

EXIMIUS: EXPORT ADVANTAGE

In this Issue

- India-Africa Healthcare: Prospects and Opportunities
- Sports Goods Industry
- Essays in International Trade in the Post Liberalization India
- Promoting Exports from Uttar Pradesh
- India-Japan Partnership: Trade and Beyond

A Quarterly Publication by:



Centre One Building, Floor 21,
World Trade Centre Complex,
Cuffe Parade, Mumbai - 400 005.
Tel.: 022 2217 2600
Email: ccg@eximbankindia.in
www.eximbankindia.in
www.eximmitra.in

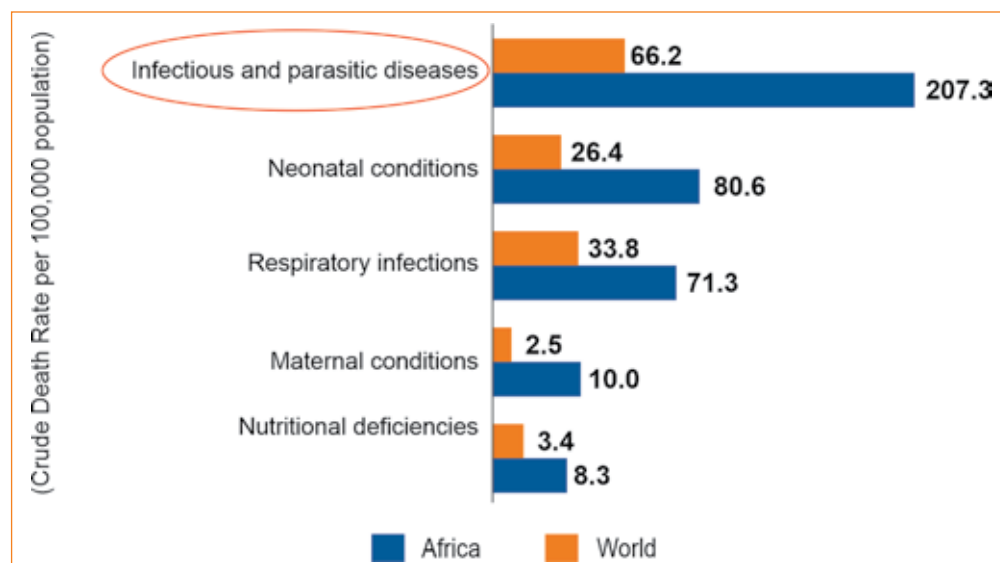


India-Africa Healthcare: Prospects and Opportunities

Status of Healthcare in Africa

The COVID-19 pandemic has impressed upon the need to revisit social progress of the countries, making the SDG-3 “Ensure healthy lives and promote well-being at all ages” pertinent. African economies have made considerable headway in improving the health outcomes of their populations, despite the challenges of food insecurity, epidemic diseases, and poverty. However, Africa’s healthcare development remains uneven as reflected in the Universal Health Coverage Service Coverage Index (UHC SCI) with seven countries in Africa having UHC SCI higher than the global average of 66 via-a-vis the African average of 46 in 2017. According to the WHO, Africa accounted for less than 1% of global health spending of US\$ 8.3 trillion in 2018 despite bearing 26% of the global disease burden, indicating the need for a multisectoral approach for improving the region’s access to equitable healthcare. The

Major Causes of Death in Africa by Communicable, Maternal, Neonatal, and Nutritional Conditions



Note: African Region as defined by the WHO consists of 47 countries

Source: Global Health Estimates 2019, WHO; and India Exim Bank Analysis

UNECA estimates Africa's healthcare financing gap at US\$ 66 billion per annum. However, the quantum of resources required to meet the SDG 3 targets for Africa by 2030 may range between US\$ 108 million to US\$ 143 billion, varying with respect to the development level of the countries. Death due to communicable diseases, maternal conditions and nutritional conditions in Sub-Saharan Africa remains three times the global average in 2019. On the other hand, the North African countries and especially countries with higher per capita income show higher incidence of non-communicable diseases.

However, the number of deaths due to non-communicable diseases is expected to surpass the communicable diseases by 2030 (WHO). By 2050, Africa's population is expected to double up to 2.5 billion with 60% of its population living in the cities. Thus, the demographic and urban transition in combination with an epidemiologic transition may lead to poor health outcomes in absence of quality healthcare infrastructure. Increasing investments in healthcare infrastructure therefore could build resilience in the long term and help Africa to achieve sustainable growth and its aspirations for Agenda 2063.

The 2019 Global Health Security Index shows that 33 out of 54 ranked African countries are rated as least prepared to deal with epidemic threats that have international implications. Further, a study by the Lancet indicates around 42 million people or roughly 3.1% of Africa's population, remains at high risk or susceptible to hospitalisation if infected by COVID-19. The fatality resulting from any future health shock could be much higher, particularly with high prevalence of communicable diseases like HIV/AIDS, TB, and rising incidence of NCDs.

While governments in the African region may be constrained by limited fiscal space, investments by the private sector will be an important source to fill this gap. Accordingly, private sector investments could complement the existing government spending, through a mix of measures including government participation, public-private partnership (PPP), joint ventures (JV), and foreign direct investments (FDI).

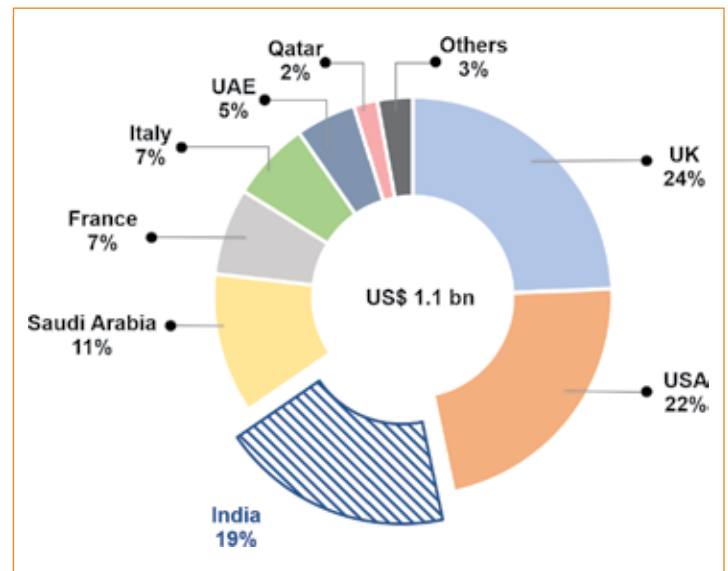
India-Africa Cooperation in Healthcare

Healthcare has remained an important pillar of India's development cooperation with Africa as it is a critical component for the development of human capital and socio-economic growth. India has long been engaging with

several African nations to help alleviate several infectious diseases by making generic medicines and vaccines available at low costs through initiatives like Dollar a Day treatment for HIV and Open-Source Drug Discovery for TB. During January - March 2021, 24.4 million India-made COVID-19 vaccines were supplied to Africa (37.8% of the total vaccines supplied to the world during the same period) under various arrangements including commercial exports, the COVAX initiative and also in the form of grant. In fact, India was the largest exporter of pharma products to Africa with its exports more than doubled from US\$ 1.3 billion in 2010 to US\$ 3.2 billion in 2019. Africa imported US\$ 17 billion of pharmaceutical products in 2019, reflecting the huge demand and scope for ramping up domestic production.

On an average, more than 50,000 African tourists visit India every year on a medical visa reflecting the demand for India's affordable and quality healthcare. India has been the 3rd largest investor in Africa's healthcare sector during the period 2010 to 2019 after UK and USA, accounting for a share of 19%.

Major Countries Investing in Healthcare in Africa



Note: Total FDI flows to healthcare sector in Africa stood at US\$ 1.1 billion during January 2010 to December 2019; FDI Markets tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as company can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets online database and India Exim Bank analysis (accessed on December 3, 2020)

In order to further strengthen this partnership, India Exim Bank study suggests setting up a US\$ 100 million fund for financing building of tertiary hospitals across Africa with a capacity of one hundred beds to address the existing deficit in health infrastructure and provide access to patients without having to bear additional travel costs. Indian hospital majors, who have gained significant experience in running hospitals under the PPP framework, could be ideal partners for Africa's healthcare infrastructure needs. Twinning India's expertise in the construction and administration of hospitals could be a focused, win-win approach for the Africa-India bilateral relations.

The India Exim Bank study also suggests developing pharmaceutical value chain in collaboration with the African countries and establishing regional pharmaceutical or vaccine manufacturing plants and joint facilities for R&D and cold storage facilities under PPP model. This would contribute to building resilient supply chains and complement the growing network of healthcare facilities across Africa.

The other areas of cooperation suggested by the Study include strengthening hospital management and IT infrastructure,

digitalisation of healthcare, facilitating medical tourism and wellness centres in Africa, developing medical equipment value chain, joint R&D initiatives, providing medical training and capacity building, fostering healthcare innovation, among others.

Business opportunities in the healthcare and wellness sector in Africa are estimated to be worth US\$ 259 billion by the year 2030. The AfCFTA will potentially integrate the African continent of 1.3 billion people presently and 2.5 billion people by 2050, thereby creating scope for tapping the expanding market. Indian hospitals and companies in the healthcare, pharmaceuticals and related fields may therefore collaborate in this initiative of building a resilient Africa, thus, giving the India-Africa Partnership a new dimension. The COVID-19 has emerged as a window of opportunity for enhanced India-Africa cooperation in healthcare. India's medical diplomacy with Africa, therefore, fits with the "Agenda 2063" and Sustainable Development Goals of Africa, and therefore going to be a critical pillar for India Africa relations going forward.

Release of India Exim Bank's Publication during the 16th CII-EXIM Digital Conclave

Export-Import Bank of India (India Exim Bank) and the Confederation of Indian Industries (CII), in collaboration with Ministry of External Affairs and the Ministry of Commerce and Industry, Government of India, had organized the 16th edition of the CII-Exim Bank Digital Conclave on India-Africa Project Partnership during July 13-15, 2021. The Conclave was held on a virtual platform for the second consecutive year on account of the COVID-19 pandemic. 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 also facilitated the enhancement of Indian project exports to African markets. The growing India-Africa economic exchanges bear testimony to the noticeable benefits that had accrued from the high-profile engagements at the Conclaves. The Conclave has seen the participation of eminent dignitaries from across Africa and India, who have actively built bridges to strengthen the partnership between the two regions. The 16th Conclave was inaugurated by the Hon'ble Minister of External Affairs, Dr. S Jaishankar. The Guests of Honour for the Conclave were H.E. Mr. Slumber Tsogwane, Vice President, Republic of Botswana, H.E. Dr. C. G. D N Chiwenga, Vice President and Minister of Health and Child Care, Republic of Zimbabwe, H.E. Mr. Alan Kyerematen, Minister of Trade and Industry, Republic of Ghana. During the inaugural session – "Setting new milestones for India-Africa partnership", four areas were highlighted for enhancing further cooperation between the two regions were – 1. Public health 2. Digital delivery 3. Skills development and Capacity building and 4. Green Economy. India Exim Bank's study titled "India-Africa Healthcare : Prospects and Opportunities" was released in the presence of Dr. S Jaishankar, Hon'ble Minister of External Affairs, Government of India, H.E. Mr. Slumber Tsogwane, Vice President, Republic of Botswana, H.E. Dr. C. G. D N Chiwenga, Vice President and Minister of Health and Child Care, Republic of Zimbabwe, H.E. Mr. Alan Kyerematen, Minister of Trade and Industry, Republic of Ghana, and Ms. Harsha Bangari, Deputy Managing Director, India Exim Bank, along with senior corporate executives. ■

Sports Goods Industry

The Indian sports goods industry is one of the largest manufacturers in Asia, after China and Japan. In the recent years, Indian companies have also succeeded in supplying sports goods to international sports events such as the Asian Games 2018. According to a recent study by India Exim Bank titled 'Indian Sports Goods Industry: Strategies for Tapping the Export Potential', India currently manufactures more than 300 types of sports goods. Over the recent years, production of sports goods in India has witnessed a healthy growth, registering a CAGR of 4.5% during 2014-15 to 2018-19. The value of production of sports goods was estimated at ₹ 2,380.7 crore in 2018-19. However, the production is highly concentrated, with two clusters viz. Meerut and Jalandhar jointly producing nearly two-third of the total sports goods in the country.

The industry is labour intensive and export oriented, with nearly 60% of the output being exported. Exports of sports goods from the country have increased from US\$ 166.1 million in 2010-11 to US\$ 278.9 million in 2019-20, registering a robust CAGR of 5.9% during this period. However, the value of exports is low, and the sector accounted for only 0.09% of India's merchandise exports during 2019-20. The value of exports is also low when compared to the global market size; India was the 24th largest exporter of sports goods in the world in 2019, accounting for a meagre share of 0.56% in the global exports of sports goods during the year. Meanwhile, India's imports of sports goods have increased more rapidly, registering a CAGR of 6.5% between 2010-11 and 2019-20. Consequently, India's trade surplus has declined from US\$ 9.8 million in 2010-11 to US\$ 2.8 million in 2019-20.

Analysis in the Study highlights that the sports goods industry in India lags behind its peers in the international arena. Several of India's Asian peers such as China, Vietnam, Thailand and Pakistan have outshined India in the global market over the recent years, as India's competitiveness in exports of sports goods is low, and the country has also lost market share in several traditional areas of competence.

India's lost ground in football exports is a case in point. According to India Exim Bank's analysis, football was the 2nd largest sports good exported from India in 2010-11, with a share of 12% in India's total exports of sports goods during

the year. However, the share of football in India's exports of sports goods plummeted steeply to 3.7% in 2019-20, after witnessing a CAGR of (-) 7.1% during the period from 2010-11 to 2019-20. Concomitantly, India's share in global exports of inflatable balls declined from 2.4% in 2010 to 1.5% in 2019.

The decline in Indian football exports is primarily due to rising global demand for machine-stitched footballs, while India's football production largely remains handstitched. Analysis by India Exim Bank indicates that while the global market for handstitched footballs stands at around 45-50 million units per year, the mechanized varieties sell at least twice as many. Consequently, countries like Pakistan and Vietnam, that have successfully transitioned into mechanized production of football have emerged as key competitors for India in the export market in the recent years. Pakistan has in fact emerged as a top supplier to major football events, including FIFA events and Olympics. The Adidas Albert of the Olympics 2012 and Adidas Telstar 18 of the FIFA World Cup 2018 were both sourced from Pakistan.

For India to regain the lost market share across sports goods, mechanization of the production process would be critical. This would, however, require substantial investment in machinery. As most firms in sports goods clusters are MSMEs with limited capacity for such investments, the Government may consider providing capital subsidy to companies for promoting mechanisation. State-of-the-art common infrastructure facilities also need to be developed in more sports goods clusters across the country.

Alongside mechanisation, the standardization and certification of sports goods in India would also be critical. Sports goods exporters need to conform with various standards before exporting to the developed markets. However, obtaining these certifications entail huge costs, which are often prohibitive for the MSMEs operating in the industry. To improve market access for sports goods exports, the Government of India could consider providing a refund of expenses incurred on obtaining standards and certifications, to the extent of 50% of expenses incurred by exporters, subject to a ceiling per exporting unit. This will reduce the financial burden and improve competitiveness of sports goods exports.

A granular analysis of India's exports of sports goods also indicates significant product and market concentration in India's exports of sports goods, necessitating an appropriate product and market diversification strategy. Based on India Exim Bank's analysis, the category of 'tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls)' has been identified as 'Product Champion', as India's exports under this category are competitive and the global import demand for this product category is also growing. In the short to medium term, India can focus on leveraging the opportunities arising in this category, as products under this category would be low hanging fruits. Besides, six categories, namely 'athletics and gymnasium equipment'; 'festive articles'; 'articles and equipment for table tennis, tennis, badminton and similar rackets'; 'fishing equipment'; 'ski and skating equipment' and 'water sports equipment', are identified as 'Underachievers'. These are products with robust import demand during 2010-2019, but India's exports of these products are currently not competitive. In the medium to long term, there is a need to build domestic capacities for production in the 'Underachievers' segments, as also a need to focus on attracting export orders and investments from the top sports goods sourcing companies in these categories.

Furthermore, from the point of view of market diversification of exports, targeting the top importing markets in each of the identified product categories would be important for enhancing India's market share in the world. Besides, several developing economies with high demand for sports goods could also be targeted. For instance, countries like Brazil, Mexico, South Africa, Chile, Columbia, Argentina, Nigeria, Peru and Ecuador have significant demand for sports goods. These markets could be targeted by Indian exporters for diversification of export destinations for sports goods.

Sports goods sector has been a shining beacon of growth for India's exports in the recent period. As per estimates by India Exim Bank, there remains an untapped export potential of US\$ 227.4 million in the sports goods industry. If realized, it could help exports from the sector reach the US\$ 500 million mark. Given India's significant untapped potential in the sector and the Government of India's overall focus on building a self-reliant manufacturing in the country, the time is ripe for India to push for appropriate reforms to address the challenges in the sports goods sector, enhance domestic capabilities and improve export competitiveness.

Release of India Exim Bank's Study by Hon'ble Union Minister of Finance and Corporate Affairs



The Study titled 'Indian Sports Goods Industry: Strategies for Tapping the Export Potential' was released by Ms. Nirmala Sitharaman, Hon'ble Union Minister of Finance and Corporate Affairs, during a seminar jointly organized by India Exim Bank and the Small Industries Development Bank of India (SIDBI) for the launch of the Ubharte Sitaare Fund on August 21, 2021, at Lucknow. The seminar had speakers from the Ministry of Finance, India Exim Bank, SIDBI and entrepreneurs from the MSME sector. The seminar was attended virtually and physically by more than 500 participants from the Indian business community. ■

Essays in International Trade in the Post Liberalization India

Export-Import Bank of India (India Exim Bank) instituted the BRICS Economic Research Annual Award in 2016. The objective of the Award is to promote advanced doctoral research in international economics, trade, development and related financing, by nationals of any of the five member nations of BRICS, from any University/ educational institution globally. This Study is based on the doctoral dissertation titled "Essays in International Trade in the Post Liberalization India" selected as the award-winning entry for the India Exim Bank BRICS Economic Research Annual Award (BRICS Award) 2021, written by Dr. Rahul Singh, currently Assistant Professor at the Amrut Mody School of Management, Ahmedabad University, Gujarat. Dr. Singh received his doctoral degree in 2020 from the Indian Institute of Management, Bangalore.

The post liberalization period in India saw some major changes in international trade. The focus of trade negotiations shifted from tariffs towards non-tariff measures (NTMs) which emerged as the main barriers to trade. This period also saw China become the world's largest exporter in 2009 and a drastic increase in its share in India's manufacturing imports from 5% in 2000 to 18% in 2010. Against this backdrop, it is natural to ask how these changes impacted the Indian economy. Are there consequences for firms in India if India introduces a NTM that reduces imports? How large are the competitive effects of the sudden rise in Chinese import competition? What are the labour market effects of Chinese import competition?

Technical Barriers to Trade and Firm Performance in Maintaining Country

Since the early 2000s, there has been a substantial increase in the incidence of Technical Barriers to Trade (TBTs) maintained by India. While the proximate reasons for TBTs relate to addressing public policy objectives like health, consumer protection and the environment, countries can also use these regulatory measures to give unfair advantage to domestic firms.

This study examines the effect of restrictive TBT measures on the performance of manufacturing firms in India. This issue is pertinent to research in the Indian context given the significant unilateral trade liberalization undertaken by the country in the early 1990s followed by the growing use of TBTs since the early 2000s. These liberalization measures

resulted in greater import competition in the Indian market and enabled Indian manufacturing firms to gain access to previously unavailable foreign intermediate inputs, thus helping to remove their pre-liberalization constraints on production technology.

The effect of restrictive TBTs introduced by India on its manufacturing firms are examined by focusing on a specific channel, i.e., their effect on access to imported intermediate inputs and the consequent effects on the efficiency and profitability of domestic firms which are the end users of these inputs. The underlying rationale for investigating this channel is that TBTs have a negative effect on imports into the maintaining country as they are associated with increased variable costs (e.g. labeling requirements) or fixed costs (e.g. new production process) of production. Hence, by reducing access to imported inputs that potentially embody better technology and decreasing input varieties available to firms, TBTs are likely to affect firm-level performance in the country maintaining these regulatory measures.

The findings in this analysis suggest that TBTs have a negative impact on the performance of domestic firms driven by the reduced access to imported inputs for importers. Importers experience a reduction in their efficiency as well as profitability in response to introduction of TBTs on inputs. Further, it is found that the effects are more pronounced for importers who export and are in contract intensive industries. These findings highlight that maintaining TBTs may be costly, especially if they hinder access to imported inputs for importers.

The Rise of China

China experienced rapid productivity growth in its manufacturing sector in the 1990s and 2000s leading to substantial rise in Chinese import share in most countries. This increase in productivity was driven by internal reforms like rural-urban migration, Special Economic Zones, and technology transfer through FDI. China's accession to the WTO in 2001 further accelerated the increase in Chinese exports. Increased imports from China can benefit consumers by lowering prices in the domestic market. Import competition can lead to lower prices charged by domestic firms through two distinct channels. First, import competition can induce firms to seek efficiency improvements and lead to decrease in marginal costs. Under incomplete passthrough of costs to prices, a part of the cost

savings feeds into lower prices. Second, firms with market power may be forced to lower markups and hence prices. Thus, while both channels lead to reduced output prices, the extent of reduction in prices depends crucially on the rate of passthrough of costs to prices. Further, Indian firms may benefit from increased access to imported inputs from China which would lead to reduction in marginal costs. Again, the rate of passthrough is crucial in determining the extent of price reduction.

Identifying the effect of import competition on marginal costs separately from markups is important as each channel affects overall welfare and its distribution between producers and consumers differently. The direct reduction in markups due to increased competition leads to reduced prices and increases consumer surplus at the expense of producer surplus. The reduction in marginal costs from import competition will lead to increase in markups unless the passthrough of costs to prices is complete. If passthrough is low, the cost savings will lead to increase in markup of firms with only modest increase in consumer surplus due to lower prices. To isolate the direct effect on markups from increased competition, it is required to control for the effect of import competition on marginal costs, which in turn requires us to observe firm-product level prices.

It is found that increase in Chinese imports leads to: (1) increase in physical efficiency; (2) decrease in marginal costs; (3) increase in markup; (4) only moderate decrease in prices; (5) increase in R&D expenditure and capital intensity; and (6) insignificant effect on product scope. Evidence of incomplete passthrough of cost savings to prices, both cross-sectionally and over time is found. The increase in markups from cost savings, both due to import competition and access to imported inputs, dominates the direct reduction in markups of firms from increased competition. The study finds considerable heterogeneity in firm responses based on firm characteristics. First, it is found that firms with initially low marginal costs differentially reduce marginal costs, increase markups and product scope compared to firms with initially high marginal costs. Second, business groups and foreign owned firms have very low passthrough leading to large increase in markups while other private firms pass on most of their cost savings to prices with no significant increase in markups.

The findings suggest that the primary beneficiaries of increased imports from China were producers who experienced a large reduction in marginal costs and an increase in markup, with only a modest decrease in prices. These results suggest that Chinese import competition forced firms to increase efficiency and reduce marginal costs.

Further, access to Chinese imported inputs led to large gains for formal firms as it substantially reduced their marginal costs and increased their markup.

Chinese Import Competition and Contract Labour

There has been a structural shift in the composition of manufacturing employment in India since the 1990s, with firms drastically increasing the share of workers employed on contract in their workforce.

This study hypothesizes that Chinese import competition increases contract employment through a within firm (cost saving) and a between firm (composition) channel. In the within firm channel, Chinese import competition leads all firms to seek short term cost savings and they increase contract share in employment because contract workers are cheaper. In addition, high productivity firms facing stronger unions differentially increase their contract share in employment to counter the bargaining power of regular workers in response to Chinese import competition. It is expected that this effect will be stronger in states with regulations that lead to stronger unionization. Further, it is hypothesized that Chinese import competition shifts output and resources toward high productivity and high contract share employment firms, thus increasing aggregate contract employment share in the industry through a between firm composition effect. The reallocation effects also feed into the within effect as it leads initially productive firms to increase their contract share of employment as they face stronger firm level unions as they become larger.

The results suggest that there is significant increase in contract share in employment for formal firms in response to Chinese import competition. The within firm effects are driven by larger and productive firms that face stronger firm level unions, and this effect is further amplified in states with stronger unions. The analysis also provides evidence of a composition effect, where contract share in employment increases as more output and resources shift toward high productive high contract share firms in response to import competition. The estimates imply that Chinese import competition accounted for nearly 9% of contract employment increase between 1998 and 2007.

Taken together, these results suggest that rising import competition is an important determinant of firms' decision to hire more contract workers. Further, the findings of the study suggest that the institution of contract workers enables reallocation of workers across firms in response to increase in Chinese import competition, thus leading to overall productivity gains. ■

Promoting Exports from Uttar Pradesh

Uttar Pradesh (UP) is the fourth largest State of India, spread over an area of roughly 246,000 sq km, and accounting about 7.3% of the total land area of India. The State also ranks 4th in terms of output (Gross State Domestic Product¹), contributing to 7.9% of the country's GDP in 2019-20. However, the State accounted for only 5.6% of India's merchandise exports during 2020-21, significantly lower as compared to the State's share in other key macroeconomic parameters. This underlines the need for UP to focus on promoting exports from the State.

Uttar Pradesh is popularly known for its traditional industries such as handicrafts, leather goods, carpet, textiles, sugar, cotton yarn, jute, vegetable oil, glassware and bangles, etc. Easy access to raw material and huge potential of establishing new units in Eastern Uttar Pradesh have also given a boost to sugar manufacturing in the State. As a result, UP is the 2nd largest sugar producing State in the country. UP also has a well-developed mineral-based industry. The large livestock population has also allowed the leather industry to flourish in the State.

During 2020-21, Uttar Pradesh ranked 5th among all States by value of exports. Merchandise exports from the State amounted to US\$ 16.4 billion during 2020-21, up from US\$ 12.4 billion in 2015-16. The merchandise exports from the State recorded an annual average growth rate of 6% during FY16 to FY21, much above the all-India average of 2.4% for merchandise exports. Due to the significant growth in exports in the recent period, Uttar Pradesh has been able to enhance its share in India's merchandise exports from 4.7% in 2015-16 to 5.6% in 2020-21.

Trends in Merchandise Exports from Uttar Pradesh



Source: DGCIIS, India Exim Bank Research

¹ At constant price, base year 2011-12, MoSPI

² ITC Export Potential Map

The growth in exports from the State can be partly attributed to a conducive policy environment for manufacturing and exports in the State.

The USA is the largest export destination for UP, accounting for a share of nearly 17.8% in UP's merchandise exports in 2020-21, followed by UAE (share of 7.4%), Germany (6.6%), Nepal (6.0%), the UK (5.6%), and Hong Kong (4.2%). In 2020-21, nearly 18.6% of the merchandise exports from the State were routed through Nhava Sheva. Other major ports for merchandise exports from the State were CGML Dadri (share of 16.9%), Delhi airport (9.2%), CFS Albatross/ICD Dadri (8.0%) and ICD Noida-Dadri (5.0%). Majority of the merchandise exports from the State is either routed through ports in Western UP or other States. There is need for creation of trade enabling infrastructure and greater capacity building in the eastern part of the State as well.

Some of the major products exported from the State include telecom instruments (share of 15% in UP's total merchandise exports in FY21), buffalo meat (11.4%), products of iron and steel (3.8%), aluminium, products of aluminium (3.7%), readymade garments of cotton incl. accessories (3.7%), and readymade garment of manmade fibres (3.7%), among others.

Uttar Pradesh has an untapped export potential of nearly US\$ 12.2 billion² in merchandise exports. Harnessing the untapped potential could raise UP's merchandise exports to nearly US\$ 30 billion. To realize the potential for exports, the export strategy of the State should focus on those items which have the maximum potential for growth, taking into consideration both supply and demand side aspects. Analysis of UP's exports indicates that there are nearly 103 products at the HS-6 digit level that can be termed as 'product champions' as UP's exports in these products are competitive and the global import demand for these products is also growing. This includes products like electronics (particularly mobile phones); meat products; articles of precious metals; articles of iron & steel, aluminium, copper; cereals like rice; menthol; garments; footwear; leather products; automotive like motor cycle and tractor, as well as select auto-components. In the short to medium term, UP can focus on leveraging the opportunities arising in this category, as products under this category would be low hanging fruits.

In the medium to long term, the State needs to encourage development of capacities in underachiever segments, where the State currently does not have comparative advantage, but the world import demand has been robust in the recent years. Although exporters from UP have presence in these areas, which

includes petroleum products, pharmaceuticals, electronics components, parts of machinery, articles of plastic, etc., there is a need to strive towards increasing competitiveness in these products.

The State needs to diversify its export basket towards higher value added items. One of the efficient ways to expand the exports basket is to look at product diversification based on value addition. There are two methods for export diversification- horizontal and vertical diversification. While horizontal diversification takes place in the same sector by adding new products to the existing export basket within the same sector, vertical diversification entails a shift from primary to secondary to tertiary sector. Vertical diversification would entail contriving further uses for existing products by means of increased value-added services, processing, marketing or other services. In the agricultural and allied sector, for example, there should be a greater focus towards vertical diversification into more processing activities. Exporting processed spices, in the form of spice oleoresins is an emerging area of opportunity for the State.

Within manufacturing, the textile sector presents significant opportunities for exports. Although the State government has already taken steps towards modernizing the textile and allied

industries and attracting investments in the sector through mega clusters, there is a need to diversify the textile value chain towards segments such as home textiles and technical textiles.

Electronics and machinery sectors are also among the emerging high-tech sectors in UP. The State needs to focus on enhancing production and export capacities in these high-technology intensive sectors, as these are less volatile compared to agricultural products and resource-intensive manufactures which are prone to fluctuating commodity prices. These sectors would also create high-skill employment in the State. The State could also encourage production and exports of lithium ion, static converters, optical fibre cables, electric conductors, and medical appliances and instruments. These are the products with large and growing global imports.

The State can enhance its export competitiveness by plugging the existing gaps in trade enabling infrastructure. According to the Export Preparedness Index of the Niti Aayog, UP underperforms in all categories of transport connectivity parameter. It has one of the lowest scores among all States/UTs on the parameter. Clearly, there is significant scope for the State to improve on this key parameter by setting up more ICDs, air cargo facilities, and improving the connectivity to the ports.

Release of India Exim Bank's Study by Hon'ble Union Minister of Finance and Corporate Affairs



The Study titled 'Exports from Uttar Pradesh: Trends, Opportunities and Policy Perspective' was released by Ms. Nirmala Sitharaman, Hon'ble Union Minister of Finance and Corporate Affairs, during an event jointly organized by India Exim Bank and the Small Industries Development Bank of India (SIDBI) for the launch of the Ubharte Sitaare Fund on August 21, 2021, at Lucknow. The event had speakers from the Ministry of Finance, the Government of UP, India Exim Bank, SIDBI and entrepreneurs from the MSME sector. The event was attended virtually and physically by more than 500 participants from the Indian business community. ■

India- Japan Partnership: Trade and Beyond

Asian heavyweights India and Japan are strategic partners with a common interest of promoting peace, security, stability, and prosperity in the world and especially in the Indo-Pacific region. India and Japan share essential values such as political liberalism, the market economy, the rule of law and democracy.

Over the years, Japan has been one of the most important economic partners for India's development. It has been extending bilateral loan and grant assistance to India since 1958 and is the largest bilateral donor for India. Japan's Official Development Assistance (ODA) supports India's efforts for accelerated economic development particularly in priority areas like power, transportation, environmental projects, and projects related to basic human needs. The Delhi Metro is a shining example of successful India-Japan cooperation through the utilization of Japan's ODA. More recent illustrations of this cooperation are - the Mumbai-Ahmedabad High Speed Rail, the Western Dedicated Freight Corridor (DFC), the Delhi-Mumbai Industrial Corridor with twelve industrial townships, the Chennai-Bengaluru Industrial Corridor (CBIC) etc. All these mega projects on the anvil are poised to transform India in the next decade. Japan's ODA commitment in FY 2018-19 was at historic highest amount of JPY 537.4 billion.

India- Japan Trade

The India-Japan Comprehensive Economic Partnership Agreement (CEPA) signed on February 16, 2011, aimed at eliminating tariffs on 90% of Japanese exports to India, such as auto parts and electric appliances, and 97% of imports from India, including agricultural and fisheries products, until 2021. The CEPA with Japan is among the most comprehensive trade agreements that India has entered with any country. However, post the signing of CEPA, even as trade between India and Japan grew from US\$ 13.1 billion in 2010 to US\$ 17.6 billion in 2019, India's exports to Japan have remained at the same level in 2019, as they were in 2010. In fact, India's exports which witnessed growth during the period 2011-13, and peaked at US\$ 7.3 billion in 2013, have since then declined to the pre-CEPA levels. India's major exports to Japan comprise petroleum products, followed by organic chemicals, fish and aquatic invertebrates, natural or cultured pearls, precious or semi-precious stones and machinery and mechanical appliances. Imports, on the other hand, have increased by around 53% from US\$ 8.3 billion in 2010 to US\$ 12.7 billion in 2019. India's

top import items from Japan are machinery and mechanical appliances, followed by electronics, iron and steel, plastics, and copper and its articles.

Consequently, India has been persistently running trade deficit with Japan, which has worsened by more than two-fold from US\$ 3.5 billion in 2009 to US\$ 7.9 billion in 2019. Reflecting sharp rise in imports from Japan, sectors which present the largest trade deficit for India in 2019 are machinery (deficit of over US\$ 3 billion), electrical and electronic equipment (deficit of around US\$ 1.2 billion), iron and steel, plastics, copper and its products etc.

India's Export Potential

It is important to note that, among the major items in Japan's import basket, India has achieved a relatively healthy share (of more than 3%) in Japan's global imports of only three product categories viz organic chemicals, natural or cultured pearls, precious or semi-precious stones, and fish and other aquatic invertebrates. However, in the case of the other leading items in Japan's import basket, India's share is still marginal. India has an untapped export potential of US\$ 3.2 billion with Japan. There is significant potential for India's exports in categories such as mineral fuels and oils, electrical machinery and equipment, machinery and mechanical appliances, optical, photographic equipment, pharmaceutical products, articles of apparel and clothing, etc, according to an India Exim Bank research.

Indian exports to Japan are presently affected by a number of issues, which include both tariff, and non-tariff barriers like Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS). An India Exim Bank study titled 'Study on Non-Tariff Measures' points out that in Japan, the average tariff on products of export interest to India are 7%, which is higher than the simple average (4%) of tariff of the country as a whole.

Tariffs on products of Indian interest for exports to Japan like dairy products, cereals and preparations, rice, leather and footwear, clothing and some food products are very high. Thus, in the subsequent CEPA review negotiations, India could seek for tariffs reduction in these product categories. In order to achieve a target of US\$ 5 trillion economy, India should aim to increasing its exports to US\$ 1 trillion. In this direction, it is imperative for India to utilize its trade agreements to its maximum advantage. ■

India Exim Bank Lines of Credit

Export Import Bank of India (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, upfront upon the shipment of goods and 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. The Indian exporters can obtain payment of eligible value from India Exim Bank, without recourse to them, against negotiation of shipping documents/provision of services. 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 September 21, 2021, has 276 Lines of Credit, covering over 62 countries in Africa, Asia, Latin America, Oceania and the CIS, with credit commitments of over US\$ 27.02 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.

India Exim Bank, with the support of Government of India, has signed one LOC as given below during the period July-September 2021:

- i. A LOC of US\$ 40 million was extended to the Government of Maldives for the purpose of financing 'Development of Sports Infrastructure'. With the signing of the above LOC, India Exim Bank, till date, has extended five Lines of Credit to the Government of Maldives, with the support of the Government of India, taking the total value of LOCs extended to US\$ 1,330 million. Projects covered under the LOCs extended to the Government of the Maldives, includes construction of 485 housing units, development Projects, Greater Male Connectivity projects, development of sports and infrastructure projects, and for defence projects and currently projects are under implementation at various stages.

For further information, please contact:

Mr. Saroj Khuntia

General Manager

Export-Import Bank of India

Office Block, Tower 1, 7th Floor, Adjacent Ring Road

Kidwai Nagar (East), New Delhi-110023

Telephone: (011) 24607700

E-mail: eximloc@eximbankindia.in

Success Story

Supply of Blow Moulding Machine, Spares and Accessories under LOC to Government of Republic of Kenya

India Exim Bank has extended a GOI-supported LOC of US\$ 15 million to the Government of Kenya for development of small and medium enterprises in Kenya. The credit agreement was signed on July 11, 2016.

Project Details:

Contract was signed between M/s. Jagmohan Pla-Mach Pvt. Ltd. and Rex Plastics Ltd, Kenya and included under the LOC on April 20, 2020.

The scope of the Project includes supply, installation and commissioning of 5 Ltr double station automatic blow moulding machine and its spares and accessories including; view strip arrangement, blow moulds (5 Ltr), 4,6 cavity cap mould for Ltr, ultra 200 point parison controller, chiller 30 Ltr, scrap grinder – 12"/7.5 HP, air compressor – 25 HP with 1000 Ltr air receiver tank and spares [CFR Mombasa Port].

The total cost of the Project- **US\$ 121,300**

Project was successfully completed on April 29, 2021. ■

The Quarter That Was

Ms. Harsha Bangari Appointed as MD of India Exim Bank

Ms. Harsha Bangari has taken over as the Managing Director of Export-Import Bank of India (India Exim Bank). Prior to this, Ms. Bangari was the Deputy Managing Director of the Bank. Ms. Bangari joined India Exim Bank in 1995. A seasoned finance professional with experience of more than 26 years in the financial sector, Ms. Bangari has thorough knowledge of the Bank's processes and business policies across functions, covering cross-border project financing, risk management, client servicing and liability-side management, including treasury functions and foreign currency resources.

India Exim Bank Hosts the BRICS Annual Financial Forum 2021

The theme for the BRICS Summit 2021, under India's Chairmanship was "BRICS@15: Intra-BRICS Cooperation for Continuity, Consolidation and Consensus". Being the member development bank under the BRICS Interbank Cooperation Mechanism, India Exim Bank hosted the BRICS Annual Financial Forum on September 08, 2021, on a virtual platform. In line with the theme set by the Government of India, the theme for the BRICS Annual Financial Forum was "Promoting Economic Growth and Prosperity through BRICS Financial Cooperation".

The Hon'ble Minister of State for Finance, Government of India, Dr. Bhagwat Kishanrao Karad in his inaugural address stated that the cumulative experience of all the 5 institutions under the BRICS Interbank Cooperation Mechanism could be around 200 years and this calls for utilising their age-old experience to find solutions to address the challenges from climate change to facilitating trade and investments in a manner which promotes harmony and mutual growth, for the larger good of nations. The Forum saw the participation of high-level delegations led by the heads of the development banks from the BRICS nations viz. the Brazilian Development Bank (BNDES), Brazil; the State Development Corporation (VEB.RF), Russia; the China Development Bank (CDB), China, the Development Bank of Southern Africa (DBSA), South Africa, besides the India Exim Bank. The event was also attended by the President of New Development Bank.

FM launches the Ubharte Sitaare Fund to Support India's Future Export Champions

The Hon'ble Finance Minister of India, Smt. Nirmala Sitharaman, on August 21, 2021 launched the Ubharte Sitaare Fund in Lucknow in the presence of Shri Siddharth Nath Singh Hon'ble Minister for MSME and Export Promotion, Government of Uttar Pradesh and Shri Pankaj Jain, Additional Secretary, Department of Financial Services, Ministry of Finance, Government of India.

Ubharte Sitaare Programme (USP) is anchored by India Exim Bank together with SIDBI, in the backdrop of the constraints faced by

small and mid-sized companies in realising their export ambitions. The Programme identifies Indian companies that have the potential to be future champions in the domestic arena, while catering to global demands. The identified Indian companies supported under the Programme exhibit a latent advantage by way of technology, product or process. The Programme diagnoses the hurdles and constraints of identified enterprises, and assists them, in their growth and export strategies through a mix of structured support which covers both financial and advisory services in the form of equity, debt, and technical assistance.

India Exim Bank engaged with Indian Pharma Companies to Promote Exports

India Exim Bank, along with Japan Bank for International Cooperation (JBIC) and Pharmaceutical Export Promotion Council of India (Pharmexcil) organised a webinar on September 01, 2021 on 'Innovative Funding Structures and Assistance for Manufacturers of COVID-19 related Pharma Products'. The webinar dwelled upon several possible financing options by India Exim Bank and JBIC for pharma companies which have critical role in combating COVID-19.

India Exim Bank Extends US\$ 100 million Loan to Africa Finance Corporation to Spur Post-Covid Recovery

Africa Finance Corporation (AFC), the leading infrastructure solutions provider on the continent, has received a US\$ 100 million credit line from the India Exim Bank to develop critical infrastructure required for the revival of Africa's economies in the wake of the COVID-19 pandemic. Proceeds from the 10-year loan will support AFC's continued mission to bridge Africa's infrastructure gap and drive the sustainable economic growth urgently required on the continent.

India Exim Bank Extends Buyer's Credit Facility under National Export Insurance to Senegal

India Exim Bank signed a Buyer's Credit Agreement for US\$ 35.26 million with the Ministry of Economy, Planning and Co-operation of the Republic of Senegal for the purpose of construction and installation of 225 kV overhead Transmission Line from Tanaff to Ziguinchor (approx. 92 km) and bay extensions at Tanaff and Ziguinchor in Senegal. This funding will be provided under the Buyer's Credit programme under National Export Insurance Account (NEIA) Scheme. The project will enable securing energy supply in the southern region of Senegal comprising of Tambacounda, Ziguinchor and Tanaff, and reduce operating expenses and the cost per kWh. It will initiate the interconnection of 225 kV power transmission line with OMVG (Gambia River Basin Development Organization) Energy Projects. The project will be executed by Kalpataru Power Transmission Ltd. ■

Country Scan

Kyrgyz Republic



The real GDP of Kyrgyz Republic is expected to grow by 2.5% in 2021. The economy's dependence on China and Russia for trade, capital inflows and investment expose the Kyrgyz Republic to economic shocks and instability there. In addition, the country's dependence on oil imports and commodity exports leaves it vulnerable to adverse trends in global energy and commodity prices. Inflation is expected to average 10.2% in 2021 on the back of higher global oil and food prices. Movements in the rouble are important for the som. In 2021 the currency is expected to average Som 85.14: US\$ 1. After posting a surplus on the current account in 2020, the current account is likely to return to a substantial deficit, of 9% of GDP in 2021, as domestic demand rebounds more swiftly than external demand, which will draw in imports at a faster pace. Higher global oil prices are also expected to widen the trade deficit. Remittances and gold exports, as well as a projected increase in electricity exports, are expected to support the external positions in 2021-22.

Netherlands



The economy is expected to recover from the pandemic impact in 2021. The real GDP is expected to grow by 3.4% after a contraction in real GDP by 3.8% in 2020. Netherlands underwent a less severe downturn than most other EU economies as average euro zone GDP declined by 6.6% during 2020. This reflects differing lockdown strategies, significant policy support and the structure of the Dutch economy, which is characterized by high digitalization, well diversified exports and relatively less reliant on high-contact services such as hospitality and tourism. Consumer price inflation has rebounded in 2021 to 2.1% in 2021 from a four-year low of 1.1% in 2020 amid increased consumer spending and supply constraints in the domestic market and internationally. The Euro is expected to appreciate as compared to the US dollar to US\$ 1.20: € 1 in 2021 from US\$ 1.14: € 1 in 2020 due to the ultra – loose monetary policy of the Fed. An upswing in global merchandise trade and firmer primary income inflows is expected to drive a rebound in the current-account surplus in 2021, to an estimated 9.5% of GDP from 7% of GDP in 2020.

Sri Lanka



The economy of Sri Lanka is expected to undergo a modest recovery by 3% in 2021 following a contraction in real GDP by 3.6% in 2020, owing to the disruptions caused by the imposition of restrictions to curb the spread of a third wave. The recovery would be supported by a pick-up in merchandise export receipts. The consumer price inflation is expected to increase by an average of 5.1% in 2021, compared to 4.6% in 2020 due to currency depreciation and higher food prices. The current account deficit is expected to widen to 2.9% of GDP in 2021 from 1.3% of GDP in 2020 due to increase in global oil prices and a rebound in demand for imports related to infrastructure construction. On the other hand, the services surplus is expected to remain subdued due to reduced tourism receipts. The currency is expected to depreciate from SLRs 185.6:US\$1 on average in 2020 to SLRs 197.4:US\$1 in 2021, due to a persistent deficit on the goods trade account.

Ukraine



The real GDP is expected to grow by 4.2% in 2021, after contracting by 4% in 2020. This expectation relies on the likely increase in consumer spending with improved sentiment and relaxation in the pandemic related curbs. Investments are anticipated to struggle in achieving the pre-crisis level in short term. The average consumer price inflation is expected to accelerate to 8.8% in 2021, from 2.7% in 2020 due to the expected increase in energy prices globally and food prices domestically. The estimated rise in wages is going to further support the price levels. The hryvnya (UAH) is expected to depreciate to UAH 27.9:US\$ 1 in 2021, from UAH 27:US\$1 in 2020, due to the likely decrease in foreign exchange reserves in order to meet its external financing needs and the vigilant response of the National Bank of Ukraine (NBU) in raising the interest rates. The current account is likely to suffer a deficit of 0.1% of GDP in 2021 against a surplus of 3.3% of GDP in 2020. However, the impact of poor harvest in 2020 accompanied with rapidly rising prices for soft commodities and metals is expected to limit the widening of deficit in 2021. ■

Currency Currents

United States Dollar

\$ US dollar continues to reflect its stature as a safe haven in the background of volatility in global markets since the onset of the pandemic. US dollar has remained strong through the year.

The U.S. consumer price index (excluding food and fuel) has more than tripled this year to a 4% annualized level for August 2021, which is significantly higher vis-a-vis other developed economies. Coupled with high inflation, the U.S. economy is also facing headwinds around growth in jobs due to an increase in cases relating to the delta variant of COVID-19 which in turn may impact growth recovery. The dollar index, which measures the currency against six rivals had tumbled to its lowest levels since mid-August when it saw a peak of 93.729 to 91.947 in the first week of September, when a surprisingly soft US payrolls report prompted speculation, that the Federal Reserve is likely to forgo announcing a taper of stimulus at a policy meeting in September.

The closing rate of US dollar against INR as on September 15, 2021 stood at 73.63.

Philippines Peso

₱ The Philippine economy exited a pandemic-induced recession with its fastest year-on-year growth in more than three decades, but tighter COVID-19 curbs may hamper recovery and boost expectations that monetary policy is likely to remain accommodative for the rest of 2021. Gross domestic product (GDP) rose 11.8% in the quarter ended June 2021 as domestic demand improved as compared to the COVID-driven slump, a year earlier.

Due to concerns over the Delta variant of the COVID-19, Peso weakened against the greenback by about 7% between June and mid-August. This made the Peso the second-worst performing currency in Asia, next to the Thai Baht in the last two to three months. After capping its steepest monthly decline in over three years, the currency could weaken further due to a worsening virus outbreak and the risk of a sovereign rating downgrade. The pair has been trading in the range of 47.54 and 51.09 during the July-September quarter.

The closing rate of US\$/PHP as on September 15, 2021, stood at 49.68.

Sierra Leone Leone

Le Sierra Leone's economy is projected to recover from the COVID-19 contraction with real GDP expected to rebound by 3% in 2021, an upward revision of 0.8% percentage point relative to the 2020 forecast. The growth rebound reflects the expected recovery of agriculture, mining and services following the easing of COVID-related restrictions and Government's Quick Action Economic Response Program (QAERP).

Fiscal deficit almost doubled in 2020 due to a combination of revenue shortfalls and spending increases to support the Government's pandemic response. The deficit is expected to decline gradually to 2.4% of GDP by 2023 as COVID-19 related spending is reduced while revenue mobilization improves on the back of the expected economic recovery. Bank of Sierra Leone has announced a redenomination of the Leone on August 13, 2021 by the removal of the three Last Zeros from the face value of the said legal tender.

The closing rate of US\$/SLL as on September 15, 2021, was 10,336.

Brazilian Real

R\$ Brazilian Real has been rangebound, trading between 4.89-5.48 against the US dollar over the past three months, while Brazil benefits from an export boom fuelled by China's recovering demand and a weak exchange rate in the background of COVID-19.

Real reached a high of 5.48 US\$ on August 10, 2021, the highest level over the past quarter. This was partly attributable to persistent fears of a slowdown in global growth because of the fast-spreading delta variant and the prospect of an early removal of Federal Reserve's extraordinary stimulus. Brazil's consumer prices rose more than expected at 0.89% in mid-August from a month prior, and annual inflation sped up to 9.3% in mid-August as the central bank readies its fifth straight interest rate hike in efforts to tame above-target inflation. The soaring inflation could further drive rates and Real higher.

The closing rate of US\$/BRL as on September 15, 2021, stood at 5.27. ■

Exim Mitra

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:

Difference between Merchant Exporter and Manufacturer Exporter

Merchant exporter means a person engaged in trading activity and exporting or intending to export goods. Merchant exporter procures the material from a manufacturer and exports on his firm's name. Here merchant exporter procures the order from international market. Merchant exporter does not have own manufacturing unit or processing factory. Merchant exporter can export the excisable goods either directly from the premises of the manufacturer, with or without sealing of the export consignments, or through his premises under claim for rebate or under bond.

Manufacturer exporter means a person who manufactures goods and exports or intends to export such goods. The manufacturer exporter procures and process raw materials at his factory and exports finished products. Here, the manufacturer exporter procures the export order and exports in their own name.

Information on Registration with MPEDA for Exporting Marine Products from India

Registration as an exporter (both merchant and manufacturer exporter) is granted under section 9(2)(h) of Marine Products Export Development Authority (MPEDA) Act 1972 read with rules 40-42 of MPEDA Rules.

Rule 40 (1) "No person shall, after the expiration of two months from the date of coming into force of this rule, export any marine products unless he has been registered as an exporter with the Authority. The applicant will be allowed to export during the period of one month pending issue of the Certificate of Registration". Provided that this Rule shall not apply to the export of marine products:

- a. by or on behalf of the Central Government or the Authority or any person authorized by the Central Government or the Authority to export marine products;
- b. by means of gift parcel or sending of samples (maximum 10,000/-);
- c. as personal effects of passengers (maximum 5000/-);
- d. for any non-commercial purposes (maximum ₹ 25,000/-; and
- e. for any exhibition abroad (maximum ₹1,00,000/-)

Information on Manufacturing License and Import Standards for Cosmetic Products

Manufacturing license for cosmetics are issued by respective State Licensing Authorities appointed by State Governments. Cosmetics cannot be imported unless it complies with the specifications prescribed under Schedule S and Schedule Q or any other standards of quality and safety, applicable to it, and other provisions under the Drugs and Cosmetics Rules, 1945. In case the cosmetic is not included under Schedule S, it shall meet with specifications under the rules and standards applicable to it in the country of origin.

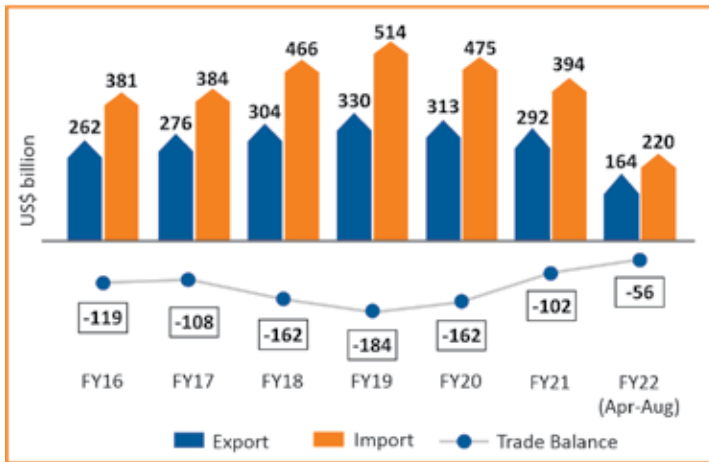
Information on Export Certification for Plant and Plant Products

Export inspection and phytosanitary certification of plants and plant products is carried out in accordance with article IV of International Plant Protection Convention (IPPC) to meet the legal obligations of the member countries. The phytosanitary certificates are issued in the model formats set out under article V of the IPPC in consistence with current PQ regulations of the importing country. Such certificates are issued after careful inspection and treatment of plants and plant products by technically qualified and duly authorized officers at the country of export and shall include additional declarations as may be required by the importing country and also particulars of treatment, if any given by the duly authorized officer. Accordingly inspecting and certifying authorities are notified by Ministry of Agriculture for undertaking export inspection and phytosanitary. The phytosanitary issuing authority may refer Export-Import Policy as well as provisions of the CITES (Convention on International Trade in Endangered Species of wild flora and fauna) for the detailed list of prohibited/ restricted plant species.

While entering into trade negotiations (Letter of Credit (LC) / Agreement etc.), the exporter should ensure to reflect in the contract which they entered with the importer about the current Plant Quarantine Regulations in respect of the Commodity being exported from the importing country or a copy of the permit issued by the importing country wherever applicable. The phytosanitary certificate is issued as per the requirements of the importing country duly reflected in the contract or the permit issued by the importing country. ■

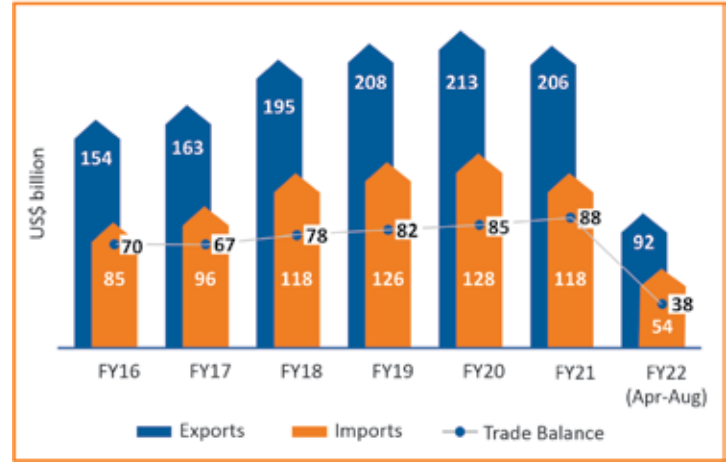
Snippets on Indian Economy

Merchandise Trade



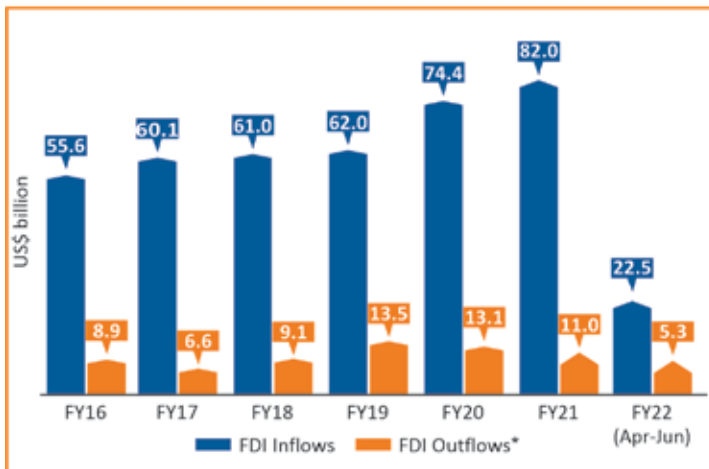
Source: Ministry of Commerce and Industry, GoI

Services Trade



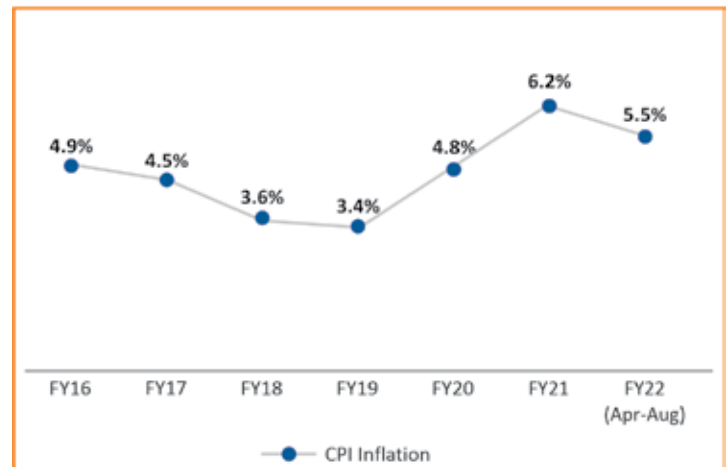
Source: Ministry of Commerce and Industry, GoI

Foreign Direct Investment Flows



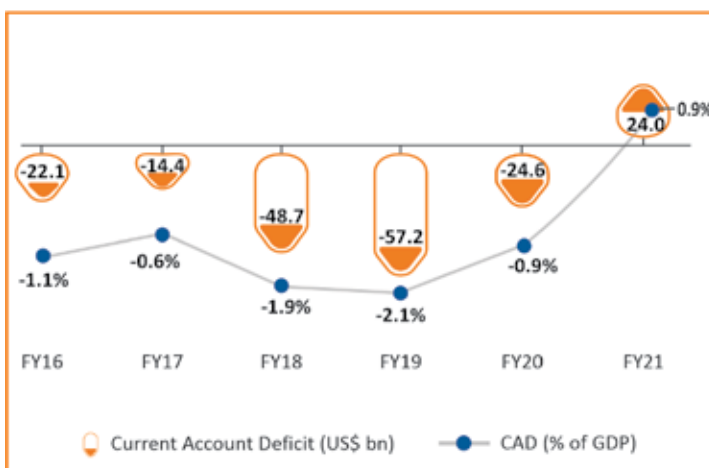
Note: * - FDI Outflows include equity, loans and guarantees invoked
Source: RBI and Ministry of Finance, GoI

Consumer Price Inflation



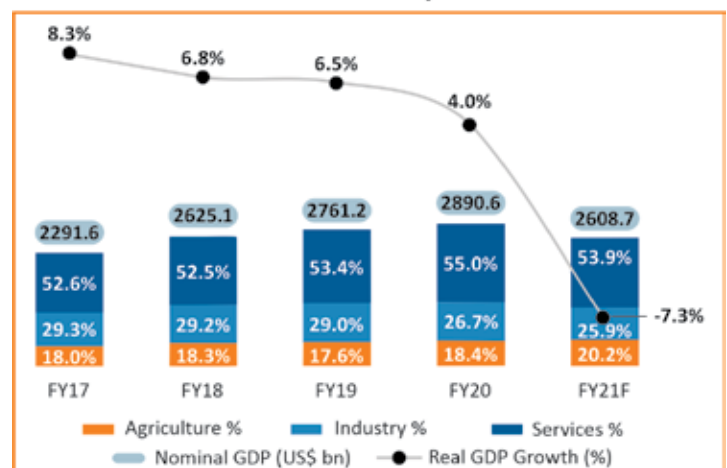
Source: Ministry of Statistics and Programme Implementation, GoI

Current Account Deficit



Source: RBI

Sectoral Output



Note: F-Forecast

Source: Institute of International Finance & MOSPI, GoI