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Trade & Investment Facilitation Services

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EXECUTIVE SUMMARY

TIFS Newsletter: May (2023)

Due to significant global headwinds, India's exports slowed down in April 2023. India's merchandise exports fell from USD 39.7 billion to USD 34.66 billion contributing a negative y-o-y growth of (-) 12.7%, which led to the trade deficit of USD (-) 15 Billion in April 2023. Services exports performed extremely well to reach USD 30.36 bn, which is an increase of 26.24 % over April 2022.

India's overall exports (Merchandise and Services combined) in April 2023 are valued to be USD 65.02 Billion, exhibiting a positive growth of 2 % over the same period last year. The overall exports (Merchandise and Services combined) in the FY 2022-23) are USD 770.2 Billion, exhibiting a positive growth of 13.84% over the same period last year (FY 2021-22).

The value of services export for April 2023 is USD 30.36 Billion, exhibiting a positive growth of 26.23 % vis-a-vis April 2022 (USD 24.05 Billion). Whereas, value of services import for April 2023 is USD 16.5 Billion exhibiting a positive growth of 17.3% vis-à-vis April 2022

The services trade balance in April 2023 is estimated at USD 13.9 Billion, which is an increase of 38.73% over April 2022 (USD 10 Billion).

During April 2023, top exported products showing positive growth are Oil Meals (95.14%), Electronic Goods (26.5%), Rice (24%), Oil Seeds (18%), Ceramic Products and Glassware (17.2%), Spices (14.4%), Drugs & Pharmaceuticals (10.45%), Fruits & Vegetables (10%), Tobacco (6.28%). Coffee (4.17%), Cereal preparations & miscellaneous processed items (2%)

During April 2023, top imported products showing positive growth are Pulses (52.26%), Pulp and waste paper (16.26%), Machinery- electrical and non-electrical (15.23%), Iron and steel (14.51%), Professional instruments, optical goods etc. (5.92%), Silver (3.10%), Machine Tools (0.02%).

India witnessed several positive developments in foreign investments. ADB and India signed a US \$141 million loan for industrial corridor development in Andhra Pradesh. The US based ride hailing service provider Uber has declared that it shall partner with local EV makers to give EV ecosystem in India a push. On the policy end, India brought did away with the closing date of Rs 76,000-crore incentive scheme for development of semiconductors and display manufacturing ecosystem.



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Developments in India's Foreign Trade



1 Developments in India's Foreign Trade

1.1 Exports

- India's overall exports (Merchandise and Service combined) for April 2023 records are USD 65.02 Billion exhibiting a positive growth of 2 % over the same period last year (April 2022)
- Merchandise exports in April 2023 were USD 34.66 Billion, as compared to USD 39.70 Billion in April 2022, exhibiting a negative growth of (-) 12.7%
- The overall exports (merchandise + services) in FY 2022-23 were USD 770.2 Billion which is a growth of 13.84% as compared to overall exports in FY 2021-22 (676.5 Billion)

Table 1: India's Merchandise Trade Statistics at a Glance

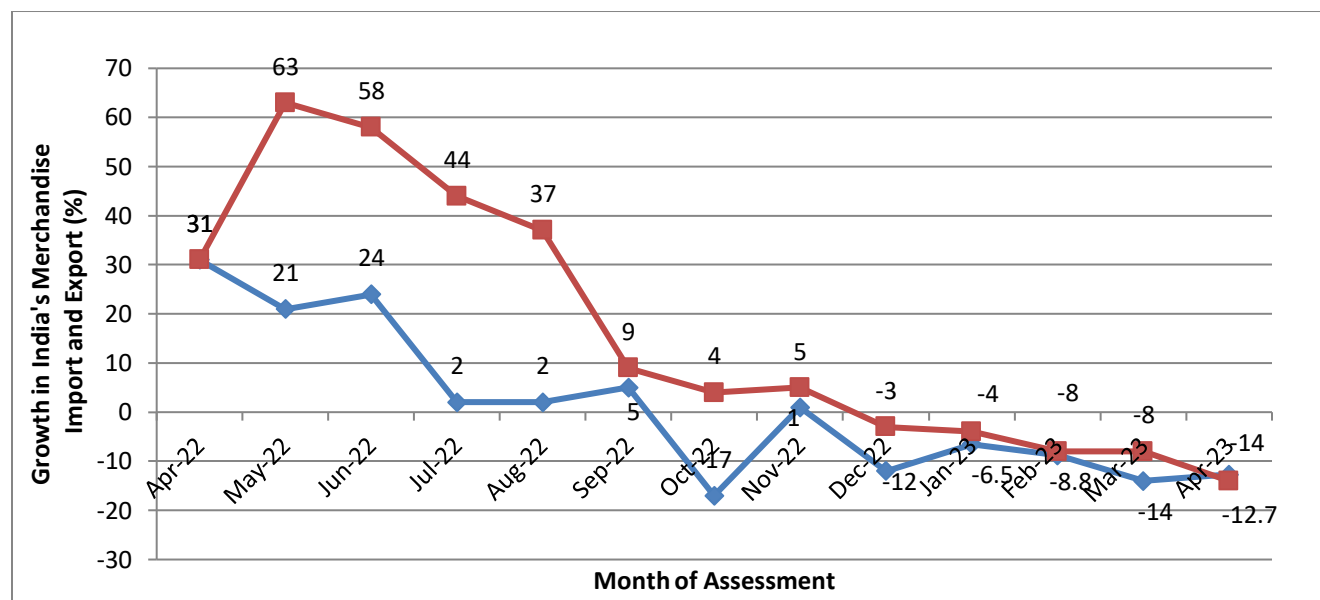
Merchandise	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23
Export (USD Billions)	40	39	40	36	34	35	30	32	35	33	34	38	35
Export Growth from last year (%)	31	21	24	2	2	5	-17	1	-12	-6.5	-8.8	-14	-12.7
Import (USD Billions)	60	63	66	66	62	61	57	56	58	51	51	58	50
Import Growth from last year (%)	31	63	58	44	37	9	4	5	-3	-4	-8	-8	-14
Trade Balance (USD Billions)	-20	-24	-26	-30	-28	-26	-27	-24	-23	-18	-17	-20	-15

Source: PHD Research Bureau; PHDCCI Compiled from Ministry of Commerce and Industry, Government of India

Table 1 shows India's merchandise export and import in USD Billion from April 2022 to April 2023 along with the year on year (YoY) growth observed in each month. The trade balance observed in each month is also noted. The trade balance from April 2022 to April 2023 was

valued at USD (-) 30 Billion in July 2022 and since then it has witnessed a constant improvement thereafter. As of April, 2023, the overall merchandise trade balance is USD (-) 15 Billion.

Figure 1: India's Merchandise Exports and Imports Growth from previous year (in %)



Source: PHD Research Bureau; PHDCCI Compiled from Ministry of Commerce and Industry, Government of India

- **Non-petroleum and non-gems & jewellery exports in April 2023** were USD 25.36 Billion, registering a negative growth of (-) 10.6 % over non-petroleum and non-gems & jewelry exports of USD 28.37 Billion in April 2022.
- **The estimated value of services export for April 2023** is USD 30.36 Billion, exhibiting a positive growth of 26.23 % vis-a-vis April 2022 (USD 24.05 Billion).

Table 2: Trade in Services at a Glance (April 2022-April 2023)

Service	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23
Export (receipts) (USD billions)	23	25	25	24	24	26	29	26	27	32	29	28	30

Service	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23
Imports (Payments) (USD Billions)	14	16	16	14	14	15	16	13	16	16	15	14	16
Trade Balance (USD Billions)	9	9	9	10	10	11	13	13	11	16	14	14	14

Source: PHD Research Bureau; PHDCCI Compiled from Ministry of Commerce and Industry, Government of India

During April 2023, top exported products showing positive growth are Oil Meals (95.14%), Electronic Goods (26.49%), Rice (24.01%), Oil Seeds (18.01%), Ceramic Products & Glassware (17.21%), Spices (14.44%), Drugs & Pharmaceuticals (10.45%), Fruits & Vegetables (9.96%), Tobacco (6.28%), Coffee (4.17%) and Cereal Preparations & Miscellaneous Processed Items (2.03%).

Table 3 List of Exported Items showing highest growth during April 2023

Value in USD Million				
S. No	Commodities	April '22	April'23	% change in April 23
i.	Oil Meals	101.74	198.54	95.14
ii.	Electronic Goods	1671.46	2114.30	26.49
iii.	Rice	806.6	1000.29	24.01
iv.	Oil Seeds	115.38	136.16	18.01
v.	Ceramic Products and Glassware	310.31	363.72	17.21
vi.	Spices	315.82	361.43	14.44
vii.	Drugs & Pharmaceuticals	2066.86	2282.81	10.45
viii.	Fruits & Vegetables	284.85	313.23	9.96
ix.	Tobacco.	98.32	104.49	6.28
x.	Coffee	113.67	118.41	4.17
xi.	Cereal preparations & miscellaneous processed items	229.70	234.37	2.03

Source: PHD Research Bureau; PHDCCI Compiled from Ministry of Commerce and Industry, Government of India



Recent Developments in India's Exports

- **India allows broken rice exports to meet other nations' food security needs-** The government allowed the exports of broken rice on the basis of permission given by the government for shipments to other countries for meeting their food security needs, though the export of broken rice is banned in general.
- **India's engineering exports to Russia jump 11 times in April:** As per Engineering Export Promotion Council, exports of engineering goods to Russia jumped 11 times in April this year to USD 133.6 million as compared to year-ago month while the US and China markets continued to soften
- **The Finance Ministry operationalises amnesty scheme for traders failing to meet export obligation:** The finance ministry has operationalized the amnesty scheme for traders who defaulted in export obligation under the Advance and EPCG authorisation scheme. As per the amnesty scheme, EXIM traders who failed to meet the export obligation under the Advance and EPCG (export promotion for capital goods) authorisation scheme can come clean by paying customs duty and interest, subject to a ceiling of 100 per cent
- **EU Deforestation Regulation to Hit India's Exports Worth \$1.3 Billion:** The European Union Council on May 16 adopted the European Union Deforestation-Free Products Regulation. The legislation seeks to prohibit products such as palm oil, coffee, cattle, cocoa, rubber, soya, timber, printing paper and derived products in the EU, that came from land that was deforested after December 31, 2020. The rules cover imports and domestic production
- **Exports saw sharp fall on decline in US and UAE share-** Exports to India's key markets — the US, the United Arab Emirates, China, Singapore, Bangladesh and Germany — witnessed a sharp decline, resulting in a 12.69 per cent contraction in outbound shipments during the first month of the current financial year. Hon'ble Commerce secretary Sunil Barthwal, however, expressed hope that India's exports to the UAE are expected to rise by about 60 per cent to reach USD 50 billion by 2026-27 amidst the positive influence of Comprehensive Economic Partnership Agreement (CEPA).



- **Netherlands emerges as India's 3rd largest export destination-** This can be attributed to a surge in shipment of goods such as petroleum products, electronic items, chemicals, and aluminium goods, reported PTI, citing commerce ministry's data. India's trade surplus with the Netherlands has also increased from USD 8 billion in 2021-22 to USD 13 billion in 2022-23.
- **India's Exports to EU, US grow but Asia and Africa suffer in FY23-** The shipments to certain Asian and African regions contracted in FY23, thus weighing on overall growth in exports. There was growth in exports to the European Union and the US, notwithstanding the economic downturn and heightened geopolitical risks in the developed world. India's merchandise exports had risen 6.7 per cent to \$450.4 billion in FY23.
- **Apex court verdict on pre-import conditions gives relief to exporters:** The Supreme Court's judgment to uphold the constitutional validity of pre-import condition for availing of advance authorisation scheme to take integrated goods and services tax (IGST) credits was interpreted to have left exporters in lunch. It, however, gives relief to exporters. The Supreme Court allowed the respondents to claim refund or input credit. For doing so, the respondents have to approach the jurisdictional commissioner and apply with documentary evidence within six weeks from the date of the judgment.
- **India to propose SWIFT-like system used in International Banking to facilitated paperless cross border transactions:** India will propose a SWIFT like system used in international banking at the G20 meet to facilitate similar paperless transactions for cross border trade. The system will be based on an electronic bill of lading in the form of an interoperable digital document that is expected to boost trade and investment.
- **Hon'ble Minister of Commerce and Industry directs export promotion councils to work on export targets for 2023-24:** The commerce ministry has asked export promotion councils to work on export targets for the fiscal year of 2023-24 and chalk out a detailed road map to achieve that.
- **Federation of Indian Export Organisations (FIEO) requests government towards support needed in undertaking overseas marketing initiatives to boost exports:** Apex exporters body FIEO has urged the government to support domestic exporters in undertaking overseas marketing initiatives with a view to boost outbound shipments.



FIEO said that Indian exporters require marketing and resources to market aggressively overseas.

1.2 Imports

- The overall imports (Merchandise + services) in April 2023 are USD 66.4 Billion, exhibiting a positive growth of (-) 7.9 per cent over the same period last year.
- **Non-petroleum, non-gems & jewellery (gold, silver & precious metals) imports** in April 2023 were USD 31.49 Billion, compared to USD 36.00 Billion in April 2022
- **Non-petroleum imports in April 2023:** Non-oil imports in April 2023 were estimated at USD 34.72 billion showing (-) 14.1 percent lower growth as compared to USD 40.42 billion in April 2022.
- **During April 2023, the top imported products showing negative growth** over the corresponding month of last year. These include Project Goods (-73.05%), Sulphur & Unroasted Iron Pyrites (-62.03%), Fertilisers, Crude & Manufactured (-45.86%), Gold (-41.48%), Vegetable Oil (-37.74%), Organic & Inorganic Chemicals (-31.36%), Metaliferrous Ores & Other Minerals (-28.93%), Coal, Coke & Briquettes, Etc. (-28.51%), Leather & Leather Products (-26.32%), Pearls, Precious & Semi-Precious Stones (-18.73%), Medicinal & Pharmaceutical Products (-18.33%), Textile Yarn Fabric, Made-Up Articles (-17.06%), Fruits & Vegetables (-16.87%), Transport Equipment (-14.89%), Petroleum, Crude & Products (-13.95%), Cotton Raw & Waste (-13.81%), Dyeing/Tanning/Colouring Materials (-8.17%), Artificial Resins, Plastic Materials, etc. (-6.12%), Wood & Wood Products (-5.92%), Electronic Goods (-5.67%), Non-Ferrous Metals (-5.24%), Chemical Material & Products (-4.59%) and Newsprint (-2.9%).
- The items which witnessed the positive growth in imports during April 2023 are pulses (52.26%), pulp and waste paper (16.26%), machinery (electrical and non-electrical) (15.23%), iron and steel (14.51%), professional equipment (5.92%), silver (3.1%) and machine tools.

Table 4: List of Imported items showing highest growth during April 2023

Value in USD Million				
Sl. No.	Commodities	April'22	April'23	% change in April '23
1	Pulses	99.14	150.95	52.26
2	Pulp and waste paper	126.05	146.54	16.26
3	Machinery, electrical and non-electrical	3410.91	3930.43	15.23
4	Iron and steel	1491.06	1707.42	14.51
5	Professional instruments, optical goods etc.	544.41	576.66	5.92
6	Silver	109.50	112.89	3.10
7	Machine Tools	329.40	329.47	0.02

Source: PHD Research Bureau; PHDCCI Compiled from Ministry of Commerce and Industry, Government of India

Recent Developments in India's Imports

- Hon'ble Union Minister of Commerce and Industry Shri Piyush Goyal calls for expeditious implementation of action-oriented elements of the Agreement including mobilizing of investments in IPEF supply chains:** The second Indo-Pacific Economic Framework for Prosperity (IPEF) Ministerial Meeting was held in Detroit yesterday hosted by the US. Union Minister for Commerce and Industry, Consumer Affairs, Food and Public Distribution, and Textiles, Shri Piyush Goyal virtually participated in the Ministerial meeting. Under the Supply Chains (Pillar-II), IPEF partner countries are seeking to: make supply chains more resilient, robust, and well-integrated through crisis response measures.
- IPEF members power ahead on supply chain agreement, three new bodies likely:** The 14-nation Indo-Pacific Economic Framework for Prosperity has made significant progress in the negotiations on the proposed supply chain agreement, according to the commerce and industry ministry. The agreement seeks to improve the resilience, productivity, transparency, and security of the supply chains through collaborative activities and individual measures taken by each partner. The IPEF aims to establish three new supply chain bodies to promote and cooperate with sustainable trade and investment including the establishment of labour rights advisory boards. The IPEF member countries will prepare a final text for the proposed supply chain agreement before ratification, acceptance or approval.



- **India top destination being explored by MNCs as alternative to China:** India is the top destination being explored by multinational corporations as an alternative to China. The CEOs also consider Vietnam, Thailand and their own home countries as potential options
- **India exploring importing urad from Brazil** - India is in advanced talks with Brazil for the import of urad to boost the domestic supply and keep prices under control. The country imports 7-7.5 lakh tonne of urad annually depending on the demand-supply gap, out of which 74 per cent is imported from Myanmar. The agro-climatic condition in Brazil is suitable for producing urad and the talks are in advanced stages. India is exploring other destinations for sourcing urad in order to reduce its dependency on Myanmar
- **Commerce ministry may import a monitoring system for leather products-** The commerce ministry is considering introducing an import monitoring system for the leather sector, under which a trader will have to provide advance information about the imports and obtain a registration number.
- **Government asks heavy equipment manufacturers to produce locally to check imports** - The Indian government is seeking to reduce imports of heavy mining equipment worth over INR 35 billion (US \$465m) annually by encouraging domestic manufacturers to produce such machinery. Coal India alone imports high-capacity equipment with a customs duty of INR 10 billion, the coal ministry said. India is trying to decrease its reliance on imported heavy equipment to boost domestic production and reduce down time as imports can remain broken down due to spares issues.
- **India's H1 vegetable oil imports up 21pc; rising refined palm oil shipments cause of concern-** India's vegetable oil imports rose by 21 per cent to 81.10 lakh tonnes in the first six months of the current oil year, driven by increased shipments of refined palm oil which is a cause of concern.
- **Government waives duty and agri cess on crude soya bean, sunflower oil imports under tariff rate quota till June 30:** The finance ministry has exempted imports of crude soya bean and sunflower oils from basic customs duty and agriculture infrastructure and development cess till June 30, subject to certain conditions. The duty exemption is applicable only for importers holding TRQ (Tariff Rate Quota) licence for 2022-23 fiscal.

- **Commerce ministry recommends anti-dumping duty on optical fibre imported from China, Korea, and Indonesia:** The Directorate General of Trade Remedies (DGTR) has recommended the duty after conducting an investigation on the dumped imports of 'Dispersion Unshifted Single-mode Optical Fiber' from these countries. The product is mainly applied to high-data rate, long distance and access network transportation
- **India bans apple imports, exempts Bhutan-** India has prohibited the import of apples where the Cost, Insurance, and Freight (CIF) import price is less than or equal to Rs 50 per kilogram. The government changes the import policy to "prohibited" from "free" earlier. The amendment in the apple import policy will not be applicable to Bhutan as per the notification issued by the Directorate General of Foreign Trade (DGFT). The move assumes significance as apple farmers in Kashmir had called for a ban on the import of Iranian apples and imported apples were depressing the prices of domestic apples.
- **Rejection rates of DGTR's recommendations by the Finance Ministry to impose anti-dumping duties rise:** From September 2020 to October 2022, as many as 70 anti-dumping and countervailing duties recommendations of the commerce ministry were rejected out of 120. From 1991 to 2020, only seven recommendations were turned down by the finance ministry out of 1,052 cases recommended by the commerce ministry's investigation arm- Directorate General of Trade Remedies (DGTR). DGTR is a quasi-judicial body which deals with anti-dumping duty, safeguard duty, and countervailing duty. These duties are trade remedy measures, provided under an agreement of the World Trade Organisation (WTO) to its member countries.
- **India's imports from OPEC at all-time low as Russian oil buy peaks:** India's oil imports from oil producers' cartel OPEC's share fell to an all-time low of 46% in April as purchases of cheaper Russian oil peaked. Russia supplied over a third of the oil that India imported, with imports from the country rising from less than 1% of India's total to 36% in April. OPEC's position in the Indian market has been gradually falling since Russia began selling cheaper oil to India following the invasion of Ukraine



Trade & Investment Facilitation Services



SINGLE WINDOW INFORMATION AND PROCEDURAL FACILITATION

Trade and Investment Facilitation Services (TIFS) is a vital component for international trade and investment community. It is envisioned to facilitate firms across the globe for trade and investments in India while simultaneously meeting India's rapidly growing appetite for new markets to enhance trade and investments.

Considering the thirst of the Nation to place India at the forefront of Global Economic Architecture, PHD Chamber of Commerce and Industry launched a specialized desk on Trade and Investment Facilitation Services (TIFS) on 31st March 2017. TIFS is an information and advisory hub to provide requisite and detailed information to facilitate national and international business firms to invest in India; advising them on prospective business opportunities in India in general and in States and promising sectors in particular.

Vision of TIFS

We aim to make India a US\$ 100 billion (per annum) investment destination in the next five years and to enhance India's trade trajectory to the higher level. We envisage US\$ 1000 billion merchandise trade (exports and imports) and US\$ 500 billion services trade (exports and imports) per annum in the next five years.

Geographical Area

TIFS covers pan India from Jammu Kashmir in the North to Tamil Nadu in the South and from Gujarat in the West to Arunachal Pradesh in the East.

Three role dimensions

1. Information role:

Serving as a key link to all information centres on all national and regional/local regulations and clearances. This includes maintaining or having direct and easy access to such information. This also means constant updating of such information.

2. Catalyst role:

Providing facilitative advisory services to help overcome key obstacles and strengthen key positive enablers for enhanced trade and investments. This includes providing information or "leads" on opportunities that would benefit international business community to invest in India.

3. Networking role:

Effective networking with relevant Indian and overseas agencies and leveraging of such networks in the direction of risk mitigation and enhancing trade and investments.

Strategic Collaborators of TIFS

TIFS work in close coordination with Trade Consulars' of different countries as well as international trade and business community and international chambers of commerce. Further, for facilitating and providing information on procedural requirements, TIFS also work in close coordination with the government both at the central and the state level as well as industry associations in India.



Trade Consular's of different countries

Government including Central and State

Industry Associations

International Trade and Business Community

International Chambers of Commerce

International Consulting Firms

How TIFS work in assisting investors?

It is envisaged to be the first-point-one-stop reference for potential investors from around the world. Our team of domain and functional experts provides sector-and-state-specific inputs, and hand-holding support to investors. We assist with location identification, expediting regulatory approvals, facilitating meetings with relevant government and corporate officials among others. For instance, if an investor A from Germany wants to invest USD 100 million in a textile business in India.

- A team of trained staff will be associated with the task for maintaining a physical helpdesk and provide the investor with all the help required regarding the relevant approvals to set up a business and information related to investment areas across India.
- Facility to set up meetings of the investors with Government officials for specific investor queries, both at the state government and central government level.
- Regular updates on various economic developments in India in general and sector specific in particular.
- Updates on state level developments related to policy amendments, sectoral developments, taxation mechanism, infrastructural, etc.
- Updates on Foreign Direct Investment norms, Foreign Trade Policy, etc.

TIFS undertakes the following activities

- i. Through regular research and networking with Government bodies, Entrepreneurs, Industry associations, Embassies/Consulates, Investment delegations, etc., the TIFS gather information on possible trade and investment opportunities in various sectors of the Indian economy.
- ii. TIFS advises prospective traders and investors, national and international, in their process of filing applications and helping them meet other procedural and regulatory requirements. For this purpose, information on specific trade and investment guidelines at the state and central level is provided by TIFS.
- iii. TIFS provides information at a broad level to international investors about possible potential joint venture partners in India. If TIFS is aware of any Indian parties interested in formation of Joint Ventures (JVs) with some global partners, such information is made available to interested investors.
- iv. In case of requests made by individual investors to undertake specific research assignments, financial analysis or due diligence of any specific joint venture partner or Mergers & Acquisitions (M&A) targets, TIFS provides adequate resources to carry out such requests on an agreed cost.
- v. In a nutshell, TIFS increases understanding amongst national and international investors on the promising investment areas and requirements and regulations for making investments. Facilitates in dealing with the Government in application procedures amongst the national and international investors. Reduce lead time in investment processes and procedural transactions.

Registration

Registration is open to both Indian and foreign entities.

Registration fee is for your registration with TIFS program to receive updates on trade and investment scenario regularly for 1 year from the date of registration. However, for your specific queries consultancy charges would vary from case to case basis for facilitation services on detailed projects and exhaustive research studies.

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Developments in India's Foreign Investments



2 Developments in India's Foreign Investments

2.1 India's FDI Inflows

Foreign companies invest in India to take advantage of relatively lower wages, special investment privileges like tax exemptions, etc. For a country where foreign investment is being made, it also means achieving technical know-how and generating employment. The Indian Government's favorable policy regime and robust business environment has ensured that foreign capital keeps flowing into the country. The Government has taken many initiatives in recent years such as relaxing FDI norms across sectors such as green equity bonds, defence manufacturing sector, PSU oil refineries, telecom, power exchanges, and stock exchanges, among others. Outward FDI occurs when a domestic firm expands its operations to a foreign country. This can happen through a merger, an acquisition, expansion, etc.

Table 5: Summary of Outward Foreign Direct Investment (OFDI) for April 2023 (values in USD Million)

S. No.	Financial Commitment	Apr 2023	Mar 2023	Apr 2022	Growth (%) 2023 over 2022
i.	Equity	730	620	678	8%
ii.	Loan	431	488	693	-38%
iii.	Guarantee issued	1288	1135	2669	-52%
iv.	Total Financial Commitment (1+2+3)	2449	2243	4040	-39%

Source: PHD Research Bureau; PHDCCI Compiled from Reserve Bank of India

- According to the Reserve Bank of India (RBI), total FDI equity outward in April 2023 contributed to US\$ 730 million (30%) out of the total US\$ 2449 million. This outward FDI equity showed a positive growth of 8% per cent over April 2022, which stood at US\$ 678 million.
- The total FDI loan outward in April 2023 contributed to US\$ 431 million (18%) out of the total US\$ 2449 million. The outward FDI loan showed a negative growth of (-) 38 per cent over April 2022 which stood at US\$ 693 million. The negative growth was also witnessed by the guarantee issued from April 2022 to April 2023 to the tune of (-) 52 per cent. The total financial commitment for April 2023 stood at US\$ 2449 million, 39 percent lower than the same month in 2022 (US\$ 4040 million).

- RBI provides investor-wise OFDI inflow data and provides information on major activity of joint ventures (JVs) and wholly owned subsidiaries (WOS). Overall, the financial commitment by wholly owned subsidiaries is to the tune of US \$ 2204 million and by joint ventures is to the tune of US \$ 245 million.
- As per latest FDI inflow statistics, the services sector attracted the highest cumulative equity inflow of USD 101 Billion (from April 2000 till December 2022) followed by computer software and hardware (USD 93 Billion) and telecommunications (39 Billion)

S.No	Period of Assessment FY 2022-23 (April-December)	FDI Equity Inflow (USD Billion)
i.	April-December 2022	36.7
ii.	April-December 2021	43.1
iii.	Growth (%) over last year	-15 %

Source: PHD Research Bureau; PHDCCI Compiled from Department for Promotion of Industry and Internal Trade

According to the Department for Promotion of Industry and Internal Trade (DPIIT), the April to December (FY2022-23) foreign direct investment equity inflows stood at USD 36.7 billion with the negative growth of (-) 15% over the last year for the same period (USD 43.1 Billion).

2.2 Recent Developments in India's Foreign Investments

- **ADB, India sign \$141.12 million loan for industrial corridor development in Andhra Pradesh-** The Asian Development Bank (ADB) and the Government of India signed, on 23.05.2023, a \$141.12 million loan to support the development of high-quality internal infrastructure such as roads, water supply systems and electricity distribution network in three industrial clusters in the state of Andhra Pradesh. This financing is the second tranche of the \$500 million multi-tranche financing facility (MFF) for the program approved by ADB in 2016 to build infrastructure in three industrial clusters in the Visakhapatnam and Srikalahasthi-Chittoor nodes in the state.
- **Uber steps up EV push in India, partners with various EV fleets:** Unveiling its roadmap for sustainable mobility, ride-hailing app Uber has announced partnerships with various electric vehicle makers and other entities to accelerate the transition of its partners towards



sustainable mobility. The company has partnered with EV fleet partners Lithium Urban Technologies, Everest Fleet Pvt Ltd and Moove. Under the partnership, the company will deploy 25,000 electric cars in India on the Uber platform over the next two years.

- **Automakers to invest \$10 billion for enhancing EV manufacturing capacity:** In a bid to provide a stronger push to electric vehicle (EV) manufacturing in the country, Indian automakers are considering making investments of around \$10 billion or Rs 80,000 crore. The investment will be made to build a robust infrastructure for the EV ecosystem. The development has come at a time when EVs are gathering attraction around the world. The governments are also supporting the switch from pure internal combustion engines to battery-powered vehicles.
- **Tesla proposes new EV plant in India for domestic sales, exports:** Tesla Inc. has proposed setting up a factory in India to build electric cars for domestic sale and export. The electric carmaker's renewed interest in India comes nearly a year after it put on hold plans to sell cars in the country after failing to secure lower import taxes, which its CEO Elon Musk said are among the highest in the world. Local sourcing aligns with Hon'ble Prime Minister Narendra Modi's pitch to attract manufacturers with his "Make in India" campaign, especially as companies look to diversify their supply chains beyond China.
- **Changes in anti-money laundering law can adversely impact foreign investment facilitation:** Chartered accountants are seeking clarifications on the finance ministry's recent notification on extending the ambit of anti-money laundering law as it can adversely impact ease of doing business and facilitation of foreign investments. In view of the pending review by the global watchdog on terror financing and money laundering, the finance ministry has in recent months tightened and expanded the scope of the Prevention of Money Laundering Act (PMLA).
- **Rs 20,000 crore FII investments into banks and other 5 sectors:** Foreign institutional investors (FIIs) have invested over ₹20,000 crore (\$3.1bn) into Indian stocks in the first two weeks of May. Figures from NSDL (National Securities Depository Limited) reveal that financial stocks were the most popular picks for investors, who contributed ₹8,382 crore. Automobiles ranked second, with investments of ₹4,705 crore. Within emerging markets, India is most attractive to investors at present, receiving the most capital in May 2018. Analysts believe that while the global backdrop remains favourable to investors, concerns continue to exist over selling by domestic funds, with concerns that mutual funds may take a position on raising cash



- **Scrutiny of Indian tycoons deals a blow to privatisation drive-** India's much-touted privatization drive, aimed at solving public finances, has been slow, with only one major sale since 2014. Seven listed companies are marked for privatization, but the market capitalization of these firms is currently at about \$25bn. While Indian officials are scaling back their expectations, a tough financial climate has affected India's tycoons who could buy assets in the privatization programme.
- **India eyes start-up exchange programme with its neighbours:** India eyeing a start-up exchange programme with its neighbouring countries to boost entrepreneurial cooperation in the region. While a framework has already been put in place for such an exchange with Bangladesh, a similar initiative is likely to be rolled out for Bhutan and Nepal.
- **Government estimates INR 6,800 crore investment in PM MITRA park in Indore:** About 20 investors have presented an 'Intention to invest' letter worth ₹6,842 crore in the PM Mega Integrated Textile Regions and Apparel (PM-MITRA) scheme park in Indore. Meanwhile other parts of the state are also expected to receive about 8,675 crore. The central government had announced plans to set up seven mega textile parks under the PM Mega Integrated Textile Regions and Apparel (PM MITRA) scheme.
- **India considering allowing foreign investment in nuclear power industry** - The government is considering overturning a ban on foreign investment in its nuclear power industry and allowing greater participation by domestic private firms, as part of a push for cleaner energy

Developments in Bilateral Trade



3 Developments in India's Bilateral Trade

- **ISO Member Countries resolve to boost consumer engagement, renew focus on sustainability in Standardisation:** Ms. Nidhi Khare, Additional Secretary, Ministry of Consumer Affairs, Food & Public Distribution mentioned that India has made significant improvement in the area of consumer protection during the recent years. Also, robust consumer grievance redressal systems have been developed to help fast-tracking resolution of such matters. While stressing the need to keep sustainability as a core consideration in standardisation, she said, "Manufacturers should ensure that products are designed for sustainability parameters, they can also be partners in the process of reducing e-waste."
- **Eurasian economic union meets to speed up proposed FTA with India-** The Eurasian Economic Union (EAEU) has decided to expedite the proposed free trade agreement with India that would give Indian companies market access to resource-rich Eurasia where China is making deep inroads
- **India, Australia working on comprehensive trade pact, says Hon'ble Prime Minister Shri Narendra Modi** - Addressing over 21,000 members of the Indian diaspora at a packed Qudos Bank Arena in Sydney, Hon'ble Prime Minister Shri Narendra Modi said India and Australia had signed the India-Australia Economic Coop-eration and Trade Agreement (ECTA) are working on a Comprehensive Economic Cooperation Agreement (CECA).
- **US Trade Development Agency aims for greater India-US partnership on 5G** - The United States is aiming greater bilateral technical and commercial cooperation in 5G and next generation tech. It highlights new opportunities for bilateral technical and commercial cooperation in the sector, expanding strategic technology partnership, an important element of the U.S.-India initiative on Critical and Emerging Technology (iCET).
- **US-led trade talks with 14 countries, including India, close to reaching supply chains pact** - Fourteen countries in US-led Indo-Pacific trade talks are nearing an agreement on supply chain coordination. The talks are focused on systems to provide early warnings when countries see a risk of supply chains being interrupted. The intention is to avoid the kind of global disruptions experienced during the coronavirus pandemic.



- **India and EFTA take further steps towards a new Trade and Partnership Agreement (TEPA)**
- “India and the European Free Trade Association (EFTA) States (Iceland, Liechtenstein, Norway, and Switzerland) have taken a significant stride forward in their quest for a Trade and Economic Partnership Agreement (TEPA).
- **Round 9 of India-UK FTA talks concludes with 'detailed' policy discussions-** The ninth round of negotiations for the India-UK free trade agreement (FTA) ended with comprehensive discussions, according to a joint statement released by the UK's Department for Business and Trade. Non-committal on when and how the 10th round of talks will take place, the FTA aims to significantly enhance the bilateral trading relationship, which amounted to about £34bn (\$46.7bn) in 2022.
- **India wants more clarity from US on trade pillar of IPEF, concerned over market access for domestic firms:** India is ready to move ahead positively with talks with the United States on the trade pillar of the IPEF (Indo-Pacific Economic Framework), and has sought more clarity and text of the agreement on that trade pillar. India will take a decision after examining the IPEF text on trade and digital economy as it wants to ensure that market access for domestic companies is not adversely impacted.
- **India, Canada aim to seal trade pact:** India's Commerce and Industry Minister Piyush Goyal met his Canadian counterpart, Mary Ng, in Ottawa with an aim to seal an initial agreement this year to increase their trade and expand investment while setting out a mechanism to deal with disputes. The EPTA (Early Progress Trade Agreement) would cover, among others, high-level commitments in goods, services, investment, rules of origin, sanitary and phytosanitary measures, technical barriers to trade, and dispute settlement.
- **CEPA is the growth engine for India-UAE bilateral trade** - On the occasion of the first anniversary of the implementation of the India-UAE Comprehensive Economic Partnership Agreement (CEPA) today, Hon’ble Commerce Secretary Shri Sunil Barthwal congratulated the people of India and the UAE on the milestone and talked about CEPA’s role as a growth engine for India-UAE bilateral trade over the past 11 months. The initial gains from the India-UAE Comprehensive Economic Partnership Agreement (CEPA) have already started accruing with bilateral trade growing around 20% and touching an all-time high of around \$84 billion in FY23



- **India's exports to Latin America likely to be highest in a decade in FY23:-** A surge in Indian exports to its Latin American counterparts, post-pandemic, would suggest a renewed push in trade ties between these regions. As of February 2023, Indian exports to the region have crossed US \$16 billion and are likely to be the highest in a decade in FY 2023-24.
- **India, Russia to explore possibility of accepting RuPay and Mir cards:** India and Russia will explore the possibility of accepting RuPay and Mir cards in each other's country for hassle-free payments amid sanctions imposed by the West on Moscow.
- **India, US looking at four-fold rise in trade:** Hon'ble Union Minister of Commerce and Industry Shri Piyush Goyal At the 31st annual general meeting of the American Chamber of Commerce in India (AMCHAM), Hon'ble Union Minister of Commerce and Industry Shri Piyush Goyal said the India-US bilateral trade is increasing at a healthy rate and both sides are looking to expand the trade four-fold to "touch \$500 billion target by 2030".
- **India may challenge against EU law on retaliatory tariffs:** India will retaliate against the EU's law that allows it to suspend concessions and impose trade restrictions if the law is invoked in response to an Indian appeal against a ruling on ICT tariffs at the dispute settlement panel of the World Trade Organization (WTO).

India and WTO



4 India and WTO

- **India looks to build consensus at WTO to block non-trade issues:** India is pushing for forging consensus with like-minded countries at the World Trade Organization in order to prevent entry of non-trade issues such as environment and sustainability into the trade negotiations. Brazil, China, Thailand and South Africa are some of the countries which could get affected and India will try to build a consensus with them. The move by advanced economies to impose green taxes has already made the developing and emerging economies wary of such moves.
- **India to flag e-trade tariff waiver, food subsidy at June WTO meet:** India will push for ending the moratorium on customs duty on cross-border e-commerce and a permanent solution to the subsidy and public stock-holding issues in agriculture at the mini-ministerial meeting of the World Trade Organization in Paris on June 7.
- **India among 80 pushing text-based talks on public stockholding at WTO** - India has also pitched for the need to recalculate the external reference prices to reflect the impact of inflation and other economic factors on food stock prices. The issue was discussed during a special session of the WTO's Committee on Agriculture.
- **India suggests 34 operational changes to WTO:** India presented the first list of ideas of its "30 For 30" discussions with time frames for their implementation to improve the WTO's operations before the organisation completes 30 years on January 1, 2025. India has proposed 34 operational changes to the World Trade Organization, such as putting in place a 12-month cooling-off period before hiring any ambassador to the WTO in any roles in the organisation, resolving old issues before adding new ones, and a time-bound work programme to make dispute settlement more accessible for developing countries.
- **India requests WTO for measures regarding grievance with respect to the export of agricultural products and trade:** Speaking at the Asian Development Bank (ADB) Governor's seminar on 'Policies to support Asia's rebound', Hon'ble Union Minister of Finance, Smt. Niramala Sitharaman said that since WTO was founded, there has been a grievance with respect to the export of agricultural products and generally in trade, the



voice of the Global South and emerging markets has not been heard at par with that of the developed countries.

- **WTO ruling on Indian duty, if upheld, could hit local production of mobiles:** A WTO panel recently ruled that India had violated global trade rules after the European Union challenged the levy of 7.5% and 15% import duty imposed since 2017 on a wide range of IT products, including mobile phones (where the duty was further raised to 20%) and components to curb imports in a bid to increase domestic production. World Trade Organization's ruling against India's import duty imposition on mobile phones and telecommunications equipment has the potential to more than halve the local manufacturing by top Chinese players that are not part of the government's production-linked incentive scheme

Policy Developments



5 India's Policy Developments

- **India Makes Tests Mandatory for Cough Syrup Export After Overseas Deaths:** India will make tests mandatory for cough syrups before they are exported, a government notice showed on Tuesday, after Indian-made cough syrups were linked to the deaths of dozens of children in Gambia and Uzbekistan. Any cough syrup must have a certificate of analysis issued by a government laboratory before it is exported, effective June 1.
- **Changes proposed to Angel Tax rules to bring more startup valuation flexibility:** India proposed to exclude a host of foreign investors including sovereign wealth funds and pensions funds from the purview of the so-called "angel tax", offering the much-needed relief to the startup sector staring at a funding winter. Investments by non-resident investors including central banks, multilateral entities, foreign pension and endowment funds, banks and insurers, foreign portfolio investors and entities registered with market regulator Securities and Exchange Board of India will not attract the angel tax.
- **Major tax relief: Forex payments up to ₹7 lakh exempt:** The finance ministry on Friday said that forex payments through debit and credit cards up to ₹7 lakh would be exempted from the liberalized remittance scheme (LRS) and will not attract tax collected at source (TCS) from 1 July, in a major relief to Indians making purchases, such as foreign newspaper subscriptions.
- **National Quantum Mission of India:** With the National Quantum Mission, India hopes to accelerate breakthroughs in medicine, logistics, and finance, solving complex problems faster than ever before. Spearheading this change is the National Quantum Mission (NQM), which was approved by the Union Cabinet in April, with a total outlay of Rs 6,003 crore over the next six years. The investments will be directed towards research and development, and creating an innovative ecosystem in quantum technology within the country. With this, India joins the league of six nations that includes the US, China, Finland, Austria, France and Canada, which are leading the research in this field.
- **Investments via PLI schemes top priority:** Hon'ble Union Minister of Finance Smt. Nirmala Sitharaman: India's production-linked incentive (PLI) schemes, designed to encourage investment in the country, are being extended to new sectors including semiconductors and



solar components, according to Hon'ble Union Minister of finance Smt. Nirmala Sitharaman.

- **No end date for Centre's Rs 76K-cr chip scheme:** In what can be termed as a change in policy stance, the government's Rs 76,000-crore incentive scheme for development of semiconductors and display manufacturing ecosystem in the country will not have a closing date.
- **India seeks exemptions for MSMEs from EU's carbon tax, EU agrees to engage before CBAM roll-out:** India is urging the European Union (EU) to enter into a mutual recognition agreement for its carbon certificates and exempt small and medium enterprises in certain sectors from the EU carbon tax. India and the European Union have agreed to a constant engagement before Carbon Border Adjustment Mechanism (CBAM) or Carbon Tax on exports. The EU is introducing its Carbon Border Adjustment Mechanism (CBAM) from 1 October, which will translate into a 20-35% tax on select imports from 1 January, 2026.
- **GST: Automated returns scrutiny set to roll out:** Businesses will have to more careful while filing returns as the automated scrutiny system for the goods and services tax (GST) is about to use advanced artificial intelligence and data analytics to monitor mismatches. Expected to be rolled out, the new system is expected to correlate data in the various GST returns filed by a taxpayer to ensure there are no discrepancies.
- **RBI directs users to pay fee, charges on forex cards in rupees:** The Reserve Bank of India (RBI) advised that the fees, charges payable in India have to be denominated and settled in Rupees only.
- **India asks European Union to recognise its carbon credit trading scheme:** India has urged the EU to validate its Carbon Credit Trading Scheme (CCTS) as its steel, iron and aluminium exports may face more inspections under the Carbon Border Adjustment Mechanism (CBAM) set to commence. Non-EU steel manufactures will have to report direct and indirect emissions under the EU tax structure that may impose a 20%-35% duty on select imports from January 1, 2026. The EU importers must acquire CBAM certificates that cover the carbon footprints associated with manufacturing imported steel products. India has put forward various options to combat CBAM and has initiated bilateral talks with the US and EU regarding the issue.



- **The Government releases SOPs for PLI in the Automobile production scheme:** The Union government has announced the standard operating procedures (SOPs) for the Production Linked Incentive (PLI) scheme for the automobile sector. Applicants can submit requests for the testing and certification of product utilizing advanced automotive technology to be considered for incentives.
- **Digital systems of the Ministry of Coal integrates with the Unified Logistics Interface Platform (ULIP) to add value to Coal Logistics for making informed decisions:** Hon'ble Secretary, Ministry of Coal, Shri Amrit Lal Meena, chaired a meeting on the integration of Unified Logistics Interface Platform (ULIP) with the digital systems of the Ministry of Coal.
- **Factory certification may be mandated for all drug makers:** The Union government is likely to make good manufacturing practice (GMP) mandatory for all units manufacturing drugs in the country to maintain quality of drugs produced and exported from India

Miscellaneous Developments



6 Miscellaneous Developments

- **Walmart will source toys, shoes, and bicycles from Indian suppliers:** The US-based retail giant is looking to expand its supplies from India and explore categories like food, pharmaceuticals, consumables, health and wellness, and apparel and home textiles. The decision highlights the growth story of India in the toy industry, as the country was a net importer of toys until a few years ago.
- **FPIs bring in Rs 30,945 cr in May on strong economic fundamentals-** Foreign investors have put in Rs 30,945 crore in the Indian equities in May so far, driven by strong macroeconomic fundamentals, prospect of reducing interest rates, positive earnings outlook and falling valuations of stocks.
- **Cabinet approves signing of Memorandum of Understanding between Competition Commission of India and Egyptian Competition Authority-** The MoU envisages promotion and strengthening of cooperation in competition law and policy through exchange of information, sharing of best practices as well as through various capacity building initiatives. The MoU also aims to develop and strengthen linkages between CCI and ECA, and learn and emulate from each other's experiences in the enforcement of competition law in their respective jurisdictions through experience sharing and technical cooperation.
- **Centre to roll out pan-India mobile tracking system to aid finding lost devices-** The Indian government is planning the pan-India rollout of a tracking system for lost and stolen mobile phones. The Centre for Department of Telematics has been testing the CEIR system in several regions of the country for some time. Telecoms operators will be able to view an IMEI – a 15-digit unique identifier on all Indian mobiles – to trace the device or block it should it be cloned. The CEIR will ease reporting of lost or stolen phones and enable the public to be more aware of cloned and fake mobiles.
- **Smt. Nirmala Sitharaman pitches for strengthening of MDBs to address trans boundary challenges-** India's Hon'ble Finance Minister, Smt. Nirmala Sitharaman, highlighted the need to strengthen multilateral development banks (MDBs) such as the World Bank and the Asian Development Bank to address trans-boundary challenges during the Group of Seven (G7) meeting of finance ministers and central bank governors.



- **ONDC discounts to continue for rest of the year:** The Open Network for Digital Commerce (ONDC) will continue to offer discounts for the rest of the year as it seeks to jumpstart business on the protocol by assisting the network participants and wooing buyers, T Koshy, CEO, ONDC
- **Third edition of the SCO Startup Forum to foster innovation and global engagements for startups in SCO Member States:** After two successful editions in virtual mode, Startup India, Department of Promotion for Industry and Internal Trade, Ministry of Commerce organized the third edition in the form of first-ever physical Shanghai Cooperation Organization (SCO) Startup Forum in New Delhi. The engagement aimed at expanding the startup interactions amongst the SCO Member States, nurturing the spirit of innovation, generating more employment and encouraging young talent to build innovative solutions
- **South Africa urges careful debate on option of introducing BRICS common currency:** US interest-rate hikes and geopolitical conflicts have pushed up the value of the American currency and all the commodities priced in it, to the detriment of most emerging markets. That's spurred calls for alternatives to using the greenback as the global trading currency
- **India's trade ministry acts to cut ballooning trade deficit with Russia, reaches out to Export Promotion Councils (EPCs):** The commerce ministry has stepped in to cut India's ballooning trade deficit with Russia, asking all Export Promotion Councils (EPCs) to identify additional products India can sell to Russia to expand its own exports.
- **CBIC rolls out module for automated scrutiny of GST returns:** The Central Board of Indirect Taxes and Customs (CBIC) has rolled out a module for automated scrutiny of GST returns. "This module will enable the officers to carry out scrutiny of GST returns of Centre Administered Taxpayers selected on the basis of data analytics and risks identified by the System.
- **Union Minister Shri Sarbananda Sonowal launches 'Harit Sagar' the Green Port Guidelines 2023-** To meet the larger vision of achieving Zero Carbon Emission Goal, Ministry of Ports, Shipping & Waterways has launched 'Harit Sagar' the Green Port Guidelines. Harit Sagar Guidelines - 2023 envisages ecosystem dynamics in port development, operation and maintenance while aligning with 'Working with Nature' concept and minimizing impact on biotic components of harbor ecosystem. It lays emphasis on use of Clean / Green energy in



Port operation, developing Port capabilities for storage, handling and bunkering Greener Fuels viz. Green Hydrogen, Green Ammonia, Green Methanol / Ethanol etc

- **Indian economy benefited from diaspora-** The Indian diaspora contributed substantially to the country's forex reserves pile-up. In addition to sending record amounts- \$108 billion - as remittances to their families back home, cumulative NRI deposits are at \$136 billion as of February 2023.
- **The European Central Bank raised interest rates by 25 basis points to 3.25% in inflation fight in a 7th hike:** The central bank for the 20 countries that share the euro has now lifted rates by a combined 375 basis points since last July in its fastest pace of tightening. ECB said it would stop reinvesting cash from maturing debt in its 3.2 trillion euro Asset Purchase Programme from July, 2023.
- **Passenger vehicle retail sales:** The sale of passenger vehicles (PV) in India slowed down in the first month of the current fiscal FY24 for the first time in eight months, potentially signalling a tapering demand in this segment. According to the latest data shared by the Federation of Automobile Dealers' Association (FADA), while 3-wheelers showed a growth of 57 per cent, 2-wheelers and passenger vehicles' sales dropped by 7 per cent and 1 per cent, respectively. Overall, April saw a 4 per cent decline in total vehicle retails, signalling a slow start to FY24.
- **Global prices for fertilisers fall resulting in delays in long-term import deals:** FY24 fertiliser subsidy may fall below Budget Estimate: A sharp drop in global prices is likely to bring down the fertiliser subsidy in FY24 to lower than the budget estimate of Rs 1.79 trillion, after touching the record level of Rs 2.52 trillion in the last fiscal year. The government is also exploring options for entering into long-term agreements with several countries to source fertilisers, a move that would reduce the cost of imports of soil nutrients. A decline in the import cost of liquefied natural gas (LNG), a key ingredient in the manufacturing of urea in recent months, is also expected to reduce the fertiliser subsidy.
- **First Indian cargo ship reaches Sittwe Port in Myanmar:** The first Indian Cargo ship reached the newly inaugurated Sittwe Port in Myanmar's Rakhine State. This ship was flagged off from Kolkata's Syama Prasad Mookerjee Port and was received by Hon'ble Minister for Ports, Shipping and Waterways, Sarbananda Sonowal. Myanmar's Deputy Prime Minister



and Hon'ble Union Minister for Transport and Communications, Tin Aung San was also present at the occasion.

- **The 'Report on Currency and Finance' prepared by the Department of Economic and Policy Research (RBI) proposes that India should introduce carbon-pricing system:** India needs to introduce a broad-based carbon pricing system to meet its climate goals. The 'Report on Currency and Finance' has been prepared by the Department of Economic and Policy Research. The report has urged the government to introduce an emissions-trading system, linked to the green taxonomy to cover all the sectors of the economy.
- **Jawaharlal Nehru Port Authority (JNPA) set a global benchmark in container cargo handling:** A month after the record handling performance for the last FY, Jawaharlal Nehru Port Authority (JNPA), India's premier container port, has achieved another feat when it set a global benchmark in container cargo handling. According to the Logistics Performance Index (LPI) Report, 2023, published by the World Bank, JNPA has an impressive turnaround time (TAT) of just 22 hours (equal to 0.9 days), putting India amongst the top performers



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