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NEWSLETTER MARKET UPDATES

MESSAGE



Dear Members,

The months of July and August was stashed with events but, I think, we have made two major strides, first: having the immediate Hon'ble former President of India Shri Ram Nath Kovind along with our Hon'ble West Bengal Governor, Shri C V Ananda Bose in our Chamber event, "Ethos of the Indian Constitution ,Unity in Diversity". Second; accomplishing the Economists' Forum Event under the Chairmanship of Shri Suresh Prabhu, where we could bring together some of India's finest brains to talk on achieving India's \$ 2 trillion exports by 2030..

Our Governor's message was strong in terms of asserting that India's Constitution was federal and the former President was loud and clear in saying, India's Unity in Diversity should be a learning point for the other Nationals of the world.

On the \$2 trillion exports from In. India; different issues were raised, pertinent points were discussed and a way forward was mapped. Readers will get through, once they go through our current issue. Hope you all will enjoy reading it.

Wishing all our members the very best.

Thank You

Namit Bajoria

President, MCCI



**Our tenets of Unity
will be example to
other nationalities
: Kovind**



**West Bengal Ministers
Sobhondeb Chattopadhyay,
Dr. Shashi Panja and
Chandrima Bhattacharya
at the MCCI 122nd AGM**

Panel working on its own target to achieve the \$2 trillion export mark



While the second edition of the MCCI Economists' Forum met on Friday, August 18 to find out a road map for "Achieving "US\$2 trillion exports by 2030, Suresh Prabhu, Chairman, MCCI Economists' Forum, and former Union minister with ten portfolios at different times and at present the Chancellor of Rishihood University, stressed on imports or rather bilateral trade to achieve our export target.

The \$ 2 trillion export target have been kept by 2030. Prabhu said, it was impossible for any country to do only exports and not make any imports. He said the primary condition of trading was both export and import. India was strong in services and therefore making service exports from India and mobilising Human Resources to other parts of the world was the key advantage to India's trading. He said, India required to jump to a growth

trajectory in trading with various supply—chain bottlenecks still existing. But the country was working on it with a holistic approach so that within a few years, it can turn into an export hub with a lot of landlocked regions looking at India for exporting to middle east and other parts of the world.

Earlier before the session, Subhomoy Bhattacharjee, Chief Center of Maritime Economy and Connectivity (CMEC) a wing of the Research & Information System (RIS) for Developing Countries, said that there would be lot of investment running into West Bengal's Maritime and India was poised to make its own transshipment hub at the Car Nicobar Island, which could take away a considerable traffic from Colombo and Hong Kong to make the trade passage smooth to various parts of the world.

Container and container transshipment was a



major shortage which the majority of the country's were facing, making costs of trade higher. Although Yatish Kumar, former Chairman and Managing Director, Braithwaite & CO Ltd, was not present at the meeting, he said the company has started manufacturing containers, which would soon lower our dependence of containers from China.

Syama Prasad Mookerjee Port Chairman, Rathendra Raman said that the port was building the infrastructure and the heavy investments that would come into West Bengal's Maritime Sector would establish Act East as a policy to reality. The multi modal transport system, already established in Haldia and linking Haldia to Varanasi will help in increasing the volume of cargo to a great extent. The Ports under SMP would soon turn to an export hub with new jetties being made along the long coastline of the

country's only riverine port.

UCO Bank managing director and CEO, Ashwani Kumar said that the Bank as a nodal agency has opened Vostro accounts in 10 banks of Iran and 4 banks of Russia. UCO bank was eager to facilitate those all who wanted to trade with Russia. Later on the sidelines of the seminar, he said that the bank was poised to earn an operating margin of 17% in 2023-24.

Siddhartha Sanyal, Chief Economist & Head Research, Bandhan Bank, said achieving \$ 2 trillion export target was not a huge task from US \$ 770 billion in 2022-23. All it needed was a compounded annual growth rate of 14-15%, which was not a daunting task. He however, didn't take into consideration the 12% fall in merchandise exports, which happened in 2022-23. The growth has to be made covering the 12% degrowth.

Sumanta Chaudhuri, International trade expert, added there were a number of compliances like ESG that could be crucial for trade growth. While tariff barriers were gradually weaning out in the course of FTAs, non tariff barriers could remain as the main impediment in achieving the growth. However, in case of service exports, India had better compliance than any other countries, added Sanyal.



New FTP is not only a target but a policy: Namit Bajoria

The government's new foreign trade policy has not only kept achieving \$ 2 trillion export as a target but has made it a policy, which needs to be transformed to reality, Namit Bajoria, President, MCCI in his welcome address said at the MCI Economists' Forum.

He said exports worth \$770.2 billion to \$ 2 trillion is a big jump in a span of seven years, especially in a situation when the geo-political condition is in a tumultuous situation and the advanced economies are in a recession.

Although the government while announcing its new foreign trade policy didn't keep any time frame as it usually keeps for five years, It was clear in its version that merchandise exports should not fall behind service exports and the new policy moved away from providing incentives to remission and entitlement based regime, Bajoria said.

"In India when we talk of exports, we know that the bulk of exports happen from the well to do MSMEs, which has captured a formidable portion of the market. But to grow with the volume of exports, rejuvenating most of our MSMEs across the country is a must,"



He said, competitive manufacturing was difficult until and unless India had control over the inflation and raw material prices came down. If one third of the world continues to remain under recession then India would have to create a situation of low price syndrome. But with the Fed continually adjusting rates, oil demand picking up –(actually a few days ago oil was in highest ever demand)- jobs growing in the US market, there are indications that the recessionary pressure will gradually move away within a year or so.

Bajoria said.

He pointed out to the opinion that India was yet to export its own manufactured items. Rather it imported the spares, assembled them and exported and attracted Public Linked Incentives, which was a huge government expenditure to create jobs. "This is especially happening in the case of mobile phones. But many other items, once simply assembled, have now started putting up their facilities and have started getting manufactured in India, he said

"Make in India" is happening," he stressed.

In West Bengal the China plus one theory is panning out in a different way. But the business community was apprehensive about the infrastructural bottlenecks and was keen on knowing about the shape it would take by 2030.

He said, competitive manufacturing was difficult until and unless India had control over the inflation and raw material prices came down. If one third of the world continues to remain under recession then India would have to create a situation of low price syndrome. But with the Fed continually adjusting rates, oil demand picking up –(actually a

few days ago oil was in highest ever demand)-jobs growing in the US market, there are indications that the recessionary pressure will gradually move away within a year or so.

But India, he said, will have to compete with China in terms of manufacturing while also supplementing it to serve the rest of the world. Four new towns, Faridabad, Moradabad, Mirzapur, & Varanasi have been designated per excellence for exports besides the existing 39.

INR, coming up as an exchange currency in many parts of the world will certainly give India an edge in global trading.

He pointed out to a number of FTAs and stressed that tariff and non tariff barriers still persisted.

He urged the government to be more tactical on the non-tariff barriers and give leverage to agricultural exports, which was the country's biggest strength. Later on Sumanta Chaudhuri, added that sanitary and phyto sanitary norms were coming in the way of agricultural exports. But gradually those factors are reducing.

Seven years not too short not too long to achieve \$ 2 trillion export:Rishabh Kothari



Seven years is not too short, not too long a time to achieve \$ 2 trillion trade growth but we may get the advantage of an up cycle, which may push India's trade towards a growth trajectory, Rishav. C. Kothari, Convenor, MCCI Economists' Forum and immediate past president said.

He said , India wanted to become a \$ 5 trillion economy by 2024 at a backdrop of high inflation and at a growth rate

of 6.1%.. The Reserve Bank of India has been taking measures to control headline inflation and bring it to 4.1%. While our exports need to grow, it has to get aligned with competitive manufacturing, which is aligned to inflation, Kothari said.

India's total exports in 2022-2023 have been worth US \$ 770 billion and to achieve \$ 2 trillion trade there has to be a threefold increase in

exports in a span of seven years. Nearly doubling the exports is imperative if we first have to touch the \$ 5 trillion economy mark by 2024 and then \$ 2 trillion exports by 2030.

He cited the International Monetary Fund saying it presented an outlook of a sluggish global economy which would hit world trade from 5.1% in 2022 to 2.4% in 2023.

“The IMF has kept the global growth forecast between 2.8% and 3% for 2024, which means trade for the current year would shrink. But the better part of the story is; we have kept our exports target beyond 2024 and we have kept seven years in hand, which I believe will turn the down cycle to an up cycle” Kothari said.

The growth momentum is all likely to start beyond 2024 and India was at the preparation stage because India's first preparation was in the area of Competitive Manufacturing.

He said even if India required imports for higher exports, our exports should be value added and not just exports of assembled products.

India's net export has witnessed a steep fall by 12.7% at \$ 34.66 billion as of April 2023.

He said if one recalled the market after the collapse of Lehman Brothers, it was followed by a low price syndrome all across the world, though India remained an exception. Therefore our manufacturing should look at

gaining strength where we can supply the world the best of quality at the cheapest of rates giving consumers their value for money.

He said Piyush Goyal, Union Commerce Minister, has decided to meet 100 listed companies across India to work out strategies for competitive manufacturing. But the bulk of export products were supplied by the MSMEs, which were the second highest in number in West Bengal under industrial clusters.

But many of them were operative and many units were lying sick.

West Bengal could turn into a strong export hub if it could rejuvenate its MSMEs, unleash its Maritime Potential and tweak a bit its SEZ policy. Higher exports from the state will also be beneficial to the state coffers, he said.

The Union government has opened a number of channels for exports even though the network of post offices would be utilised to export handicraft products from remote parts of the country. It was a welcome move but we should think in terms of exporting big industry manufactured products, Kothari opined.

EV was an area where West Bengal had huge possibilities. Indian brands should go all across the world with our products having the largest share in the \$ 2 trillion exports, Kothari said.





Our tenets of Unity will be example to other nationalities: Kovind

Guv asks to give a symbolic burial to corruption and violence in Bengal.

Our tenets of unity will be an example to other nationalities, said the former President of India Shri Ram Nath Kovind.

Kovind attended a special session on the "Ethos of the Indian Constitution: Unity in Diversity," organised by the Merchants' Chamber of Commerce & Industry (MCCI) on August 7. He was accompanied by the West Bengal Governor, CV Ananda Bose, who stressed on the fact that the supremacy of people's power reflected in the Constitution of the country.

Kovind praised the Chamber and said most business chambers discuss issues related to business only but the Merchants'

Chamber of Commerce and Industry has set an example by taking up issues like the ethos of the Constitution. He said that Kolkata in itself is an example of unity in diversity with a confluence of many religions and many languages.

He said in India, every few kms, there is a change in the dialect of a language, and in a few more kms there is a change in language. India recognises 22 languages. India's diverse culture has existed in this way for thousands of years and it will continue to do so. As the country has accepted a number of rulers from various communities and various sects over the ages, India has been built up as a country of diversity in this way.

Kovind stressed upon the Preamble of the



Constitution, saying that it was the driving force of the country. India is socialist, secular, and democratic and this should be said in one breath. Also, liberty, equality, and fraternity for all. The Constitution of the world's largest democracy allows citizens to practice their own religion. He added, **while India will remain "a union of states", its borders will be maintained regardless of internal differences.** He repeated the principles of unity and diversity many times. "The Constitution defines us as a secular nation in which we are free to practice any religion. Our economic system is a combination of free enterprise and a welfare state. In the end, the Constitution is more than a principle. It is a guiding light," Kovind said adding, he was proud of the nation's unity in diversity and the people should be proud of its rich legacy.

West Bengal Governor, CV Ananda Bose stressed that "the Constitution is federal in character but unitary in spirit". It was easier to form the Constitution but difficult to work with it. "The Indian

Constitution was formed and we the people of India are still working with it, amending laws to suit the time. The supremacy of people's power is reflected in the Constitution of the country. The nation believed in the supremacy of the common man", Bose said.

He mentioned, India was secular because of its cultural heritage, which is secular and that unity comes from the convergence of diversity.

Bose said that the Constitutional duty should always be for the good of the people. He mentioned that while the whole of India belonged to every individual, each individual belonged to the whole of India. He called for corruption and violence to quit Bengal and appealed to the people to give a 'symbolic' burial to both corruption and violence in the State. Dr. Bose added that we should not stop till we reach this goal.

Namit Bajoria, President, MCCI in his Welcome Address said that Constitutional Ethos is a set of beliefs or ideas, which are fundamental to governance. Constitutional ethos helps to achieve the ideas and aspirations of the Constitution of India and to create a harmonious social order for the country.

He said the three main principles that the Constitution guided were unity in diversity upholding secularism with the existence of multilingualism; democracy for social and economic welfare and liberty and freedom for every citizen. Every state has developed its mother tongue with full potential to conserve India's cultural wealth and that is where India's Unity in Diversity succeeds.

Import substitution: Keep it on back burner for the sake of higher exports now



The Union government for a few years has been brainstorming on import substitution. The Russia- Ukraine war acted as a trigger to set new paradigms for foreign trade. The Swift banking system was snapped off and the Fed rates became inconsistent. Volatility of crude oil prices became rampant and Russia took advantage of it, capturing new buyers of its oil.

Covid induced pandemic was continuing its onslaught and India in the meantime became a global vaccine and manufacturing and supplying hub. It made its agenda of making India a \$ 5 trillion economy stronger by 2024 and for that keeping a better balance of trade was imperative.

Our policy makers in Delhi started calculating what could take India to its desired \$5 trillion economy by 2024. Curbing inflation was a tough task. Just a few days after the Reserve Bank of India announced a long pause to its policy rates and talked of sucking out excess liquidity from the market, the banks started falling short of liquidity. Prior to that the RBI constantly for the past 15 months from May 2022 until August 11, 2023 or in seven

consecutive bi monthly monetary policy meetings had increased rates by 250 basis points with a view to supply more to the banks for increased lending.

Lending, as most banks claim, has gone up for MSMEs, but industrial production data and job growth data has not shown much of a growth. Instead after a short while banks have fallen short of liquidity. Besides, the country always has an uncertain monsoon and commodity supplies are volatile.

In such a circumstance, our trade pacts are showing green shoots which can lead India to an economy of 5 trillion by the next year. So what should be our immediate programme? Tap the foreign market. Economies, which are yet to be captured. So workout programme which can increase our foreign trade 3 folds by reaching the untapped areas. From where we can get a growth of our merchandise exports and yes, as Siddhartha Sanyal, Chief Economist of Bandhan Bank rightly points out it's a matter of 14% -14% compounded annual growth rate.

Well Its easy said than done. Our

Merchandise exports have fallen 12% as of April 2023. So we have to first cover up our short fall and then jump for the growth. Assuming we do that in the first year, to achieve the \$5 trillion mark, our exports have to grow at 26%. Isn't it daunting?

MCCI Economists' Forum without getting into much of a controversy, gave us a clean and clear line at the MCCI Economists' Forum on August 18. Import knocked down materials at first, at first assemble it in India and then export. The country will achieve its volume. This strategy will work for a year at least. Put Make in India on the Back Burner for now. This is what he meant, I suppose.

First give momentum to exports for which you need imports, then go for innovation and technology, to make India a real manufacturing hub. \$2 trillion exports- the target has been kept for the long term but a considerable volume has to be achieved in the near term. In the meantime, let India create its infrastructure and clear its bottle necks for seamless trade.



Need perceptual change about West Bengal Industry, ministers appeal

We need to change people's perception about West Bengal's industrial development, three senior ministers of the state cabinet spoke in the same tune in the 122nd Annual General Meeting of the Merchants' Chamber of Commerce & Industry (MCCI) on July 28.

Shri Sobhandeb Chattopadhyay, Minister for Agriculture and Parliamentary Affairs, **Dr. Shashi Panja**, Minister of Industry, Commerce & Enterprises, Public Enterprises & Industrial Reconstruction and **Smt. Chandrima Bhattacharya**, Minister of

state (independent charge) for Finance, who spoke at the inaugural session of the AGM said the state was providing exemptions on oil mills, tea producing and packaging cold storages and cold chains, necessary to harness the agricultural produce for industrial use.

As a matter of fact a lot of our agri and horticultural products perish for lack of proper distribution network and processing for which exemptions on such items and infrastructure have become necessary. Darjeeling tea, which holds a GI tag but has started losing its sheen for lack of quality, has

been offered special incentive for producing hand crafted tea, which will bring in special aroma to its Olong, White, Rose and Leaf tea that can attract foreign buyers for it. Along with it the government has adopted a special policy for tea tourism, which can give a major boost to investment.

MCCI in its AGM kept the theme of **Destination West Bengal- Investment, Business & Growth Opportunities with an eye on the forthcoming Bengal Global Business Summit (GBS)**, where it wants to be loud and clear that “Bengal means Business”.



Shri Chattopadhyay said, “not a single man-days has been lost in the state. E-governance was the best in West Bengal among all the other states.” The state is endowed with availability of power, land and connectivity. Bengal can be chosen as an industrial hub for its self sufficiency in power, connectivity and E-governance.

Dr Panja presented the view that the government was fighting against the decades old perceptions which had been built against West Bengal. She said, the State holds strong manufacturing capacity in textiles, iron & Steel and mining. Emphasizing on various advantages that Bengal has such as availability of industrial parks all over the state, simplification of business processes, strong MSME base, declining Debt to GDP ratio, geographical advantage such as gateway to North-East and South-East, Bengal is literally reaching beyond Bengal to the World.



She mentioned that there is a need to streamline the sand mining policy. “Trials have begun in Deocha Pachami, which is the biggest coal mine in Bengal as well as in Asia. The government’s thrust on infrastructure development in the State and have led to set up 3 economic corridors, Dankuni to Raghunathpur in Purulia, Dankuni to Kalyani and Dankuni to Haldia for logistics parks and townships.

While speaking on ‘leasehold to freehold conversion’ Dr. Panja mentioned that the government would not allow free hold land for conversion and if a leasehold is transferred to free hold the land has to be used for the purpose for which it is being used.

“We have it here in West Bengal **“whatever the industry needs to flourish,” said Chandrima Bhattacharya.** She agreed that despite the financial crunch industry will get support at every point from the State. She urged the industry to be with the State, give constructive suggestions and work jointly.

MCCI, on this occasion, felicitated the leading industrialists Shri Kunj Bihari Agarwala, Managing Director, Rupa Co. & Ltd, Shyam Sunder Beriwalla, Chairman, Shyam Steel Industries Ltd. and Shri Hemant Bangur, Executive Director, Gloster Limited for their

outstanding contribution to the economic development of Bengal. All these industries are in an expansion mode.

Namit Bajoria, President, MCCI sought a little more clarity on the number of policies that the government of West Bengal has already announced.

“West Bengal has already announced a number of policies – Maritime Policy, Ethanol Policy, Textile Policy, Electric Vehicle Policy, Renewable Energy Policy, Food Processing Policy, Logistics Policy, and many others. But a little more clarity and a comprehensive outline can attract investments, which can take West Bengal to a bigger spot”, Bajoria said. In his welcome address at the 122nd AGM.

He said at present, ranking sixth, in the country with an economy sizing US\$ 221.37 billion with a CAGR of 11.54% between 2016 and 2023, West Bengal is at an opportune moment to take a leap in manufacturing, trading, and servicing. He emphasized on reviewing SEZ Policy of the State.

While praising the Government’s decision to introduce the regime of “freehold” land ownership from “leasehold” system through amendment of the relevant Law, Rules and Manual, he viewed that this will undoubtedly boost West Bengal’s industrial rejuvenation at a faster pace and encourage fresh investments in the State in diverse sectors.



MCCI – MCKV tie up for outreach at Howrah



Merchants' Chamber of Commerce & Industry in association with MCKV Institute of Engineering organized the 1st MSME Outreach Initiative in Howrah titled, “**MCCI Destination Howrah : MSME Workshop and Help Desk**” on Friday, 18th August 2023 at 3.00 PM at MCKV Institute of Engineering, Howrah.

In order to celebrate **MSME Observance month**, as designated by the Department of MSME & Textiles, Govt. of West Bengal. The Session was attended by industrialists, businessmen, MSME fraternity and other important personalities of Howrah. MCCI entered into a landmark **Memorandum of Understanding** with MCKV Institute of Engineering, Howrah at the Workshop towards promotion of excellent ties between the two organisations, as also development

of MSMEs and entrepreneurship in the district of Howrah.

The MoU was signed between **Namit Bajoria**, President, MCCI and **Kishan Kumar Kejriwal**, Chairman, MCKV Group of Institutions.

MS. Mukta Arya, IAS, District Magistrate, Howrah and **MS. Rina Chakraborty**, Asstt. Director (E.I), MSME DFO Kolkata, Ministry of MSME, Govt. of India addressed the Opening Session as **Guests of Honour**.

Ms Arya, IAS, District Magistrate, Howrah in her address focused on setting up new units in the district. She referred to the “MSME Observance Month”, from 1st to 18th August 2023, as designated by the Department of MSME & Textiles, Govt. of West Bengal, which stressed among others upon Udyam



Registration and Bhavishyat Credit Card, a scheme for giving loans upto Rs. 5 lakhs without collaterals. She also mentioned about the programme titled, Shilper Samadhaney, MSME Camps, to be held on 23rd August, 2023 under the leadership of Smt. Mamata Banerjee, Hon'ble Chief Minister of West Bengal. She spoke about the importance of Innovation and

Entrepreneurship and stressed upon mutual support and cooperation between industry and the Government for taking Howrah onto the growth trajectory. She also invited the participants to come up with issues and problems being faced, so that the same could be resolved.

Ms Chakraborty, Asstt. Director (E.I), MSME DFO Kolkata, Ministry of MSME, Govt. of India spoke about the initiatives undertaken by MSME-DFO, Govt. of India. She mentioned about the importance of Udyam Registration, GeM Registration, Samadhan portal for delayed payments and other initiatives by the Govt. of India.

Earlier, in his Welcome Address, **Namit Bajoria**, President, MCCI said that our state of West Bengal has witnessed rapid growth in MSME over the last few years. It is a matter of great pride that our State has the 2nd highest number of MSME units in the

country. Shri Bajoria informed that MCCI has been organizing Outreach programmes in the districts and in Tier II and Tier III towns of West Bengal in order to connect with the business fraternity across the state as also to facilitate inclusive growth. In the district of Howrah, around 13,997 industrial units have been set up since May 2011 up to April 2021 with Rs. 5,988 cr. approximate Investment providing employment to around 1,36,114, he noted.

In his theme address **Sanjib Kumar Kothari**, Treasurer and Chairman, Council on MSMEs, MCCI said that the coveted initiative of MCCI MSME Help Desk was initiated in 2018 to provide mentoring and handholding services to the MSMEs and also to address the challenges faced by the MSMEs, leverage opportunities and explore solutions to the key issues, by domain experts. He said that the district of Howrah has lost its glory as the Sheffield of Eastern India. However, efforts are on to revive the old glory to an extent. A few industry verticals deserve special mention, viz. Agro-based Industries including Jute yarn, Textile & Hosiery, Leather & Rixin, Rubber & Plastic product, Chemical & Chemical products, Mechanical including small rolling mill, pressure die casting and others. He felt that MCCI could play a pivotal role here in promoting of growth and development of the MSME sector in Howrah. Towards facilitation of this, MCCI would organise MSME Help Desk once in 3 months in the district of Howrah, he noted.

Kishan Kumar Kejriwal, Chairman, MCKV Group of Institutions in his Special Address, spoke about the importance of the development of the district of Howrah and bringing back the lost glory of the district. The Institute had been committed to the development of MSME sector, particularly in the development of Foundry, Engineering, Textiles, Food and other sectors in Howrah, he mentioned.