approval of Cabinet Committee on Security.

- Construction, operation and maintenance of some activities of Railway - 100 per cent FDI under automatic route.

Government also intends to develop industrial corridors and smart cities, create world class infrastructure with state-of-the-art technology and high-speed communication. Innovation and research activities will be supported through a fast paced registration system and improved infrastructure for IPR registration.

There is a focus on skill development as well. Nearly 70 skill development schemes across various sectors have been implemented by over 20 Central Ministries/Departments.

Outcome

While structural changes will take time to show results, some positive results can be noted in recent times. After the launch of 'Make in India' initiative in September 2014, there has been 48 per cent increase in FDI equity inflows during October 2014 to April 2015 over the corresponding period last year.

The foreign capital expenditure (capex) in India has grown as a result of the facilitating environment created in the economy. The foreign capex of US\$ 21.5 billion received in the first quarter of 2015 was the highest received by India in the first quarter in over a decade. Even in the second quarter, the foreign capex was higher than the past three years (Exhibit).

Moreover, Investor Facilitation Cell has received more than 12,000 queries on its portal since the campaign began. Several countries such as Japan, China, France and South Korea have announced

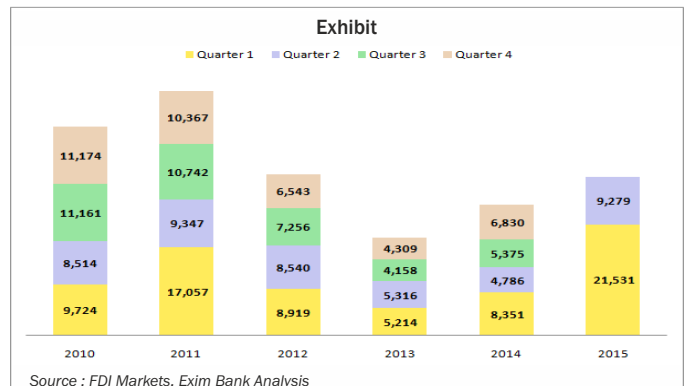
their intention to make huge investments in India in various industrial and infrastructure projects.

In the World Bank's Doing Business report for 2015, India's performance in several criteria reflected the changes made under Make in India program like,

- **"Starting a Business"** improved on account of positive steps like reducing the registration fees. While the overall score for India improved under this criterion, rank for starting a business witnessed a decline during the year, as compared to the previous year.
- **"Getting Electricity"** was made less costly in Mumbai on account of reduction in the security deposit for a new connection, thereby improving the score. However, the overall rank slid.
- **"Protecting Minority Investors"** was strengthened by requirement of greater disclosure of conflict of interest by board members, increase in the remedies available in case of prejudicial related party transactions, and introduction of additional safeguards for shareholders of privately held companies. In this index, the rank of India improved significantly from 21 in 2014 to 7 in 2015.

Reforms will play a crucial role in determination of Doing Business Ranking of India in the next World Bank update, especially under the categories which have witnessed improvements in Delhi and Mumbai.

Exhibit: Quarterly Foreign Capital Expenditure in India (US\$ mn)



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 infra structural projects, equipment, goods and services from India, on deferred credit terms.

Exim Bank also extends LOCs at the behest of Government of India. Under the Lines of Credit extended at the behest 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 200 Lines of Credit, covering 63 countries in Africa,

Asia, Latin America, Oceania and the CIS, with credit commitments of over US\$ 12.22 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, at the behest of and with the support of Government of India, has signed two LOCs as given below during the quarter July-September 2015:

- An LOC of US\$ 24 million to the Government of the Republic of Côte d'Ivoire, for financing Electricity Interconnection Project between Côte d'Ivoire and Mali. With the signing of the above LOC Agreement, Exim Bank, till date, has extended five LOCs to the Republic of Côte d'Ivoire, at the behest of the Government of India, taking the total value of LOCs to US\$ 136.3 million. The first LOC of US\$ 26.8 million was extended in August 2005 for financing renewal of urban transport system in Abidjan and for agricultural projects. The second LOC of US\$ 25.5 million was extended in June 2008 for financing (i) Mahatma Gandhi IT and Biotechnology Park, (ii) Fisheries Processing Plant and (iii) Coconut fibre processing plant. The third LOC of US\$ 30 million was extended in December 2009 for financing transmission line project between Côte d'Ivoire and Mali. The fourth LOC of US\$ 30 million was extended in March 2010 for financing rice production programme. Republic of Côte d'Ivoire

is a West African country bordered by Liberia and Guinea in the west, Mali and Burkina Faso in the north, Ghana in the east, and the Gulf of Guinea (Atlantic Ocean) in the south.

- An LOC of US\$ 35 million to the Government of the Republic of Guinea, for Construction and Upgradation of Regional Hospitals at Kankan and Nzerekore in Guinea. This is the first LOC extended by EXIM Bank to the Government of the Republic of Guinea. Republic of Guinea is located in West Africa bordering the North Atlantic Ocean to its west and shares its northern border with Guinea-Bissau, Senegal and Mali and its southern border with Sierra Leone, Liberia and Côte d'Ivoire.

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Commerce Secretary launches Report on “India's Strategy for Economic Integration with CLMV”

New Delhi: 'India's Strategy for Economic Integration with CLMV', a Report brought out by the Ministry of Commerce and Industry, Government of India, provides a rationale for establishing commercial and economic linkages between India and the Cambodia, Laos, Myanmar and Vietnam (CLMV) region. Prime factors that make economic cooperation between India and CLMV plausible include geographical proximity, economic dynamism, and cheap labour cost in CLMV, among others. The Commerce Secretary, Ms. Rita Teatota, launched a Report of the Ministry in New Delhi in early September, 2015. The ASEAN region is characterized by the presence of strong production networks and Regional Value Chains (RVCs). While India's participation in RVCs has remained low, RVCs are also not well developed in CLMV too, as compared to the rest of ASEAN. The level of economic linkages between India and CLMV, both in trade and FDI, need to be strengthened. Some major challenges confronting India-CLMV economic relations include information gap, communication gap, skill unavailability, banking constraints and integrating small and medium enterprises in RVCs. The Report finds that one of the important ways of utilising the CLMV's economic space is by setting up manufacturing units in the region. This will help in accessing the Chinese markets through exports originating from CLMV under the China-ASEAN Free Trade Agreement. Additional export expansion to the tune of US\$ 100 billion is feasible, which in turn can address the trade deficit of India with China, as estimated in the Report.

India and Belarus set a Trade Target of US\$1 Billion by 2018

New Delhi: Minister of State (Independent Charge) for Commerce and Industry, Smt. Nirmala Sitharaman, co-chaired the Seventh Session of the India-Belarus Intergovernmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation on September 7, 2015, in Minsk, Belarus. The Belarusian delegation was led by Mr Vitali Mikhailovich Vovk, the Minister for Industry in the Government of Belarus. During the meeting of India-Belarus Inter Governmental Commission at Minsk, it was agreed by both the sides that the present level of trade at US\$ 400 million did not reflect the true depth of engagement between the two countries. It was agreed to set a target of US\$ 1 billion by the year 2018. Both sides noted the potential to step up cooperation in pharmaceuticals and Mining machinery, energy, fertilizer, and tourism between the two countries.

Preferential Treatment by India to LDCs in Services Trade in WTO

New Delhi: The Union Cabinet approved for notification of Preferential Treatment by India to Least Developed Countries (LDCs) in Trade in Services in the World Trade Organisation (WTO) in September 2015. India will notify preferential treatment to the LDCs in Trade in Services in respect of: Article XVI of the GATS (Market Access); Technical Assistance and capacity building; and Waiver of visa fees for LDC applicants applying for Indian Business and Employment visas. The preferences will be bound with validity for 15 years from the date of notification by India. India has already made a very generous offer to LDCs in the area of Trade in Goods in the form of a Duty Free Tariff Preference

(DFTF) scheme. An equally generous offer in Trade in Services will help India preserve and consolidate its leadership position on LDC issues. Further, given the development dimension of the Doha Round, it is important that India makes liberal offers to LDCs in Trade in Services also. Moreover, there are several LDCs located in South Asia and Africa with whom India maintains special relations. India's preferential treatment to LDCs in Trade in Services would involve a cost of ₹ 6.5 crore annually on account of waiver of visa fees and ₹ 2.5 to 3 crore, per annum, for providing training in management and technical consultancy courses to LDC applicants. As regards offers under Article XVI of the GATS (Market Access) is concerned, there are no direct financial implications.

Utilization of India's capital contribution to SDF for its eco and infra windows allowed

New Delhi: The Union Cabinet gave its approval for the proposal to permit utilization of India's capital contribution to the SAARC Development Fund (SDF) for its Economic and Infrastructure Windows, in addition to the existing approval for utilizing India's capital contribution for the Social Window of SDF. The approval will help in promoting projects such as cross border infrastructure. Such projects will help improve intra-SAARC trade and growth potential of the SAARC region, and also in promoting financial inclusion and social security to disadvantaged/vulnerable sections of society in the region. There are no additional financial implications for India, as it only entails a restructuring of India's capital contribution to the SDF. The SDF was set up in 2008 to improve the livelihood of the people and to accelerate economic growth in the region.

Exim Bank signs an MOU with the Brazilian Development Bank

Ufa, Russia: Exim Bank's CMD, Shri Yaduvendra Mathur, and the President of Brazilian Development Bank (BNDES), Mr. Luciano Coutinho, signed a cooperation agreement at Ufa, Russia on the sidelines of the activities associated with the Annual Meetings of the BRICS Interbank Cooperation Mechanism, on Thursday, July 09, 2015. This MOU is aimed at sharing of knowledge, information and best practices; capacity building of personnel, including project development skills; promotion of joint events, research and programmes; development of effective and sustainable financing solutions for projects of mutual interest, including projects in third countries, such as PPP projects; and cofinancing. Exim Bank and BNDES are nominated member development banks under the BRICS Interbank Cooperation Mechanism. Other nominated member development banks from BRICS nations are: State Corporation Bank for Development and Foreign Economic Affairs – Vnesheconombank, Russia; China Development Bank Corporation, and Development Bank of Southern Africa. Both BNDES and Exim Bank of India are parties to several multilateral cooperation agreements under the BRICS Interbank Cooperation Mechanism. As per these multilateral umbrella agreements, any interested Parties could enter into bilateral agreements to take forward the directions set under these multilateral agreements. Speaking on this occasion, Mr. Mathur said that projects between the two institutions would be referred under this arrangement for joint financing. Further, the bilateral agreement is expected to strengthen the institutional capacities, besides augmenting the trade and investment relations between the two nations.

EXIM Bank celebrated Hindi fortnight

Mumbai: Hindi Fortnight was celebrated in Exim Bank from September 01, 2015 to September 15, 2015. During this period various programmes including Hindi competitions for staff members, Hindi workshops, Sangeet Sandhya were organized which were aimed at motivating and encouraging staff members for increasing use of Hindi in their day-to-day work. Hindi Fortnight started with the release of message by the CMD. A function to give away prizes to the winners of Hindi competitions was organised on September 16, 2015. Messages of Hon'ble Finance Minister, Shri Arun Jaitley and Hon'ble Home Minister, Shri Rajnath Singh were circulated to the staff members. Shri Piyush Pandey, noted Ad Guru, graced the occasion as Chief Guest. The function was presided over by Shri Yaduvendra Mathur, CMD, Exim Bank. Prizes were distributed to winners of Hindi competitions organized by the Bank. Speaking on the occasion, Shri Mathur encouraged staff members for using Hindi increasingly in their day to day work. He opined that Hindi has been adopted as the language of our common expression by our constitution, for reaching out to the masses. He encouraged staff members to learn as many languages as possible as languages open windows to know about the various cultures of the world. Shri Piyush Pandey emphasized that Hindi and Indian Languages are the only medium to reach the masses. He opined that Hindi is evolving very rapidly and accepting words from various languages with open heart which can be seen from the language used in Cinema and advertising media. Elaborating his real life experiences, he urged staff members to use day-to-day Hindi and avoid using

difficult words especially in the communications meant for public. He impressed upon the need of using Hindi and other Indian languages for spreading awareness on various social issues.

Exim Bank's seminar on Project Exports in New Delhi

New Delhi: Exim Bank organized a "Stakeholders Seminar on Project Exports" in New Delhi, with the objective to develop a concrete road-map to give a quantum boost to India's Project Exports in order to give a major fillip to manufactured exports and employment generation in India. The keynote address was delivered by Shri Yaduvendra Mathur, CMD, Exim Bank, who highlighted the Bank's endeavours to provide further impetus to Indian Project Exports by constantly devising innovative financing programmes and products, while tapping the increasing opportunities emerging in Asia, and Africa. He noted that Government of India support would be critical in boosting project exports from India. The Seminar also included an expert panel discussion which was moderated by Shri Debashish Mallick, Deputy Managing Director, Exim Bank. The panel discussants comprised key industry leaders such as Shri Vijay Kumar Chohan, Executive Director-International Operations, Bharat Heavy Electricals Ltd (BHEL), Shri Ajay Mathur, Chief Executive Officer, International Coal Ventures Limited (ICVL), Shri Atul Kumar Rastogi, Executive Director, Telecommunications Consultants India Ltd (TCIL), Shri T.K. Sahu, Executive Director-International Trade Division, Steel Authority of India (SAIL) and Shri S.K. Khorana, Executive Director, ISGEC Heavy Engineering Ltd, who shared their views on the challenges and the way forward, in particular, on how to ensure a level playing field for Indian project

Leather and its products are unique items, known for their versatility, style and fashion. Comparative advantages in terms of factor conditions such as raw material availability and low labour cost, coupled with environmental considerations have contributed to a shift in the processing segment of leather sector value chains towards developing countries.

Indian Leather Industry

The Indian leather industry has undergone a drastic change, from being an exporter of mere raw material in the early 60's and 70's to an exporter of finished, value added leather products today. The Indian leather industry has established itself as a prominent industry both in international as well as in the domestic market.

The leather industry is an employment intensive sector, providing jobs to about 2.5 million people. The leather sector comprises tanneries (where hide and skins are transformed into leather) and manufacturing units (where leather footwear, garments and outerwear, and assorted leather goods are manufactured). These production facilities are predominantly spread over the unorganized (mostly family owned) units/production centres which contributes almost 80 per cent to the total production.

Leather is one of the industries in which India has abundance of raw material (18 per cent of world cattle & buffalo and 9.2 per cent of the world goat & sheep

population), skilled manpower and technology, apart from the capability to comply with international environmental standards.

Indian Leather Exports

India's export of leather and leather manufactures stood at US\$ 6494.4 million in the fiscal year 2014-15 (Table). Leather footwear is the largest component of leather exports, with a share of 45 per cent. Other major sub-sectors of leather include leather goods (22 per cent), finished leather (21 per cent), leather garments (9 per cent), and saddlery and harness (3 per cent).

The export of leather and leather products multiplied during the past couple of decades - from US\$ 1.42 billion in 1990-91 to about US\$ 4 billion in 2010-11 and further to US\$ 6.5 billion in 2014-15. The industry today is among the top ten foreign exchange earning industries of India.

The main export market for Indian leather and leather products was Germany with a share of 12.3 per cent in 2014-15. The other major markets in 2014-15 were USA (11.8 per cent), UK (11.6 per cent), Italy (7.8 per cent), Hong Kong (6.5 per cent), France (5.7 per cent), Spain (5.4 per cent) and the Netherlands (3.5 per cent). These countries together accounted for more than two-thirds of India's total export of leather and leather products in 2014-15.

Prospects for Market Diversification

The overall market of the Indian leather industry has been largely confined to

some traditional markets in spite of the headwinds it has faced due to the financial turmoil in these countries. For example, 8 out of the top 10 markets for Indian footwear are in Europe. However, Europe is currently confronted with slow GDP growth and hence slower growth in consumption levels, which is bound to impact the footwear industry.

While India is the second-largest exporter of saddlery and harness products, and is the largest producer in terms of volume, the segment needs to tap Latin American, Russian and Middle East markets.

Moreover, in several product categories, while India is a major import source for some of the markets, its presence in several others is negligible. For example, while Japan was the largest importer of articles carried in pocket or handbag, with outer surface of leather (HS: 420231) in 2013, India's share in the market was only 2.5 per cent. As against this, India's share in the world for these products stood at 10.4 per cent.

In case of uppers and parts thereof, other than stiffeners (HS: 640610) as well, India had a share of 10.9 per cent in global market, while in case of Japan it stood at 2.0 per cent. The Indo - Japan CEPA has provided opportunities for the Indian leather sector as Japan has provided duty concessions for many items. As several of these products are in B10 category¹, market access is expected to increase over the years.

Table: India's Export of Leather and Leather Products: Recent Trends (US\$ mn)

	2010-11	2011-12	2012-13	2013-14	2014-15	% SHARE	CAGR (%)
Footwear (incl. components, and non-leather)	1758.7	2079.1	2066.9	2531.0	2945.2	45.3	13.8
Leather Goods	855.8	1089.7	1180.8	1351.5	1453.3	22.4	14.2
Finished leather	841.1	1024.7	1093.7	1284.6	1329.1	20.5	12.1
Leather Garments	425.0	572.5	563.5	596.2	604.3	9.3	9.2
Saddlery & Harness	87.9	3107.5	110.4	145.5	162.7	2.5	16.6
Total	3968.7	4873.5	5015.4	5908.8	6494.4	100.0	13.1

Source: Council for Leather Exports

¹ Duties on products under this category shall be eliminated in 11 equal annual instalments from the Base Rate. Such goods shall be duty free, effective January 1 of year eleven (i.e. 1 January 2021).

India-Russia bilateral relations have acquired a qualitatively new dimension with the signing of “Declaration on the India-Russia Strategic Partnership” in October 2000. Reflecting a rise in both Russia's total exports and imports from India, total trade between India and Russia increased three-fold, from US\$ 3.1 billion in 2005 to US\$ 9.4 billion in 2014 (Chart). While Russia's exports to India have risen close to three fold from US\$ 2.3 billion in 2005 to US\$ 6.2 billion in 2014, Russia's imports from India have risen almost four-fold from US\$ 784 million in 2005 to US\$ 3.1 billion in 2014. Russia generally maintains a trade surplus with India, which doubled from US\$ 1.5 billion in 2005 to US\$ 3.1 billion in 2014.

Russia's major exports to India comprise pearls and precious stones (17.8 per cent of Russia's total exports to India), machinery and instruments (11.3 per cent), electrical and electronic equipment (7.6 per cent), fertilizers (5.9 per cent), and optical, photo and technical apparatus (4.9 per cent).

For India, Russia was the third-largest global source for import of fertilizers; fourth-largest source for salt, sulphur, plaster and lime; sixth-largest source of paper and paperboard; ninth-largest source for pearls and precious stones, as well as rubber and articles; and tenth-largest source for iron and steel.

Pharmaceutical products dominate Russia's import basket from India, accounting for 21.2 per cent of Russia's global imports in 2014. India is an important source for Russia's imports of pharmaceuticals and was the fifth largest source of imports of the product during 2014. For India, Russia was the third largest export destination for pharmaceuticals, after USA and South Africa. Other major items in Russia's import basket from India include machinery and instruments; electrical, electronic equipment; articles of apparel; pearls and precious stones, and coffee and tea among others.

Potential for Enhancing Indo-Russian Trade Relations

India's ranking as Russia's export market has seen an improvement from 28th position in 2005 to 18th position in 2014. At the same time India's ranking in Russia's global imports has improved to 23rd position in 2014, from 26th position in 2005.

To further enhance bilateral trade relations, and in particular to address India's rising trade deficit with Russia, which has grown two-fold during the last decade, strategy to enhance bilateral trade relations would entail identification of potential items of India's exports to Russia, in line with India's global export capability, as also demand existing in Russia, as exhibited by the rising trend in

major import items of Russia. This in turn would also serve to enhance India's ranking as Russia's import partner.

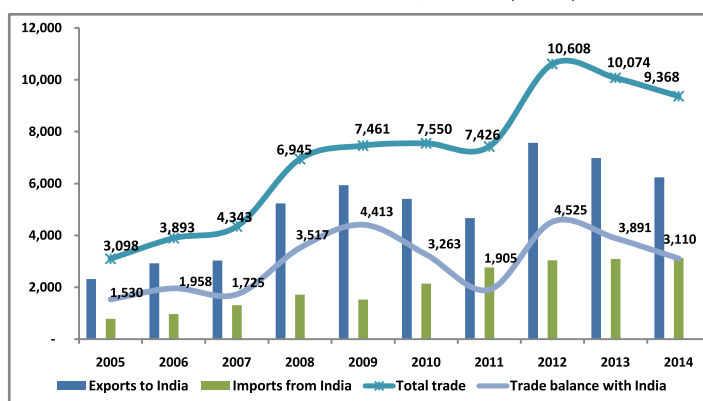
Such a strategy would entail, identification of major items in Russia's import basket, and share

of India in each product line (based on 2-digit HS Commodity) Code; and selection of potential export items based on low share of India in Russia's import basket of major commodities, keeping in view India's global export capabilities. This would entail identification of potential export items under each product category, upto 6 digit HS- commodity code.

Based on the above criterion, potential items of export to Russia, as per 2-digit HS commodity classification, would include:

- Machinery and instruments (HS-84)
- Electrical, electronic equipment (HS-85)
- Vehicles other than railway, tramway (HS-87)
- Pharmaceutical products (HS-30)
- Plastics and articles (HS-39)
- Optical, photo, technical apparatus (HS-90)
- Articles of iron or steel (HS-73)
- Iron and steel (HS-72)
- Meat and edible meat offal (HS-02)
- Edible fruits and nuts (HS-08)
- Furniture, lightings, signs (HS-94)
- Articles of apparel, accessories, not knit or crochet (HS-62)
- Articles of apparel, accessories, knit or crochet (HS-61)
- Footwear and gaiters (HS-64)
- Mineral fuels, oils, distillation products (HS-27)
- Miscellaneous chemical products (HS-38)
- Organic chemicals (HS-29)
- Fish, crustaceans, molluscs (HS-03)
- Aluminium and articles (HS-76)
- Residues, wastes of food industry

Chart: Trends in Russia's Trade with India, 2005-2014 (US\$ mn)



Source: Trade Map, ITC Geneva

Exim Bank's MAS Activities*July-September, 2015*

Exim Bank, through its Marketing Advisory Services (MAS), plays a promotional role to create and enhance export capabilities and international competitiveness of Indian companies by identifying opportunities in overseas and local platforms and seeks to help Indian exporting firms in their globalization efforts by proactively assisting in locating overseas distributor(s)/ buyer(s)/ partner(s) for their products and services. With an objective to conserve the cultures and promote traditional and unique arts and craft from Indian Handicraft & Handloom sector, Exim Bank also supports artisans and craftsmen by way of assisting in participation at various events and exhibitions where artisans are invited to display and sell their products.

In this regard, Exim Bank in association with National Institute of Design (NID) inaugurated a Design Intervention workshop in block printing & dyeing for the rural women of Anoothi at Achrol village, near Jaipur, Rajasthan during September 14-28, 2015.

Anoothi provides alternative careers in textiles to marginalised and rural women in village communities in Rajasthan. Anoothi is an all women's SHG which provides social and financial empowerment through design, craft, community-building and education. The SHG trains women artisans in making home accessories, gift items, home furnishing, garments, bags, jewellery, made with recycled fabric, handmade paper, old silk & cotton, wood, metal, ceramic, semi-precious stones and silver.

Over twenty women participants having basic skill sets were trained by young and enterprising designers from NID at the workshop. The objective of the workshop is to provide advance training on design intervention which will broaden participant's perspective and improve skills in block printing & dyeing. It is envisaged that these participants will be equipped to train fellow craftsman in their community. This activity will also set in motion the process of spreading skills and knowledge having multiplier impact over a period of time. The undergoing workshop will also improve the livelihood and economic status of participating rural women from the villages surrounding Jaipur.

The products with block printing designs got a modern touch during the training programme. The women participants having combined skills in dyeing, block printing, kantha embroidery and tailoring, are estimated to produce approximately 20-25 product prototypes ranging from ready made garments & textiles, and home, kitchen & bed furnishing items.

The Training Programme provided a significant platform to women weavers to learn new techniques of block printing and dyeing and gain knowledge and new innovative ideas of product development.

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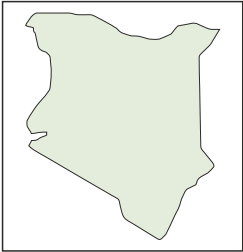
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Book Review**Amazing Africa- A Corporate Journey***by M. D. Ramesh and Ranveer Chauhan*

The book is an all encompassing journey of experiences in the African continent, which serves to satiate the curiosity of the uninitiated. In this insightful, but a little too disjointed guide to lives in the African continent, M.D. Ramesh and Ranveer Chauhan describe their association with the African continent. Being a part of the Olam International team, the two authors have several interesting stories from the continent, ranging from the difficulties in finding a vegetarian meal in North Ghana to playing international cricket and judging the Miss Ghana competition.

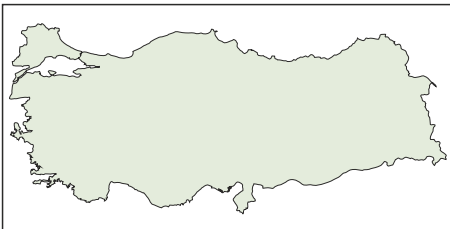
Based on their extensive experience in the continent, the authors have shared insights and interesting stories related to the business environment in the countries, the role of Contrôle Générale in their francophone operations, the processes critical for agri-commodity supply chain businesses operating in remote geographies, the challenges of recruiting in the region, and the famous hyperinflation of the Zimbabwean Economy.

The book is also peppered with narratives highlighting the differences between an Anglophone and a Franco phone country, with the authors' apparent bias towards the latter. It is also an essential reading for understanding the status of the social sectors such as health and education. The author remarks that death is an event that is regarded as less threatening in Africa than in other parts of the globe, and the grief in such events is seemingly brief. This speaks volumes of the state of life in rural Africa.

Kenya:

Kenya's economy grew by 5.3 per cent in 2014, compared to 5.7 per cent in the previous year. Agriculture, infrastructure,

financial services and ICT contributed to the growth, while manufacturing and tourism activities moderated. A stable macroeconomic environment, continued investment in infrastructure, improved business environment, exports and regional integration are expected to help sustain the growth momentum in 2015. However, development challenges include poverty and inequality, as well as vulnerability of the economy to internal and external shocks. Addressing challenges of poverty, inequality, governance, low investment and low firm productivity to achieve rapid, sustained growth rates are major goals for the country.

Turkey:

In 2014, Turkey's growth weakened to 2.9 per cent, as private consumption and investment moderated. Turkey has a large external financing requirement that is pushing down on the lira and is experiencing political paralysis following the election. Nevertheless, private consumption is expected to strengthen moderately from 1.4 per cent in 2014 to an average of 2.7 per cent in 2015, pushing up the economy's growth marginally. Turkey has set its goal of "Vision 2023", under which it aims to achieve a GDP of US\$ 2 trillion, as well as a per capita income of US\$ 25,000 by

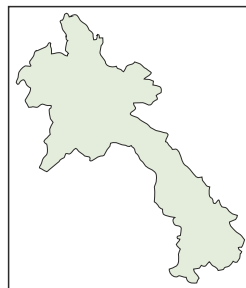
2023 and a reduction of unemployment to 5 per cent. Turkey's economy is forecast to grow by 3 per cent in both 2015 and 2016, as private consumption is forecast to pick up.

Venezuela:

A shrinking economy, runaway inflation and low oil prices are likely to propel the largest contraction in GDP in over a decade in 2015, which is forecast at (-) 7.4 per cent. A sharp drop in oil prices, which account for about 95 per cent of Venezuela's exports and half of public revenues, has significantly limited access to foreign currency and is aggravating inflation and creating huge goods shortages. Venezuela has resorted to sell its gold reserves in an effort to raise cash to pay US\$ 3.5 billion in bond payments and to fund import purchases. The dwindling of reserves raises questions as to how the country will be able to meet its debt obligations in the following years and continue financing its external imbalances.

Lao PDR:

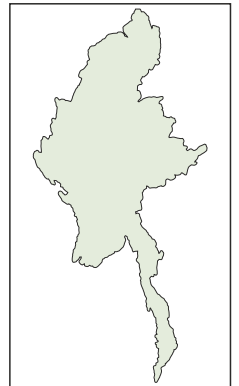
The economy of Lao PDR expanded at a robust pace, with growth of 7.5 per cent seen in 2014, stemming from domestic demand as well as pick up of activity in construction, forestry and services. While investment in the power sector is expected to remain strong, overall GDP growth is projected to slow to about 6.4 per cent in 2015 owing to a flat output in mining, the result of a



moratorium on new mines and the decline in global metal prices. According to the IMF, fiscal expansion, a sharp regional growth slowdown, and deteriorating terms-of-trade and capital inflows are the key risks facing the economy. In addition, the external position remains highly vulnerable, and international reserves do not offer adequate protection against external shocks.

Myanmar:

Myanmar's economy grew at 8.5 per cent in real terms in 2014-15 but growth is projected to moderate to 6.5 per cent in 2015-16 due to floods and slowing investments. Economic reforms



have supported consumer and investor confidence despite ongoing business environment and socio-political challenges. Rapidly rising demand for investment-related imports has widened the current account deficit. This together with the general strengthening of the US dollar has put pressure on Myanmar's exchange rate. Rapid growth in credit to the private sector has fueled monetary expansion. Medium-term economic growth prospects remain strong assuming continued progress on reforms. As the largest country in mainland Southeast Asia, Myanmar has one of the lowest population densities in the region, with fertile lands, significant untapped agricultural potential, and a rich endowment of natural resources. Its geographic location at the intersection of China and India makes it well positioned to resume its traditional role as a regional trading hub and a key supplier of minerals, natural gas, and agricultural produce.

Japanese Yen (JPY)

Markets widely expected that the Bank of Japan (BoJ) would announce fresh monetary policy easing through its recent meeting, but the central bank's policy board caused a stir as it voted 8-1 in favor of maintaining the current level of Quantitative Easing purchases. The news sparked an immediate Japanese Yen rally (USD/JPY decline).

Recent disappointments in National CPI inflation figures greatly increased the odds of fresh BoJ action, but it was made clear that the central bank would be far more circumspect in any decision to boost QE purchases through the foreseeable future. Kuroda and his fellow board members emphasized that sharp drops in energy prices overstated the risk of deflation. And most importantly, the risks of further action outweighed the potential benefit.

Thus inaction from BoJ and the US Federal Reserve leaves the USD/JPY at somewhat of an impasse. One key difference remains, however, the US central bank remains likely to raise interest rates, while the BoJ will continue its QE purchases. All else equal, this should support the USD/JPY and keep it above key support.

Any noteworthy disappointments in upcoming US economic data could nonetheless change things in a hurry. The US Federal Reserve made it clear that it could choose to raise interest rates at its December meeting and thereby boosted US Dollar versus most major counterparts. The USD/JPY rate on September 30, 2015 was 119.84.

British pound (GBP)

The British pound has come under renewed weakening pressure against the US dollar (USD) and the euro (EUR) on the back of global financial market turmoil and prospects of a later-than-expected interest rate hike by the Bank of England (BoE).

While the BoE's narrow monetary policy gap with the US Federal Reserve will likely shelter it from some of the broader USD strengthening risk, its less aggressive tightening schedule and ongoing external headwinds could continue to weigh on the GBP/USD over the medium term.

Looking further ahead, the market expects GBP/USD to consolidate to a stable trading range from a year-end rate of 1.51 in 2015 to 1.52 in 2016.

The pullbacks in the price of crude oil and the appreciation of the GBP in recent months have dampened the outlook for UK inflation. The market expects near-zero CPI inflation to persist until later this year before base effects propel the headline print up towards 1 per cent in early-2016. Thereafter, the path is likely to drift upwards very gradually to a year-end rate of 1.2 per cent year-on-year in 2016 and 1.8 per cent in 2017 as core inflation regains lost ground. This highlights the dilemma for the BoE and why it will hold off from hiking interest rates this year. However, in early-2016 this obstruction is expected to fade, allowing the BoE to embark on a gradual path of monetary policy normalization sometime in the first half of 2016. The GBP/USD rate on September 30, 2015 was 1.5127.

Swiss Franc (CHF)

The continued uptrend in Swiss foreign currency reserves underlines the ongoing market expectation that the Swiss National Bank (SNB) will continue intervening, as necessary, in the market. With the Manufacturing PMI having retreated back below the 50 threshold in September and annual retail sales growth remaining in negative territory, growth prospects have proven to be at least partially compromised by the strength in the currency. The increasing probability of additional liquidity injections by European Central Bank's (ECB) further complicates the picture for the SNB.

Indeed with domestic monetary policy continuing to be influenced by external factors, it seems increasingly likely that a further cut in the deposit rate will occur. SNB has stated that -0.75 per cent is not the extreme, hence would be wary of a move toward -1.25 per cent.

Presumptions of a modest upturn in global growth and a reduction in disinflationary commodity price influences may ease pressure on the SNB to consider easier policy, but potential ECB action continues to be a headwind in that respect. Expectations of stronger domestic growth will rely on Eurozone real final demand, which is more significant than pure currency valuations.

An uptick in euro area activity should boost domestic expectations and provide medium-term EUR CHF support.

The USD/CHF rate on September 30, 2015 was 0.9727.

Export-Import Bank of India (Exim Bank) has instituted an Annual Award, titled International Economic Research Annual (IERA) Award, since 1989 for research in International Economics, Trade & Development and Related Financing. The objective of this Award is to promote research in international economics, trade, development and related financing by Indian nationals at universities and academic institutions in India and abroad. The Award was instituted in commemoration of the birth centenary of India's First Prime Minister Pandit Jawaharlal Nehru, 1889-1989.

The Award process involves inviting entries from applicants who have undertaken research work leading to a doctorate in the above mentioned areas and selection of the Award winning entry by an independent Jury of high repute. Details of the Award are disseminated through advertisements in newspapers, magazines and journals in India and abroad and also through the internet. The details are also circulated to universities and research institutions in India and abroad.

The Award consists of prize money of Indian Rupees Three Hundred and Fifty Thousand (₹3.5 Lakhs) and a Citation.

Entries for the Award

Research work by Indian nationals in international economics, trade, development and related financing (either awarded a doctorate or accepted for award of doctorate) from a university or equivalent academic institution in India or abroad is a pre-requisite for eligibility of the Award. Credit would be given for originality and clarity of presentation. Issues of relevance to India/ Exim Bank such as those pertaining to foreign trade, foreign direct investments, joint ventures, international competitiveness, policies impacting

trade and investment, monetary and fiscal interventions would be of particular interest. The Award would be given to a person eligible to receive an award in Indian Rupees. Exim Bank accepts, as entries, theses which have been awarded a Doctorate or accepted for award of a Doctorate during the four calendar years preceding the year in which the prize is to be awarded and up to September 30 of the current calendar year in which the prize is to be awarded. Thesis can be submitted either in English or Hindi, and in the latter case must be accompanied by a version in English.

In the last 26 years (1989-2014), 34 theses have been awarded the IERA Award, of which 13 theses selected were for research undertaken in foreign universities.

Since its institution, the Award has been won by research scholars for high quality research. The Award winning theses include research in diverse areas such as foreign direct investment, exchange rate regimes, external debt of developing countries, international technology transfer, international joint ventures, foreign trade regimes and strategic trade policy. The Award winning doctoral theses covered a wide spectrum of research relating to international economics, trade & development and related financing.

Some of the past winners are Dr. Nagesh Kumar, Dr. Tarun Kabiraj, Dr. A. Prasad, Dr. Rajat Acharyya, Dr. Aditya Bhattacharjea, Dr. Avadhoot Nadkarni, Dr. Poonam Gupta, Dr. Sajjid Chinoy, Dr. Praveen Kumar, Dr. Deb Kusum Das, Dr. Rashmi Banga, Dr. Prachi Mishra and Dr. Debasis Mondal. The recognition that the award has gained over time among academia is evident from the fact that some of the past winners of the Award include today's prominent economists, research scholars, and academicians.

Result of the IERA Award for 2014

EXIM Bank's IERA 2014 was announced by Shri Yaduvendra Mathur, Chairman and Managing Director, EXIM Bank, at an award function held on July 27, 2015, in New Delhi. Dr. V. Kalyan Shankar was declared the winner of Exim Bank's IERA Award 2014 for his doctoral thesis titled "Analysis of Inter-Country Value Addition Chains in the Trade of Select Manufacture Commodities among Select South East Asian Economies". The Award consisting of ₹3.5 lakhs and a citation were handed over by the Chief Guest, Dr. Arvind Subramanian, Chief Economic Adviser to the Government of India, who also released EXIM Bank's Occasional Paper based on Dr. Kalyan Shankar's Award winning thesis.

Mr. Mathur highlighted that IERA, instituted in 1989, currently in its 27th year, is given to Indian nationals for their outstanding Doctoral dissertations in the area of international economics, trade, development and related financing from Indian or foreign universities. Commenting on the Award winning thesis, Mr. Mathur noted that the research study addresses the interesting dynamics of value addition chains in trade of manufactured products in South East Asian region.

Dr. Kalyan Shankar received his Doctoral degree in 2011 from the University of Pune. The thesis was written under the supervision of Dr. Rohini Sahni. He is currently working as an ICSSR Postdoctoral Fellow, in the Department of Economics, University of Pune.

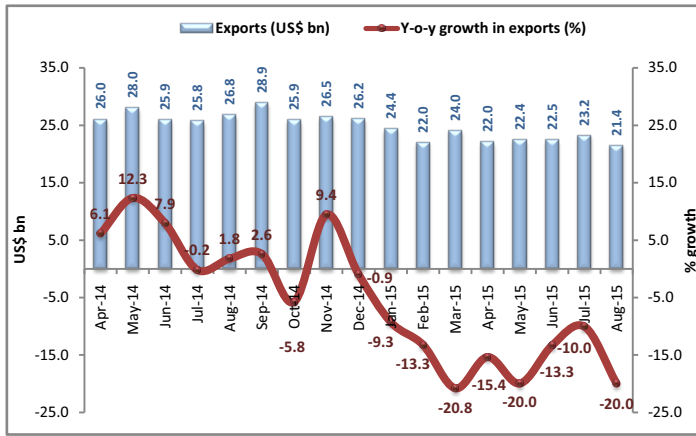
EXIM Bank IERA represents the Bank's ongoing efforts at promoting research and analysis in the area of international economics, trade and development and related financing. The Bank has opened entries for the 2015 edition of the Award. The last date for submission of applications is September 30, 2015.

INDICATORS	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
GDP (at current prices, US\$ bn)	1708.5	1843.2	1835.8	1875.9	2050.6	2187.7 ^f
GDP Per capita (US\$)	1411.7	1498.5	1468.4	1476.4	1587.9 ^e	-
Real GDP Growth (%)	8.9	6.7	5.1**	6.9**	7.4 ^{p**}	7.6 ^e
Agriculture & allied activities	8.6	5	-0.2**	3.7**	0.2 ^{p**}	1.9 (Apr-Jun) ^{p**}
Industry	7.6	7.8	2.9**	4.5**	6.1 ^{p**}	6.5 (Apr-Jun) ^{p**}
Services	9.7	6.6	8.7**	9.1**	10.2 ^{p**}	8.9 (Apr-Jun) ^{p**}
Sectoral Share in GDP (%)						
Agriculture & allied activities	14.6	18.9**	17.7**	17.2**	16.1 ^{p**}	14.2 (Apr-Jun) ^{p**}
Industry	27.9	32.9**	32.3**	31.7**	31.4 ^{p**}	32.1 (Apr-Jun) ^{p**}
Services	57.5	48.2**	50.0**	51.1**	52.5 ^{p**}	53.7 (Apr-Jun) ^{p**}
Population (mn)	1210.2	1230	1250.2	1270.6	1291.4 ^e	-
Inflation rate (CPI, annual avg. %)	10.8	10.3	10.2	9.5	6.4	3.66 (Aug, '15)
Inflation rate (WPI, annual avg. %)	9.6	8.9	7.4	6	2	-4.95 (Aug '15)
Gross Fiscal Deficit (% of GDP)	4.8	5.8	4.9	4.4	4.1 ^e	3.9 ^e
Exchange Rate (₹/US\$, avg.)	45.6	47.9	54.4	60.5	61.1	66.08 (Sep 28, '15)
Exchange Rate (₹/Euro, avg.)	60.2	65.9	70.1	81.2	77.5	73.81 (Sep 28, '15)
Exports (US\$ bn)	249.8	306	300.4	314.4	309.6	111.6 (Apr-Aug'15)
% change	39.8	22.5	-1.8	4.7	-1.5	-15.8 [^]
Oil Exports (US\$ bn)	36.4	56.7	60.9	63.2	56.7	14.4 (Apr-Aug'15)
% change	29	55.9	7.3	3.8	-10.2	-47.7 [^]
Non-oil Exports (US\$ bn)	213.4	249.2	239.5	251.2	252.8	97.2 (Apr-Aug'15)
% change	41.8	16.8	-3.9	4.9	0.6	-7.4 [^]
Imports (US\$ bn)	369.8	489.3	490.7	450.2	447.5	168.8 (Apr-Aug'15)
% change	28.2	32.3	0.3	-8.3	-0.6	-11.5 [^]
Oil Imports (US\$ bn)	106	155	164	164.8	138.3	41.5 (Apr-Aug'15)
% change	21.6	46.2	5.9	0.4	-16	-38.8 [^]
Non-oil Imports (US\$ bn)	263.8	334.3	326.7	285.4	309.3	127.3 (Apr-Aug'15)
% change	31.1	26.7	-2.3	-12.6	8.4	3.5 [^]
Trade Balance (US\$ bn)	-120	-183.3	-190.3	-135.8	-138	-57.2 (Apr-Aug'15)
Services Exports (US\$ bn)**	124.6	140.9	145.7	151.5	155.4	51.1 (Apr-Jul '15)
Software Exports (US\$ bn)***	53.1	62.2	65.9	69.4	73.1	18.3 (Apr-Jun '15)
Services Imports (US\$ bn)**	80.6	76.9	80.8	78.5	79.8	28.6 (Apr-Jul '15)
Services Balance (US\$ bn)***	44	64	64.9	73	75.6	22.5 (Apr-Jul '15)
Current Account Balance (US\$ bn)	-47.9	-78.2	-87.8	-32.4	-27.5	-6.2 (Apr-Jun '15)
CAB as percentage of GDP (%)	-2.8	-4.2	-4.8	-1.7	-1.3	-1.2 (Apr-Jun '15)
Forex Reserves (US\$ bn)	304.8	294.4	292	304.2	341.6	352.0 (Sep 18, '15)
External Debt (US\$ bn)	317.9	360.8	409.4	446.3	474.4	-
External Debt to GDP Ratio (%)	18.2	20.9	22.3	23.6	23.7	-
Short Term Debt (US\$ bn)	65	78.2	96.7	91.7	84.7	-
Short Term Debt / Total Debt (%)	20.4	21.7	23.6	20.5	17.9	-
Total Debt Service Ratio (%)	4.4	6	5.9	5.9	7.5	-
FDI (US\$ bn)	36	46.6	34.3	36	44.3	15.3 (Apr-Jul '15)
GDRs/ADRs (US\$ bn)	2	0.6	0.2	0.02	-	1.5 (Apr-Jul '15)
FII (net) (US\$ bn)	29.4	16.8	27.6	5	40.9	-2.3 (Apr-Jul '15)
FDI Outflows (US\$ bn)	17.2	10.9	7.1	9.2	1.7	0.8 (Apr-Jul '15)
Memo Items:	2011	2012	2013	2014	2015^f	2016^f
Global GDP (% change)	4.1	3.4	3.4	3.4	3.3	3.8
Advanced Economies	1.7	1.2	1.4	1.8	2.1	2.4
Emerging and Developing Economies	6.2	5.2	5	4.6	4.2	4.7
World Merch. Trade (Vol., % change)	6.9	2.5	3.1	3	3.5	4.7
World Merch. Exports (US\$ trn)	18	18.2	18.6	18.8	17.3	18.4
Growth in Value of World Merch. Exports (%)	20	1	2.3	1	-8.1	6.5

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

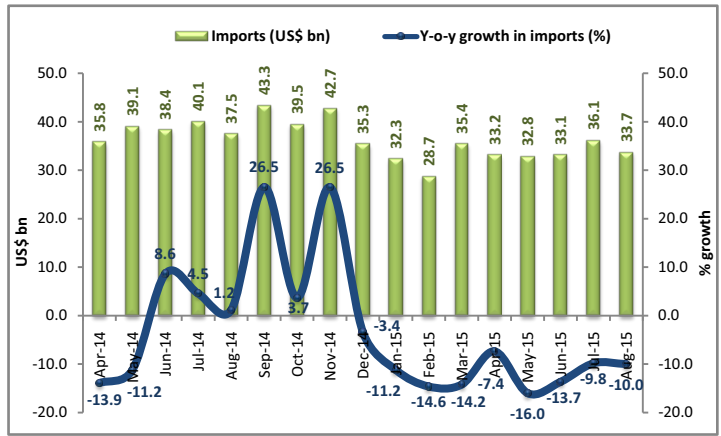
Note: e - GOI's estimates; p - GOI's advance estimates; f - IIF Forecasts; - Not Available; * - Budget 2015-16 estimates real GDP growth to be in the range of 8 to 8.5 per cent in 2015-16; ** - Data as per the revised base year 2011-12; *** - Data from 2009-10 onwards is given by RBI as per new format of standard presentation of BoP statistics based on guidelines set out in IMF Balance of Payment Manual; @ - IIF Estimates; ^-% change is over corresponding period of the previous year.

Chart 1: India's Monthly Exports (value and growth)



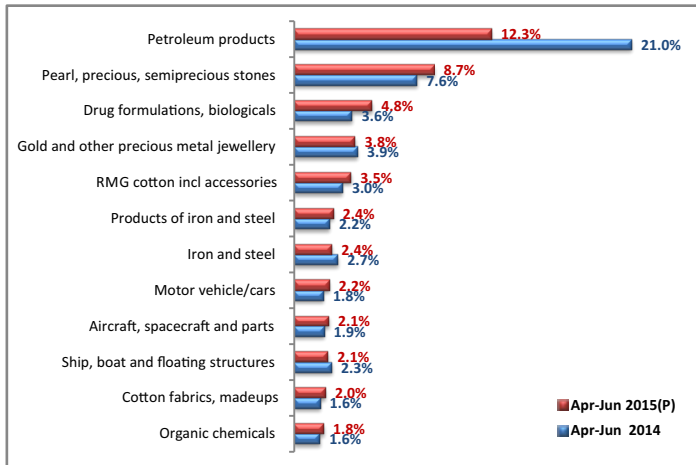
Source: MOCI

Chart 2: India's Monthly Imports (value and growth)



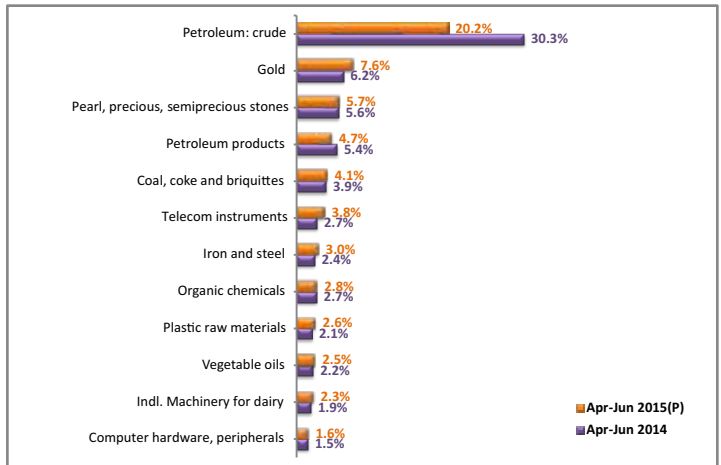
Source: MOCI

Chart 3: India's Export Composition in 2015-16 (Apr-Jun)



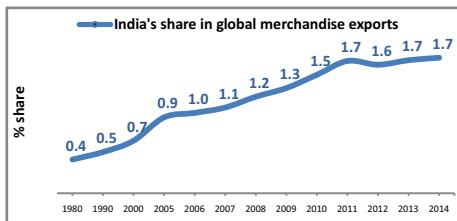
Source: MOCI

Chart 4: India's Import Composition in 2015-16 (Apr-Jun)



Source: MOCI

Chart 5: India's Share in World Merchandise Exports

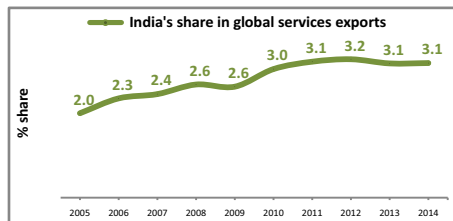


Notes:

- 1) China emerged as the leading global exporter in 2009, replacing Germany.
- 2) India is the 19th largest global exporter in 2014, up from 20th position in 2013, 26th position in 2007, and 32nd position in 2000.

Source: WTO (Accessed on September 30, 2015)

Chart 6: India's Share in World Service Exports



Notes:

- 1) India is the 8th largest global service exporter in 2014, up from 9th position in 2009 and 11th position in 2005.

Source: WTO (Accessed on September 30, 2015)

The news items and information published herein have been collected from various sources, which are considered to be reliable. While every care has been taken for authenticity of the material published, Exim Bank accepts no responsibility for authenticity or accuracy of such items.

Note : Indian Rupees are referred in
 core and lakh
 1 crore : 10 million
 1 lakh : 100 thousand

Export-Import Bank of India

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Trade and Partnership Opportunities

Trade Opportunities

Hand-Woven Garment

An independent all Women's cooperative employing around 1500 women weavers & artisans from over 32 villages in the hilly area of Almora in Uttarakhand. The co-operative is engaged in producing hand woven and knitted products from ancient handloom & craft traditions from the Himalayas.



Ice Making Machine

Manufacturer / exporter of slurry ice machine, block ice making machine and tube ice plants for installation at various industries such as hospitality, seafood processing, chemical & dye manufacturing.



Water Pumps & Motor

An ISO 9001:2008 certified company and star export house manufacturing and exporting wide range of submersible stainless steel pumps and motors. The company offers best water-based & pumping solutions in multiple applications.



Polypropylene Mat

Manufacturer exporter of customized floor mats for specific application designed by cutting edge technology. These mats incorporate latest trends and technologies of the market and are 100 per cent washable and easy to maintain.



Rubber Moulded Component

Leading manufacturer of custom made rubber moulded components and parts having application in the automotive industry.



Metering Solution

An ISO 9001 : 14001 certified company engaged in diverse business verticals offering highly innovative & sustainable solutions to the power sector. These vertical are; metering solution, power back-up & solar solution and engineering construction & turnkey contracts.



Partnership Opportunities

Investment Opportunities

- (I) Mozambique based company seeking for Indian companies interested in considering partnership for EPC, technology supplier and/or potential equity investor for construction of industrial fertilizer plant for producing raw material such as nitric acid, and fertilizers such as ammonium nitrate, NPK and DAP.
- (II) Myanmar based company seeking Indian joint venture partner for setting-up manufacturing facility to produce sulphuric acid in Myanmar.

Export Opportunities

- (I) Egyptian importer seeking Pre-Painted Galvanized Steel Coil in cut-to-size form from India.
- (II) A US based e-commerce giant interested in sourcing hand-woven loom made home furnishing products from Karur, Tamil Nadu.
- (III) Fresh produce such as onion & potato requirement from a supermarket retailer based in Russia.

Interested parties may like to reach out to Marketing Advisory Services Group on contact details mentioned as under.

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