Basic Chemicals, Cosmetics &
Dyes Export Promotion Council
(Set - up by the Ministry of Commerce & Industry Government of India)

CHEMEXCIL NEWS

Issue October - November 2016

Argentina ICCE-LAC-2016

Mr. Sanjiv Ranjan, Ambassador, Embassy of India, Buenos Aires, Argentina is giving an inaugural speech. Sitting from left Mr. Prafulla Walhe, Dy. Director, Chemexcil, Dr. B. R. Gaikwad, Chairman, Chemexcil, Mr. Ignacio Dos Reis, CAPQ, (Cámara Argentina de ProductosQuímicos), Mr. S.G. Bharadi, Executive Director, Chemexcil during inauguration of Indian Chemical and Cosmetics Exhibition on 19th October-2016 at Sheraton Buenos Aires, Hotel & Convention Center, (San Telmo-Exhibition Hall) Buenos Aires, Argentina.

GLIMPSES OF INDIAN CHEMICAL AND COSMETICS EXHIBITION IN BUENOS AIRES ARGENTINA DT. 19TH - 20TH OCT. 2016

Shri. Sanjiv Ranjan, Ambassador Embassy of India, Buenos Aires, Argentina welcoming Indian Exhibitors and Argentinean Chemical importers during inaugural of Indian Chemical and Cosmetics Exhibition at Buenos Aires dated 19th Oct-2016 at Hotel Sheraton Buenos Aires, Argentina

Dr. B. R. Gaikwad Chairman Chemexcil giving opening remark during inaugural of Indian Chemical and Cosmetics Exhibition at Buenos Aires dated 19th Oct-2016 at Hotel Sheraton Buenos Aires, Argentina

Mr. Ignacio Dos Reis, CAPQ, (Cámara Argentina de ProductosQuímicos)giving opening remark during inaugural of Indian Chemical and Cosmetics Exhibition at Buenos Aires dated 19th Oct-2016 at Hotel Sheraton Buenos Aires, Argentina

Mr. S.G. Bharadi Executive Director, Chemexcil delivering vote of thanks during inaugural of Indian Chemical and Cosmetics Exhibition at Buenos Aires dated 19th Oct-2016 at Hotel Sheraton Buenos Aires, Argentina

Shri. Sanjiv Ranjan, Ambassador Embassy of India, Buenos Aires, Dr. B.R. Gaikwad Chairman Chemexcil , Mr. S.G. Bharadi Executive Director, Chemexcil on Indian Exhibitors Stall

On Chemexcil Stall:-From Left Mr. S.G. Bharadi Executive Director, Chemexcil Shri. Sanjiv Ranjan, Ambassador Embassy of India, Buenos Aires, Dr. B.R. Gaikwad Chairman Chemexcil, Mr. Prafulla Walhe, Dy. Director Chemexcil.

IN THIS ISSUE

Editorial

Chairman's Desk

"

Dear Member-exporters,

I have pleasure to bring to you the 4th issue of the CHEMEXCIL Bulletin for October-November 2016.

I am happy to inform you that the Government of India is working on addressing key problems of exporters of with logistic cost and taxation to boost the country's exports. The Governmenthas proposed introduction of Goods and Services Tax (GST) which would be one of the pioneering and game changing transformative initiatives taking shape in our country. It is also expected that the GST will boost domestic demand as also create more opportunities for domestic business in addition to make Indian economy more robust. While addressing in one of the Conference held in New Delhi recently, the Hon'ble Minister of State for Commerce & Industry, Mrs. Nirmala Sitharaman mentioned that since the taxation matter also involves many states, the Government is making sure that it takes them on board and further as simplification of tax is the top agenda of the Government, it will definitely address these issues.

Taking into account on the importance of the above as also for creating awareness on the GST for the benefit of member-exporters, CHEMEXCIL had organized twin seminars i.e. one on "Model GST Law covering critical issues impacting the Chemical Industry" and the other on "Forex Management & Hedging at Ahmedabad on 21st October, 2016. The Council also organized another seminar on GST on 30th November, 2016 at Mumbai. During these events, question answer session was also organized, wherein queries of the member-exporters on the above topics were answered by eminent speakers.

I have also pleasure to inform you that a meeting on Impact of Demonetization under the Chairpersonship of Smt. Nirmala Sitharaman– Hon'ble MoS(I/C)- Commerce & Industry was on 19th November, 2016 at UdyogBhawan - New Delhi and discussed exporters concern on various issues. We also submitted presentation of possible implication on for chemical sector.

Further, as a part of export promotional activities, CHEMEXCIL had successfully organized a Buyer-Seller Meet at Sao Paulo, Brazil on 17th October 2016. 32 Member-exporters participated in this Meet. About 264 meetings were held in one day amongst 32 Indian companies and 45 Brazilian companies.

The Council has organized Indian Chemicals and Cosmetics Exhibition at Buenos Aires, Argentina on 19th -20th October-2016.Altogether 40 CHEMEXCIL member-exportersparticipated in this exhibition.200+ visitors from Argentina and surroundingcountries visited this exhibition. 40 member-exporters participated in this exhibition

As you are aware, under the aegis of Ministry of Commerce & Industry, the second edition of CAPINDIA 2017 exhibition will be held on 21st& 22nd March, 2017 at Bombay Exhibition Centre, Goregaon, Mumbai and CHEMEXCIL will be the lead Council along with PLEXCONCIL, CAPEXIL and SHEFEXIL for organizing this exhibition. I request all member exporters to actively take part in this exhibition.

You are also aware, every year, in order to encourage trade and industry to aim at higher targets of export performance and thus, would play a major role in the progress of India's economy, CHEMEXCIL would be felicitating the outstanding exporters who have shown substantial growth in exports. CHEMEXCIL has invited nomination from member-exporters to submit their nominations. I request all members to submit their nominations.

We hope that you would find this Bulletin useful. The Secretariat looks forward to receiving your valuable feedback and suggestions which help us to improve this bulletin. ”

Dr. B.R. Gaikwad
Chairman,
CHEMEXCIL

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COMMODITY CHEMICALS - INDUSTRY RISK AND PRICING ANALYSIS

What? Where? Who?

As the name suggests, chemicals that are indistinguishable from their market variants are called commodity chemicals. They form the largest sub-segment in the chemical industry and are divided into the broad categories, such as organics, inorganics, explosives, rubbers, fibers, films, petrochemicals, plastics resins, etc.

These chemicals are the backbone of the industry, as their derivatives find applications in practically all the manufacturing sectors in the market, namely aerospace and automotive, apparels, adhesives, transportation, personal care and hygiene, construction and materials, plastics and tires, and agriculture, among others.

Being the manufacturing hub of the world, rising Asian economies, such as India, China and Indonesia are the center of the commodity chemicals market. As mentioned earlier, commodity chemicals form the largest sub segment of the chemical industry and form the basis of all other segments.

Balance the uneven!

Movements in any of the key economy indicators, globally, can cause a significant change in the market dynamics of this industry. This holds true for certain chemicals, while certain other chemicals are tied to the balance between end-market demand and manufacturing supply. A closer look at the pricing dynamics indicates how commodity chemicals serve different end-user industries with varying cyclicality profiles. Hence, the cyclicality of demand can vary greatly and influence the pricing in the market. For instance, specific end-market demand indicators, such as housing starts, automotive builds and agricultural trends, among others, have a significant influence on the prices of the associated products.

The market, owing to its low product differentiation, is highly competitive. Therefore, the price becomes a dominant factor for buyers, while making a purchase. In addition, the high volatility of the prices of crude oil, which is the chief raw material for the production of nearly all commodity chemicals, has a substantial influence on its cost. In fact, a comparison of the rate of change in the prices of crude oil and propane for the last five years has indicated that the approximate correlation factor is 0.6, even though there is limited scope of passing on the raw-material volatility to customers.

United we stand, divided we fall

The high fragmentation of the manufacturers is a major deterrent of this market sector. Moreover, the variation in the cost of production from region to region, or local economic factors, can make the market competition excruciating for the regional players.

Moving on to the competitive risk in this industry, the first factor that comes into play is the ease of making a new entry into the market. Though the capital investment for setting up a new manufacturing unit acts as a barrier to new entrants, the effectiveness of the industry barriers is limited. There is hardly any advantage enjoyed by the existing players. Moreover, owing to the delicate balance between supply and demand, a single new entrant can significantly waiver the market conditions.

Where exactly Charlie?!

Another key factor in analyzing the business risk of the industry is the country risk. The location of the country plays a crucial role in rating any company. The range of risks originating from the operating location, such as economic conditions, institutional and legal issues, financial market risks, environmental regulations, etc., all have substantial power to control the business. Hence, it can be deduced that commodity chemicals is a quite a risky business.

Quantitative market information is based primarily on interviews and therefore, is subject to fluctuation. Mordor Intelligence takes no responsibility for any incorrect information supplied to us by manufacturers or users.

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COMMODITY CHEMICALS: MAJOR PLAYERS AND THEIR STRATEGIES

What are commodity chemicals?

Commodity chemicals are chemicals that are indistinguishable from its other market variants. Commodity chemicals form the largest sub-segment in the chemical industry and are divided into organics, inorganics, explosives, rubbers, fibers, films, petrochemicals, plastics resins, etc.

Commodity chemicals: All around you!

These chemicals are the backbone of the industry, as their derivatives find applications in practically all the manufacturing sectors in the market. Certain industries that extensively use commodity chemicals are aerospace and automotive, apparels, adhesives, transportation, personal care and hygiene, construction and materials, plastics and tires, agriculture, etc.

Where are they made?

Being the manufacturing hub of the world, rising Asian economies, such as India, China and Indonesia are the crux of the commodity chemicals market. Owing to the high number of local players, the market is highly fragmented. The high initial investment required to set up a plant acts as a barrier to new entrants. However, there is high risk of new entries in this industry. The existing producers do not have an inherent advantage over their products, as the product differentiation is low. In case of certain products, the existing players can benefit from the proprietary process technology or have logistics advantages. However, more often than not, the entry barriers to the market are limited.

Who makes them?

Some of the key players in the commodity chemicals industry are BASF SE, Mitsubishi Chemical Holdings Corporation, Bayer AG, INEOS Group Holding, Bayer AG, Evonik Industries, Chem China, The Dow Chemical Company, Sumitomo Chemicals, Asahi Kasei, PPG Industries, LyondellBasell Industries, Akzo Nobel and Linde Group.

Some of the major players in this sector and their business strategies are: BASF:

The Chemicals and plastics segment, coupled with Energy and Resources constitutes a little over 15% of the total sales of the company. Its portfolio ranges from solvents, plasticizers and high-volume monomers to glues and electronic chemicals, as well as raw materials for detergents, plastics, textile fibers, paints and coatings, crop protection and medicines. Currently, the major focus of the company is on a more market driven and innovative business. With strong partnerships with companies, such as Gazprom, Monsanto, Petronas, Shell, Sinopec, Statoil, Total and Yara, it has a strong hold over the chemicals business and is ready to combat with the increasing economic challenges in Europe. BASF's products and solutions contribute to conserving resources, ensuring good nutrition and improving the quality of life.

BAYER:

With a vision of profitable growth, the company gives special attention to research and innovation. In 2016 alone, the company had a budget of GBP 4.5 billion set aside for research and development. It believes that employees are the backbone of the company and provides a flexible working environment to help them reach their full potential. Covestro, the commodity chemicals department of the group, supplies raw materials for key industry sectors, such as automotive, construction and electronics industry, adhesives and sealants, as well as specialty products, such as films and elastomers. The company's activities are embedded in a comprehensive sustainable strategy with the vision of "Making the world a brighter place". Through its products, it aims to help master the challenges of macro trends, such as climate change, diminishing fossil fuels, expanding global population, urbanization and increasing mobility.

MITSUBISHI CHEMICALS CORPORATION:

Mitsubishi Chemicals Corporation, a subsidiary of Mitsubishi Chemical Holdings Corporation, believes in constant advancement of its skills and technology to provide perfect solutions to its customers. After the fire accident that broke out in one of the plants in 2007, the company pays special attention to safety standards of the plants, along with a focus on minimizing the environmental footprints of the company. Most of the commodity chemicals produced by Mitsubishi Chemicals Corporation are petroleum derivatives, such as ethylene, ethylene oxide, acrylic acid, bisphenol-A, terephthalic acid, ethylene glycol, butanediol, ethylene carbonate, etc. The company's vision for corporate governance is to ensure fast and efficient decision-making and business execution, clarify management responsibilities, ensure compliance and strengthen risk management. After Mitsubishi Chemicals Corporation and Mitsubishi Pharma Corporation established a holding company in October 2005, both the companies have become wholly owned subsidiaries of MCHC. Since then, it follows the Group motto of 'Agility, Priniciple, Transparency, Sense of survival, Internationalization, Safety, Security and Sustainability.'

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Mordor Intelligence is a global market research and consulting firm. Our singular focus is to provide research insights for business success.

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DANGEROUS GOODS-CLASS 4.1: FLAMMABLE SOLIDS & SOLID DESENSITIZED EXPLOSIVES

Shashi Kallada
Consulting & Training - Dangerous Goods by Rail, Road, River & Sea

Among all hazardous classes, 1 to 9, Class 4 has very diverse nature of divisions. In a series of articles let's try to understand in layman's term what these divisions represent as danger during transport by sea, what are the differencesin emergency response out at sea for these divisions.

Class 4 is divided as below

Class 4.1	Flammable Solids
Class 4.1	Solid Desensitized Explosives
Class 4.1	Self-Reactive Substances
Class 4.2	Pyrophoric Solids
Class 4.2	Pyrophoric Liquids
Class 4.2	Self-Heating Substances
Class 4.3	Substances Which, In Contact With Water, Emit Flammable Gases

This article will cover description of **Class 4.1 Flammable Solids& Solid Desensitized Explosives.**

What are solids? Definition in the transport regulations says "Solids are dangerous goods, other than gases, that do not meet the definition of liquids in this regulation". When we look at the definition of liquids we will know that paper or a book is solid. But will it make paper or book Flammable Solids?Answer to this question is, partially, YES! They are flammable but, paper and book, not flammable solids for transport regulations. So how do we decide which solids are flammable as per transport regulations?

For transport regulations, solids are flammable if they can be ignited by brief contact with an ignition source such as a burning match, and if the flame spreads rapidly (Readily combustible) or trough friction. This does not take into consideration of deliberately setting goods on fire, like in the case of arson.

United Nations Manual of Tests and Criteria, part III, 33.2.1, sets out the test procedure for flammable solids.

In the test if the burning time is less than 45 seconds and the flame passes through the wetted zone then the solids are considered as Class 4.1, packing group II. If the wetted zone zone stops the flame propagation for at least 4 minutes and if the burning time is less than 45 seconds packing group III is assigned.

Solids which may cause fire through friction are to be classified in class 4.1 by analogy with existing entries (such as matches) until definitive criteria are established and packing group for these solids shall be assigned by analogy with existing entries or in accordance with any appropriate special provision.

For metal powders or metal alloys if the zone of reaction spreads over the whole length of sample in 5 minutes or less packing group II is assigned. Packing group III should be assigned to metal powders if the reaction spreads over the whole length of the sample in more than five minutes but not more than ten minutes.

During test if the result of screening test and the burning rate test are negative then substance is not considered as readily combustible solids of class 4.1

Examples of Flammable Solids

- HAY, STRAW or BHUSA
- NAPHTHALENE
- RUBBER SCRAP
- MATCHES, SAFETY
- FIRELIGHTERS, SOLID

Flammable solids and metal powders have different firefighting requirements. Most flammable solids are assigned with general fire schedule, which is to Create water spray from as many hoses as possible. For metal powders the recommendation is "If the fire is not igniting nearby cargoes, let the fire burn. Otherwise, cool the burning transport unit with copious quantities of water. Try to avoid getting water into the container."

Explosives substances which are wetted with alcohols or water or diluted with other inert substances forming a homogeneous solid mixture suppressing their explosive properties are classified as solid desensitized explosives. The desensitizing agent is to be distributed uniformly throughout the substance. If this substance encounter lower temperature during transport which may freeze the water a suitable solvent like alcohol may be added to lower the freezing point. However the compatibility of the solvent with substance must be checked. Some of the solid desensitized explosives under class 4.1 is classified as Class 1 explosives when in dry state.

Class 4.1 Solid desensitized explosives	Class 1 Explosives
AMMONIUM PICRATE, WETTED with not less than 10% water, by mass	AMMONIUM PICRATE dry or wetted with less than 10% water, by mass
DINITROPHENOL, WETTED with not less than 15% water, by mass	DINITRORESORCINOL dry or wetted with less than 15% water, by mass

For solid desensitized explosives the firefighting on board ships is more dangerous due to the nature of cargo. When involved in fire the sudden short term events such as explosion may endanger the safety of the ship. All crew must be made aware that there is high explosion hazard with this cargo and must undertake firefighting from well protected area.

If the cargo is not on fire but spilled from ruptured packages the crew must avoid all sources of ignition which includes naked lights, unprotected light bulbs, electric handtools, friction and must wear non-sparking footwear. By using fire hose the spilled cargo must be wetted and never allowed to get dried. Wash away the spilled material over board with copious quantity of water.

INDIA 'SWATCH' MONEY MISSION DEMONETIZATION OF RS 500 & RS 1000 CURRENCY NOTES AND UNDISCLOSED INCOME- THE LEGAL SCENARIO

It all started with Pradhan Mantri Jan Dhan Yojana in August 2014 when all Indian nationals were invited to open zero balance accounts. The second step was to link the Aadhar card with Permanent Account Number. In May, 2016, an opportunity was given by the Government of India for disclosure of the undisclosed income under the Income Declaration Scheme - 2016. All these steps were leading towards India 'Swatch' Money Mission an initiative by Hon'ble Prime Minister Narendra Modi.

A declaration under the Income Declaration Scheme could have been made in respect of any income or income in the form of investment in any asset located in India and acquired from income chargeable to tax under the Income-tax Act for any assessment year prior to the assessment year 2017-18 for which the declarant had, either failed to furnish a return under the Income-tax Act, or failed to disclose such income in a return, or such income had escaped assessment by reason of the omission or failure on the part of such person to make a return under the Income-tax Act or to disclose fully and truly all material facts necessary for the assessment or otherwise. The scheme was available till September 30, 2016 wherein a declarant can pay flat 45% including tax, surcharge and penalty with benefits such as no scrutiny or enquiry under Income-tax Act and Wealth Tax Act in respect of declaration, Immunity from prosecution under Income Tax Act and Wealth Tax Act in respect of declaration, Immunity from Benami Transactions (Prohibition) Act, subject to transfer of assets by the benamidar to the real owner before 30.09.2017.

As a master stroke to clean the economy a major decision was taken by the government and currency notes of Rs 500 and Rs 1,000 ceases to be legal tender with effect from 9th November, 2016. Further, every person was given opportunity to deposit the discontinued currency notes in the bank account without any limit or exchange the same from bank or post office by showing valid ID proof such as PAN, Aadhar, Voter ID etc. upto an amount as may be prescribed from time to time.

IMPLICATION ON INCOME DEPOSITED IN BANK AFTER THE DEMONETIZATION OF 500 & 1000

- A statement has come from the Government that any sum upto Rs. 2,50,000/- deposited in the bank account in cash may not be looked into with suspicion.
- Any money deposited in any bank account beyond Rs. 2,50,000/- will be monitored. Here, the catch lies in the reasoning of threshold of Rs. 2,50,000/- appears to be that in a normal case the exemption limit under the Income Tax Act for payment of tax is Rs. 2,50,000/-.
- Accordingly an amount exceeding Rs. 2,50,000/- may amount to disclosure of past undisclosed income for the current year and the person making the deposit will have to explain the source of income and substantiate the manner of earning of such income. If the sources of income are unaccounted for, these would be deemed to be current year's income under Section 69A of the Income-Tax Act, 1961, and will attract income tax at the rate of 30% along with applicable surcharge and education cess, under Section 115BBE of the Act. The declaration of past undisclosed income in the current year amounts to false verification of return of income which shall attract prosecution under section 277 of the Income-Tax Act and Section 181 of the Indian Penal Code, 1860.
- if the money is legitimate, which had been previously withdrawn from bank or earned legally and saved and had been disclosed, the criminal provisions of the Income Tax Act shall not be applicable.
- It is pertinent to note that any person who deposits currency notes of denominations of Rs. 500 and Rs. 1000, without being able to explain the source of such income may

amount to willful attempt to evade tax, and shall attract beside tax liability, penalty under Section 270A, Section 271 and prosecution under Section 276C of the Income Tax Act, 1961.

LEGAL STATUE AT HAND WITH RESPECT TO PENALTY

Penalty under Section 270A ranges from 50- 200% of evaded tax. The penalty of 50% is prescribed for under-reporting cases and penalty of 200% is prescribed for misreporting instances. Section 271(1)(c) of the Income Tax Act, 1961 provides that the penalty will be levied for concealing the particulars of income or for furnishing inaccurate particulars of income. The amount of penalty can vary from 100% to 300% of the amount of tax sought to be evaded. It is important to note that Section 270A will be applicable on cases pertaining to assessment year 2017-18 onward, whereas Section 271(1)(c) will continue to be applicable for cases up to A.Y. 2016-17.

Section 276C of the Income Tax Act, 1961 provided that for the evasion of tax on under reported income, which exceeds Rs.25,00,000/-, the offence is punishable with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven (7) years with fine, and for all other cases the rigorous imprisonment shall not be less than three months but which may extend to two (2) years and with fine.

There is another dimensions to the above prosecution, as Section 277 of the Income Tax Act and Section 181 of the Indian Penal Code, 1860 (IPC) are also attracted. Section 277 states that when a person makes a statement under this Act or delivers an account or statement, which is false, and which he either knows or believes to be false, or does not believe to be true, rendering such person punishable with rigorous imprisonment for a period up to seven years with fine or two years with fine, depending upon the amount, which the person making the statement would have been evaded if the statement or account had been accepted as true.

EFFECT ON INDIAN ECONOMY

Monetary transmission will be improved as there is savings from unproductive physical assets to financial assets. A rise in deposit base will allow banks to lower the blended cost of funds as higher current accounts, savings accounts deposits help to replace the high cost of borrowing and lower the overall cost of borrowings. While there are short-term implications for growth in cash- intensive sectors such as real estate, construction, and discretionary household consumption in general but in long term it will have a positive impact on growth and inflation and GDP will outweigh the short term transitional impact.There will also be improvement in India's position on transparency and corruption in the global stage which will further add to its investor appeal. AS demand of currency rises and currency remains finite, to accommodate the latest dynamics, equilibrium point goes up resulting in new increased price of INR compared to US$ and other global currencies.

This change will also curb the financing of terrorism, black marketing & corruption which will ultimately help to achieve India 'Swatch' Money Mission.

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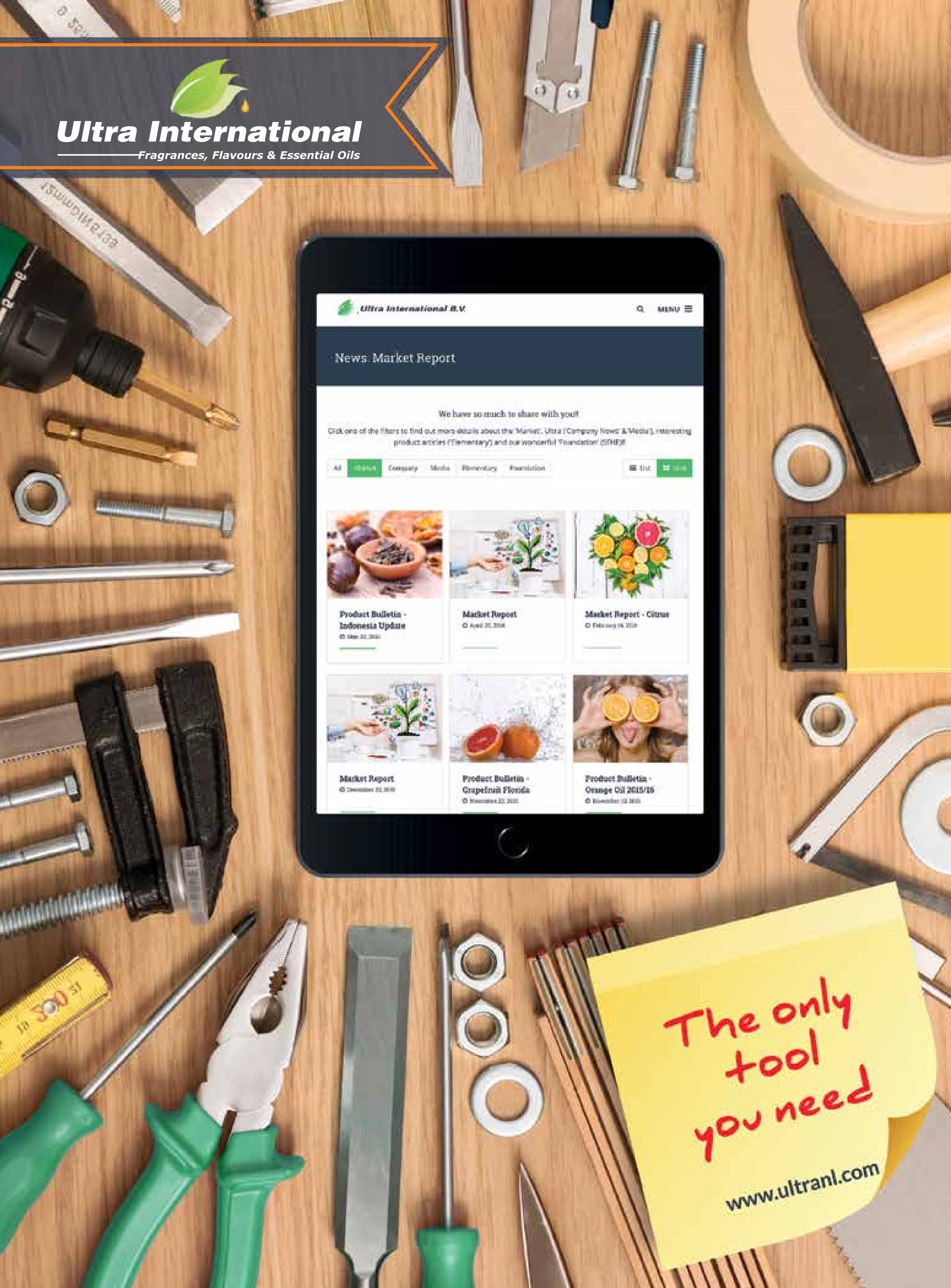
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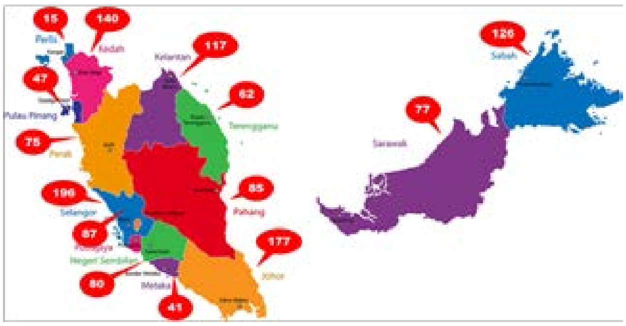
Market Overview

Malaysia, a middle-income country, has transformed itself since the 1970s from a producer of raw materials into an emerging multi-sector economy. Under current Prime Minister NAJIB, Malaysia is attempting to achieve high-income status by 2020 and to move farther up the value-added production chain by attracting investments



in Islamic finance, high technology industries, biotechnology, and services. NAJIB's Economic Transformation Program is a series of projects and policy measures intended to accelerate the country's economic growth. The government has also taken steps to liberalize some services sub-sectors. Malaysia is vulnerable to a fall in world commodity prices or a general slowdown in global economic activity.

The NAJIB administration is continuing efforts to boost domestic demand and reduce the economy's dependence on exports. Nevertheless, exports - particularly of electronics, oil and gas, palm oil, and rubber - remain a significant driver of the economy. Gross exports of goods and services constitute more than 80% of GDP. The oil and gas sector supplied about 29% of government revenue in 2014. As an oil and gas exporter, Malaysia has previously profited from higher world energy prices, although the rising cost of domestic gasoline and diesel fuel, combined with sustained budget deficits, has forced Kuala Lumpur to begin to address fiscal shortfalls, through initial reductions in energy and sugar subsidies and the announcement of the 2015 implementation of a 6% goods and services tax. Falling global oil prices in the second half of 2014 have strained government finances, shrunk Malaysia's current account surplus and put downward pressure on the ringgit. The government is trying to lessen its dependence on state oil producer Petronas.

Bank Negara Malaysia (the central bank) maintains healthy foreign exchange reserves; a well-developed regulatory regime has limited Malaysia's exposure to riskier financial instruments and the global financial crisis. In order to attract increased investment, NAJIB raised possible revisions to the special economic and social preferences accorded to ethnic Malays under the New Economic Policy of 1970, but retreated in 2013 after he encountered significant opposition from Malay nationalists and other vested interests. In September 2013 NAJIB launched the new Bumiputra Economic Empowerment Program, policies that favor and advance the economic condition of ethnic Malays.

Malaysia is a member of the 12-nation Trans-Pacific Partnership free trade agreement negotiations and, with the nine other ASEAN members, will form the ASEAN Economic Community in 2015.

Market Challenges

Malaysia restricts open trade in protected industries, such as the automotive and agricultural sectors. Malaysia protects domestic industries by imposing higher duty rates and excessive excise taxes. Malaysia also uses a system of import permits or licenses to reduce imports in protected and strategic sectors.

Government restrictions hamper foreign involvement in several areas, including government procurement contracts; financial, business, and professional services; and telecommunications. In many cases it is imperative to have a local partner, usually a Bumiputra (ethnic Malay-owned) company, to effectively compete in the market.

Malaysian officials continue to make progress in establishing fair and adequate protection of IPR. Although challenges remain, Malaysian officials have augmented their resources to combat online piracy and have sustained their efforts to deny access to piracy websites, taking down infringing content on domestic sites, and conducting raids and arrests of Malaysians either operating or posting links to sites with pirated content. The Ministry of Domestic Trade, Cooperatives and Consumerism (MDTCC), responsible for IPR enforcement, has been largely dependent upon complaints from companies to take action on transshipments of pirated goods.

In the World Bank's global Doing Business 2016 report, Malaysia ranked 18th place overall among the 189 economies covered in the survey. The 2016 ranking is a slight decrease from 2015, where Malaysia ranked 17 out of 189 economies. Malaysia's lowest topic rankings are in "registering property" (38th), "enforcing contracts" (44th), "trading across borders" (49th), and "resolving insolvency" (45th). Many of aforementioned market challenges will be resolved or improved under the TPP. Under TPP, Malaysia has committed to eliminate tariffs or substantially improve market access on imports from the United States through tariff reductions and tariff-rate quotas. Further, the TPP Agreement sets strong and balanced standards on IPR protection and enforcement. Under TPP, Malaysia will also make significant improvements to its services markets. (Ref. Prepared by U.S. Embassies abroad).

Malaysia's FTA Involvement

International trade is an important contributor to Malaysia 's economic growth and development. Malaysia 's trade policy is to pursue efforts towards creating a more liberalizing and fair global trading environment. While Malaysia continues to accord high priority to the rule-based multilateral trading system under the World Trade Organisation (WTO), Malaysia is also pursuing regional and bilateral trading arrangements to complement the multilateral approach to trade liberalisation.

Free Trade Agreements (FTAs) are generally aimed at providing the means to achieve quicker and higher levels of liberalisation that would create effective market access between the participants of the FTA. Traditionally confined to trade in goods, with the establishment of the WTO, trade in services has been included in many FTAs.

Malaysia has established FTAs with the following countries:

1. Japan;
2. Pakistan;
3. New Zealand;
4. India;
5. Chile; and
6. Australia.

At the regional level, Malaysia and its ASEAN partners have established the ASEAN Free Trade Area. ASEAN has also concluded FTAs with China, Japan, Korea and India, as well as Australia and New Zealand.

Malaysia 's Free Trade Agreements

1. Malaysia-Australia
2. Malaysia-Chile
3. Malaysia-India
4. Malaysia-Japan
5. Malaysia-New Zealand
6. Malaysia-Pakistan
7. ASEAN-Australia and New Zealand
8. ASEAN-China
9. ASEAN-India
10. ASEAN-Japan
11. ASEAN-Korea
12. Malaysia-Turkey
13. Trade Prefential System-Organisation of Islamic Conference(TPS-OIC)
14. Developing Eight (D-8) Preferential Tariff Agreement (PTA)

Malaysia Free Trade Agreements under Negotiation

1. Malaysia-European Union Free Trade Agreement (MEUFTA)
2. Malaysia-EFTA Economic Partnership Agreement (MEEPA)
3. ASEAN - Hong Kong Free Trade Agreement (AHKFTA)

Malaysia Economy:-

GDP (purchasing power parity):$817.4 billion (2015 est.),$778.7 billion (2014 est.),$734.6 billion (2013 est.)

Industries:-Peninsular Malaysia - rubber and oil palm processing and manufacturing, petroleum and natural gas, light manufacturing, pharmaceuticals, medical technology, electronics and semiconductors, timber processing; Sabah - logging, petroleum and natural gas production; Sarawak - agriculture processing, petroleum and natural gas production, logging.

Exports: -$175.7 billion (2015 est.), $207.5 billion (2014 est.)

Exports Commodities:- semiconductors and electronic equipment, palm oil, petroleum and liquefied natural gas, wood and wood products, palm oil, rubber, textiles, chemicals, solar panels

Exporting Partners: -Singapore 13.9%, China 13%, Japan 9.5%, US 9.4%, Thailand 5.7%, Hong Kong 4.7%, India 4.1% (2015)

Imports: -$147.7 billion (2015 est.), $172.9 billion (2014 est.)

Import Commodities:- electronics, machinery, petroleum products, plastics, vehicles, iron and steel products, chemicals

Import Partners: -China 18.8%, Singapore 12%, US 8.1%, Japan 7.8%, Thailand 6.1%, South Korea 4.5%, Indonesia 4.5% (2015)

Chemexcil Exports to Malaysia

In USD Million

Chapter No./Panel	2013-2014 (Actual)	2014-15 (Actual)	% over 2013-14	2015-16 (Provisional)	% over 2014-15
(32) Dyes & (29) Dye Intermediates	12.51	16.49	31.81	13.33	-19.16
(28) Inorganic, (29) Organic & (38) Agro chemicals	565.85	420.66	-25.66	183.25	-56.44
(33) Cosmetics, (34) Soaps, Toiletries and (33) Essential oils	25.46	39.29	54.32	36.65	-6.72
(15) Castor Oil	3.02	67.80	2145.03	21.99	-67.57
Total	**606.84**	**544.24**	**-10.32**	**255.22**	**-53.11**

(Soruce DGCI&S)

Malaysia is the 19th largest export economy in the world and the 25th most complex economy according to the Economic Complexity Index (ECI). In 2014, Malaysia exported $273B and imported $204B, resulting in a positive trade balance of $68.8B. In 2014 the GDP of Malaysia was $338B and its GDP per capita was $25.6k.

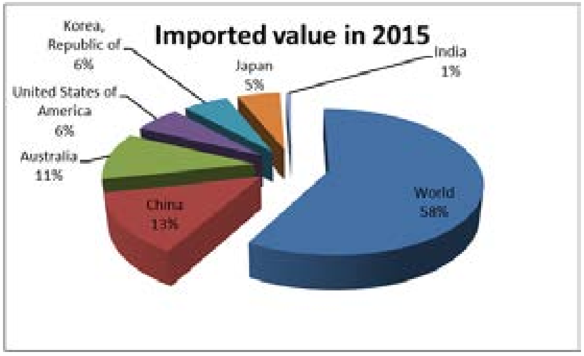
The top exports of Malaysia are Integrated Circuits ($40.7B), Refined Petroleum ($24.7B), Petroleum Gas ($21.3B), Palm Oil ($12.4B) and Telephones ($11.6B), using the 1992 revision of the HS (Harmonized System) classification. Its top imports are Integrated Circuits ($28.2B), Refined Petroleum ($22.2B), Crude Petroleum ($7.27B), Gold ($3.17B) and Planes, Helicopters, and/or Spacecraft ($3.15B).

The top export destinations of Malaysia are Singapore ($37.1B), China ($32.6B), the United States ($27.7B), Japan ($27.4B) and Thailand ($12.6B). The top import origins are China ($36.4B), Singapore ($27.4B), Japan ($14.6B), the United States ($14.5B) and Thailand ($12.3B).

Malaysia borders Brunei, Indonesia and Thailand by land and the Philippines, Singapore and Vietnam by sea.

Chapter no. 28 Chapter no. 28 Inorganic chemicals, precious metal compound, isotopes imported by Malaysia

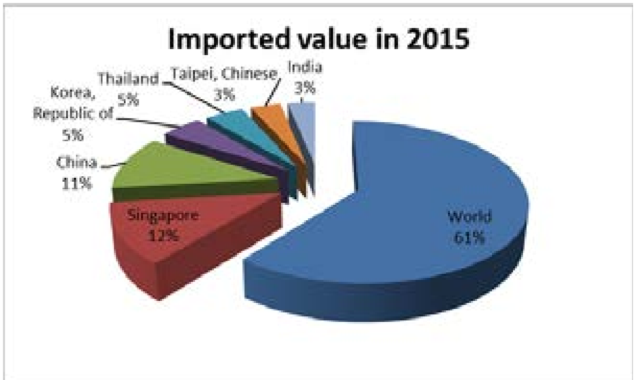
In USD Million



Exporters	Imported value in 2015
World	1898.03
China	437.66
Australia	347.05
United States of America	194.20
Korea, Republic of	187.69
Japan	177.80
India	21.44

Product: 29 Organic chemicals imported by Malaysia

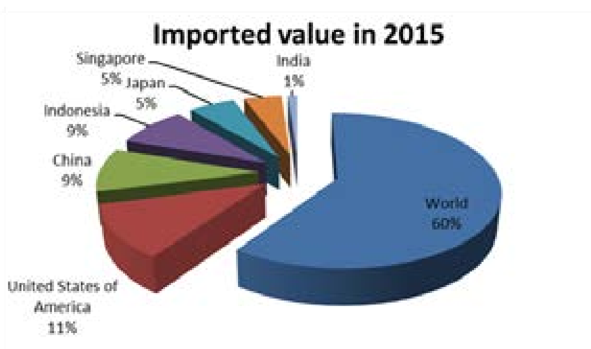
In USD Million



Exporters	Imported value in 2015
World	3073.14
Singapore	619.27
China	555.39
Korea, Republic of	238.78
Thailand	227.34
Taipei, Chinese	176.66
India	158.88

Product: 38 Miscellaneous chemical productsimported by Malaysia

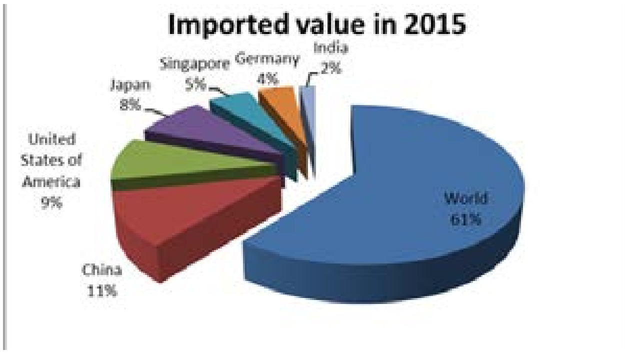
In USD Million



Exporters	Imported value in 2015
World	2500.43
United States of America	469.32
China	389.31
Indonesia	359.61
Japan	231.81
Singapore	191.21
India	47.68

Product: 32 Tanning, dyeing extracts, tannins, derivs, pigmentsetcimported by Malaysia

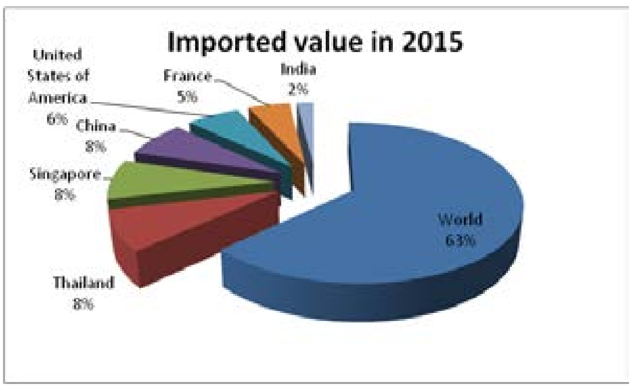
In USD Million



Exporters	Imported value in 2015
World	743.02
China	133.30
United States of America	108.34
Japan	102.09
Singapore	60.68
Germany	50.15
India	22.34

Product: 33 Essential oils, perfumes, cosmetics, toileteriesimported by Malaysia

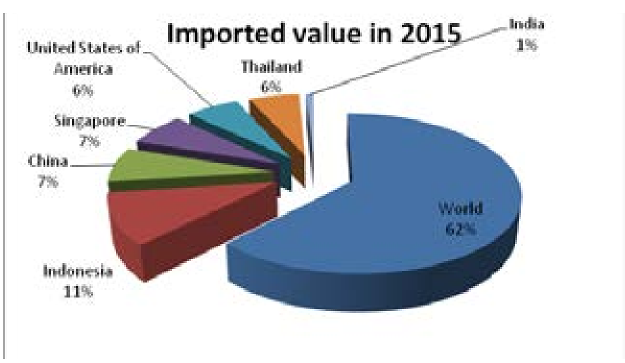
In USD Million



Exporters	Imported value in 2015
World	820.91
Thailand	107.24
Singapore	106.50
China	96.41
United States of America	80.67
France	63.01
India	24.94

Product: 34 Soaps, lubricants, waxes, candles, modelling pastes imported by Malaysia

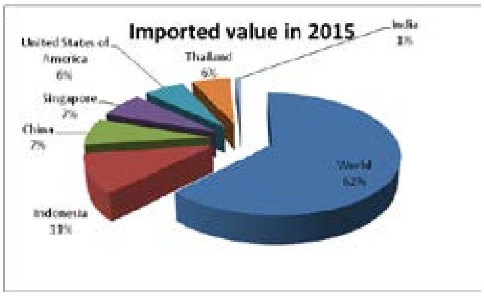
In USD Million



Exporters	Imported value in 2015
World	597.97
Indonesia	101.16
China	69.32
Singapore	66.05
United States of America	59.28
Thailand	56.66
India	7.84

Product: 15 Animal,vegetable fats and oils, cleavage products, etc imported by Malaysia

In USD Million



Exporters	Imported value in 2015
World	597.97
Indonesia	101.16
China	69.32
Singapore	66.05
United States of America	59.28
Thailand	56.66
India	7.84

CHEMEXCIL MEMBERSHIP FEES:

MEMBERSHIP FEES FOR NEW MEMBERS

(Amount in ₹)

Sr. No.	Category	Membership Fees	Entrance Fees	Total Amout	Service Tax@15%	Total Fees
1	Large Scale Manufacturer	29500	10500	40000	6000	46000
2	Small Scale Manufacturer	6500	2000	8500	1275	9775
3	Merchant Exporter	9000	3500	12500	1875	14375
4	Merchant Exporters cum Large Scale Manufacturer	38500	14000	52500	7875	60375
5	Merchant Exporter cum Small Scale Manufacturer	15500	5500	21000	3150	24150

MEMBERSHIP FEES FOR OLD MEMBERS (RENEWED)

Sr. No.	Category	Membership Fees	Service Tax@15%	Total Fees
1	Large Scale Manufacturer	29500	4425	33925
2	Small Scale Manufacturer	6500	975	7475
3	Merchant Exporter	9000	1350	10350
4	Merchant Exporter cum Large Scale Manufacturer	38500	5775	44275
5	Merchant Exporter cum Small Scale Manufacturer	15500	2325	17825

CONGRATULATIONS TO OUR NEW DGFT SHRI. AJAY KUMAR BHALLA, IAS.

Chemexcil congratulates Senior IAS officer Ajay Kumar Bhalla on his new appointment as the Director General of Foreign Trade (DGFT) and Chemexcil take this opportunity to look forward in working closely and strengthen the cooperation between DGFT and Chemexcil.

Background

Mr. Ajay Kumar Bhalla is a Joint Secretary of Ministry of Coal of Government of India. Mr. Bhalla is an IAS Officer of Assam and Meghalaya Cadre 1984. He was Principal Resident Commissioner, Government of Meghalaya. He has wide experience spread across various Ministries and Departments of Government of India and he held various administrative posts in the State of Assam and Meghalaya including that of Commissioner & Secretary, Government of Meghalaya, Principal Secretary in Public Health Engineering Department, Industries Development, Soil & Water Conservation Department, Chairman of Board of Revenue. He also worked as Deputy Secretary/ Director, Government of India, Department of Mines, Ministry of Steel & Mines, as well as worked as Director (Ports) & Joint Secretary (Ports) in the Department of Shipping, Government of India. He was Private Secretary to the Union Minister of State for Health & Family Welfare and Union Minister of State for External Affairs. He has been a Part-Time Official Director of MMTC Ltd. since April 29, 2015. He has been a Part Time Official Director at The State Trading Corporation of India Limited. since April 29, 2015 and South Eastern Coalfields Limited since July 6, 2010. He served as Nominee Director of TheSingareni Collieries Company Limited until May 2015. Mr. Bhalla holds Masters Degree in Botany from University of Delhi, M. Phil (Social Sciences) from University of Punjab & MBA from University of Queensland, Brisbane, Australia.

Senior IAS officer Ajay Kumar Bhalla was on 13 October 2016 appointed as the Director General of Foreign Trade (DGFT). He succeeds Anup Wadhawan, who was appointed as Additional Secretary in the commerce ministry.

CHEMEXCIL MEMBER'S ACHIEVEMENT

Mr. Abhay V. Udeshi, Director, Jayant Agro-Organics Limited has been elected as Vice President of the Solvent Extractors' Association of India. He also holds the post of Chairman-Castor Oil & Specialty Chemicals Panel in Chemexcil

Goods and Services Tax One Country
One Tax One Market
FAQs on Goods and Services Tax (GST)

Question 1. What is GST? How does it work?

Answer: GST is one indirect tax for the whole nation, which will make India one unified common market.

GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

Question 2. What are the benefits of GST?

Answer:The benefits of GST can be summarized as under:

➢ **For business and industry**

- o Easy compliance: A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.
- o Uniformity of tax rates and structures: GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.
- o Removal of cascading: A system of seamless tax-credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.
- o Improved competitiveness: Reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.
- o Gain to manufacturers and exporters: The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost.

➢ **For Central and State Governments**

- o Simple and easy to administer: Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.
- o Better controls on leakage: GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in- built mechanism in the design of GST that would incentivize tax compliance by traders.
- o Higher revenue efficiency: GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.

➢ **For the consumer**

o Single and transparent tax proportionate to the value of goods and services: Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.

o Relief in overall tax burden: Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.

Question 3. Which taxes at the Centre and State level are being subsumed into GST?

Answer: At the Central level, the following taxes are being subsumed:

a. Central Excise Duty,

b. Additional Excise Duty,

c. Service Tax,

d. Additional Customs Duty commonly known as Countervailing Duty, and

e. Special Additional Duty of Customs.

At the State level, the following taxes are being subsumed:

a. Subsuming of State Value Added Tax/Sales Tax,

b. Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States),

c. Octroi and Entry tax,

d. Purchase Tax,

e. Luxury tax, and

f. Taxes on lottery, betting and gambling.

Question 4. What are the major chronological events that have led to the introduction of GST?

Answer: GST is being introduced in the country after a 13 year long journey since it was first discussed in the report of the Kelkar Task Force on indirect taxes. A brief chronology outlining the major milestones on the proposal for introduction of GST in India is as follows:

a. In 2003, the Kelkar Task Force on indirect tax had suggested a comprehensive Goods and Services Tax (GST) based on VAT principle.

b. A proposal to introduce a National level Goods and Services Tax (GST) by April 1, 2010 was first mooted in the Budget Speech for the financial year 2006-07.

c. Since the proposal involved reform/restructuring of not only indirect taxes levied by the Centre but also the States, the responsibility of preparing a Design and Road Map for the implementation of GST was assigned to the Empowered Committee of State Finance Ministers (EC).

d. Based on inputs from Govt of India and States, the EC released its First Discussion Paper on Goods and Services Tax in India in November, 2009.

e. In order to take the GST related work further, a Joint Working Group consisting of officers from Central as well as State Government was constituted in September, 2009.

f. In order to amend the Constitution to enable introduction of GST, the Constitution (115th Amendment) Bill was introduced in the Lok Sabha in March 2011. As per the prescribed procedure, the Bill was referred to the Standing Committee on Finance of the Parliament for examination and report.

g. Meanwhile, in pursuance of the decision taken in a meeting between the Union Finance Minister and the Empowered Committee of State Finance Ministers on 8th November, 2012, a 'Committee on GST Design', consisting of the officials of the

Government of India, State Governments and the Empowered Committee was constituted.

h. This Committee did a detailed discussion on GST design including the Constitution (115th) Amendment Bill and submitted its report in January, 2013. Based on this Report, the EC recommended certain changes in the Constitution Amendment Bill in their meeting at Bhubaneswar in January 2013.

i. The Empowered Committee in the Bhubaneswar meeting also decided to constitute three committees of officers to discuss and report on various aspects of GST as follows:-

   (a) Committee on Place of Supply Rules and Revenue Neutral Rates;

   (b) Committee on dual control, threshold and exemptions;

   (c) Committee on IGST and GST on imports.

   j. The Parliamentary Standing Committee submitted its Report in August, 2013 to the Lok Sabha. The recommendations of the Empowered Committee and the recommendations of the Parliamentary Standing Committee were examined in the Ministry in consultation with the Legislative Department. Most of the recommendations made by the Empowered Committee and the Parliamentary Standing Committee were accepted and the draft Amendment Bill was suitably revised.

   k. The final draft Constitutional Amendment Bill incorporating the above stated changes were sent to the Empowered Committee for consideration in September 2013.

   l. The EC once again made certain recommendations on the Bill after its meeting in Shillong in November 2013. Certain recommendations of the Empowered Committee were incorporated in the draft Constitution (115th Amendment) Bill. The revised draft was sent for consideration of the Empowered Committee in March, 2014.

   m. The 115th Constitutional (Amendment) Bill, 2011, for the introduction of GST introduced in the Lok Sabha in March 2011 lapsed with the dissolution of the 15th Lok Sabha.

   n. In June 2014, the draft Constitution Amendment Bill was sent to the Empowered Committee after approval of the new Government.

o. Based on a broad consensus reached with the Empowered Committee on the contours of the Bill, the Cabinet on 17.12.2014 approved the proposal for introduction of a Bill in the Parliament for amending the Constitution of India to facilitate the introduction of Goods and Services Tax (GST) in the country. The Bill was introduced in the Lok Sabha on 19.12.2014, and was passed by the Lok Sabha on 06.05.2015. It was then referred to the Select Committee of Rajya Sabha, which submitted its report on 22.07.2015.

Question 5. How would GST be administered in India?

Answer: Keeping in mind the federal structure of India, there will be two components of GST – Central GST (CGST) and State GST (SGST). Both Centre and States will simultaneously levy GST across the value chain. Tax will be levied on every supply of goods and services. Centre would levy and collect Central Goods and Services Tax (CGST), and States would levy and collect the State Goods and Services Tax (SGST) on all transactions within a State. The input tax credit of CGST would be available for discharging the CGST liability on the output at each stage. Similarly, the credit of SGST paid on inputs would be allowed for paying the SGST on output. No cross utilization of credit would be permitted.

Question 6. How would a particular transaction of goods and services be taxed simultaneously under Central GST (CGST) and State GST (SGST)?

Answer : The Central GST and the State GST would be levied simultaneously on every transaction of supply of goods and services except on exempted goods and services, goods which are outside the purview of GST and the transactions which are below the prescribed threshold limits. Further, both would be levied on the same price or value unlike State VAT which is levied on the value of the goods inclusive of Central Excise.

A diagrammatic representation of the working of the Dual GST model within a State is shown in Figure 1 below.

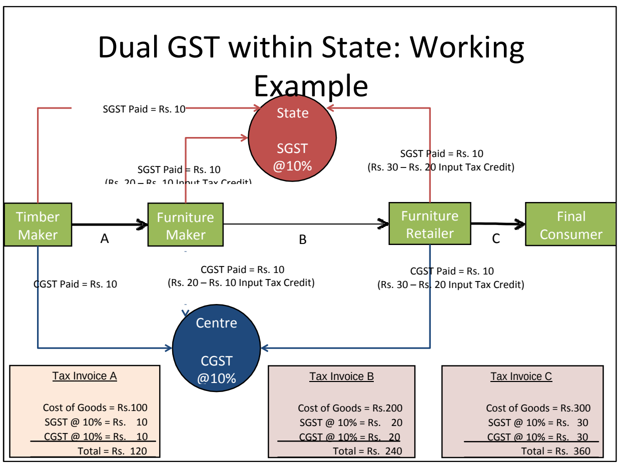


Figure 1: GST within State

Question 7. Will cross utilization of credits between goods and services be allowed under GST regime?

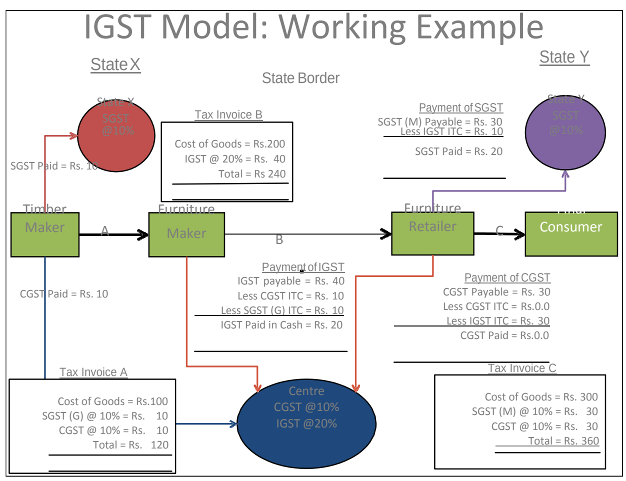
Answer : Cross utilization of credit of CGST between goods and services would be allowed. Similarly, the facility of cross utilization of credit will be available in case of SGST. However, the cross utilization of CGST and SGST would not be allowed except in the case of inter-State supply of goods and services under the IGST model which is explained in answer to the next question.

Question 8. How will be Inter-State Transactions of Goods and Services be taxed under GST in terms of IGST method?

Answer: In case of inter-State transactions, the Centre would levy and collect the Integrated Goods and Services Tax (IGST) on all inter-State supplies of goods and services under Article 269A (1) of the Constitution. The IGST would roughly be equal to CGST plus SGST. The IGST mechanism has been designed to ensure seamless flow of input tax credit from one State to another. The inter-State seller would pay IGST on the sale of his goods to the Central Government after adjusting credit of IGST, CGST and SGST on his purchases (in that order). The exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The importing dealer will claim credit of IGST while discharging his output tax liability (both CGST and SGST) in his own State. The Centre will transfer to the importing State the credit of IGST used in payment of SGST. Since GST is a destination-based tax, all SGST on the final product will ordinarily accrue to the consuming State.

A diagrammatic representation of the working of the IGST model for inter-State transactions is shown in Figure 2 below.

Figure 2



Question 9. How will IT be used for the implementation of GST?

Answer: For the implementation of GST in the country, the Central and State Governments have jointly registered Goods and Services Tax Network (GSTN) as a not-for-profit, non-Government Company to provide shared IT infrastructure and services to Central and State Governments, tax payers and other stakeholders. The key objectives of GSTN are to provide a standard and uniform interface to the taxpayers, and shared infrastructure and services to Central and State/ UT governments.

GSTN is working on developing a state-of-the-art comprehensive IT infrastructure including the common GST portal providing frontend services of registration, returns and payments to all taxpayers, as well as the backend IT modules for certain States that include processing of returns, registrations, audits, assessments, appeals, etc. All States, accounting authorities, RBI and banks, are also preparing their IT infrastructure for the administration of GST.

There would no manual filing of returns. All taxes can also be paid online. All mis-matched returns would be auto- generated, and there would be no need for manual interventions. Most returns would be self-assessed.

Question 10. How will imports be taxed under GST?

Answer : The Additional Duty of Excise or CVD and the Special Additional Duty or SAD presently being levied on imports will be subsumed under GST. As per explanation to clause (1) of article 269A of the Constitution, IGST will be levied on all imports into the territory of India. Unlike in the present regime, the States where imported goods are consumed will now gain their share from this IGST paid on imported goods.

Question 11. What are the major features of the Constitution (122nd Amendment) Bill, 2014?

Answer : The salient features of the Bill are as follows:

g. Conferring simultaneous power upon Parliament and the State Legislatures to make laws governing goods and services tax;

h. Subsuming of various Central indirect taxes and levies such as Central Excise Duty, Additional Excise Duties, Service Tax, Additional Customs Duty commonly known as Countervailing Duty, and Special Additional Duty of Customs;

i. Subsuming of State Value Added Tax/Sales Tax, Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States), Octroi and Entry tax, Purchase Tax, Luxury tax, and Taxes on lottery, betting and gambling;

j. Dispensing with the concept of 'declared goods of special importance' under the Constitution;

k. Levy of Integrated Goods and Services Tax on inter-State transactions of goods and services;

l. GST to be levied on all goods and services, except alcoholic liquor for human consumption. Petroleum and petroleum products shall be subject to the levy of GST on a later date notified on the recommendation of the Goods and Services Tax Council;

m. Compensation to the States for loss of revenue arising on account of implementation of the Goods and Services Tax for a period of five years;

n. Creation of Goods and Services Tax Council to examine issues relating to goods and services tax and make recommendations to the Union and the States on parameters like rates, taxes, cesses and surcharges to be subsumed, exemption list and threshold limits, Model GST laws, etc. The Council shall function under the Chairmanship of the Union Finance Minister and will have all the State Governments as Members.

Question 12. What are the major features of the proposed registration procedures under GST?

Answer: The major features of the proposed registration procedures under GST are as follows:

i. Existing dealers: Existing VAT/Central excise/ Service Tax payers will not have to apply afresh for registration under GST.

ii. New dealers: Single application to be filed online for registration under GST.

iii. The registration number will be PAN based and will serve the purpose for Centre and State.

iv. Unified application to both tax authorities.

v. Each dealer to be given unique ID GSTIN.

vi. Deemed approval within three days.

vii. Post registration verification in risk based cases only.

Question 13. What are the major features of the proposed returns filing procedures under GST?

Answer: The major features of the proposed returns filing procedures under GST are as follows:

a. Common return would serve the purpose of both Centre and State Government.

b. There are eight forms provided for in the GST business processes for filing for returns. Most of the average tax payers would be using only four forms for filing their returns. These are return for supplies, return for purchases, monthly returns and annual return.

c. Small taxpayers: Small taxpayers who have opted composition scheme shall have to file return on quarterly basis.

d. Filing of returns shall be completely online. All taxes can also be paid onine.

Question 14. What are the major features of the proposed payment procedures under GST?

Answer: The major features of the proposed payments procedures under GST are as follows:

i. Electronic payment process- no generation of paper at any stage

ii. Single point interface for challan generation- GSTN

iii. Ease of payment – payment can be made through online banking, Credit Card/Debit Card, NEFT/RTGS and through cheque/cash at the bank

iv. Common challan form with auto-population features

v. Use of single challan and single payment instrument

vi. Common set of authorized banks

vii. Common Accounting Codes

CHEMEXCIL ACTIVITIES

INDIAN CHEMICAL AND COSMETICS EXHIBITION, BUENOS AIRES, ARGENTINA 19-20 OCTOBER-2016

Mr. Sanjiv Ranjan, Ambassador Embassy of India, Buenos Aires, Argentina along with Dr. B.R. Gaikwad, Chairman, Chemexcil and Mr. Ignacio Dos Reis, CAPQ, (Cámara Argentina de ProductosQuímicos), Mr. S.G. Bharadi, Executive Director Chemexcil is inaugurating Indian Chemical and Cosmetics Exhibition on 19th October-2016 at Sheraton Buenos Aires Hotel & Convention Center, (San Telmo-Exhibition Hall)

CHEMEXCIL organized Indian Chemical and Cosmetics Exhibition Sheraton Buenos Aires Hotel & Convention Center, (San Telmo-Exhibition Hall), San Martin 1225/1275 Buenos Aires, 1104, Argentina on 19th -20th October-2016.

This project was sanctioned under MDA scheme. Altogether 40 chemexcil member-exporters participated in this exhibition.

200+ visitors from Argentina and surrounding countries visited this exhibition.

Target visitors: - Dyes and dye intermediates, Organic, Inorganic Chemicals including agrochemicals, Specialty chemicals, Soaps Cosmetics and Toiletries essential oil castor oil and its derivatives

The Exhibition was inaugurated by Mr. Sanjiv Ranjan, Ambassador Embassy of India, Buenos Aires, Argentina on 19th October-2016 at 10.30 am along with Dr. B.R. Gaikwad, Chairman, Chemexcil and Mr. Ignacio Dos Reis, CAPQ, (Cámara Argentina de ProductosQuímicos).

The exhibition was supported by local chamber of commerce viz. (Cámara Argentina de ProductosQuímicos) (Argentina Chamber of Chemicals)

BUER SELLER MEET, SAO PAULO, BRAZIL 17th OCTOBER-2016

From Left Mr. JitendraRawat, Counsel, Consulate General of India, Sao Paulo, Brazil, Dr. B.R. Gaikwad, Chairman Chemexcil, Mrs. Abhilasha Joshi, Consulate General, Consulate General of India, Sao Paulo, Mr. S.G. Bharadi, Executive Director Chemexcil, Mr. Prafulla Walhe, Dy. Director, Chemexcil.

Dr. B.R. Gaikwad, Chairman Chemexcil, addressing the participants during the inaugural of Buyer Seller meet, Sao Brazil

CHEMEXCIL organized Buyer Seller meet at Melia hotel (Salas Paulistas),AvenidaPaulista, 2181 – Consolacao, São Paulo 01311-300, Brazil on 17th October-2016 from 10.00 to 16.30hrs.

This project was sanctioned under MDA scheme. Altogether 32 chemexcil member-exporters participated in this meeting.

The BSM was inaugurated by Mr. Jitendra Rawat, Consul, Consulate General of India, Sao Paulo, Brazil on 17th October-2016 at 09.30am along with Dr. B.R. Gaikwad, Chairman, Chemexcil, Mr. Fernando Figueiredo ABIQUIM President & (Mr. Dilson Ferreira – ABRAFATI President)

CHEMEXCIL TWIN SEMINARS ON "MODEL GST LAW : CRITICAL ISSUES IMPACTING CHEMICAL INDUSTRY " & "FOREX MANAGEMENT & HEDGING" AT HOTEL NOVOTEL, AHMEDABAD ON 21.10.2016

Mr. Udayan Choksi, Managing Partner & Ms. Tejal Mehta, Partner VoxLaw, Mumbai making presentation during Chemexcil's seminar on Model GST Law organised at Novotel, Ahmedabad on 21.10.2016

Mr. Hemendra Bhatia, Dy GM, Vadilal Forex speaking on Forex Management & Hedging during Chemexcil's Seminar at Novotel, Ahmedabad on 21.10.2016

For creating awareness on GST and Forex Management, the council had organized twin seminars on ***"Model GST Law: Critical Issues Impacting Chemical Industry" & "Forex Management & Hedging".***

From Council side, the seminar was attended by Shri Bhpendra Bhai, Regional Chairman Chemexcil, Chemexcil Officers/ Staff from Mumbai/Ahmedabad and our member-exporters. **The event attracted good response with around 51 member-exporters attending the seminars.**

The Council had organized two separate sessions on both topics which were covered by following eminent speakers:

- **Mr. Udayan Choksi, Managing Partner & Ms. Tejal Mehta, Partner VoxLaw-** Who spoke on Model GST Law, Critical Issues Impacting Chemical Industry and the way forward including training of man-power, IT preparedness etc.
- **Mr. Hemendra Bhatia - Deputy General Manager, Vadilal Forex-** He covered various aspects of Forex Management & hedging options and gave valuable inputs to our participants.

The participants asked several queries on both topics during the sessions of the seminar and where answered satisfactorily by the eminent speakers.

CHEMEXCIL 3RD MEETING OF COMMITTEE OF ADMINISTRATION FOR THE YEAR 2016-17 AT HOTEL COURTYARD BY MARRIOTT AT AHMEDABAD, GUJARAT.

Mr. Bipin R. Patel, President – Gujarat Chamber of Commerce & Industry, Ahmedabad welcomed Shri Sunil Kumar, IAS, Jt. Secretary - EP(CAP), Deptt. of Commerce, Ministry of Commerce & Industry, New Delhi during COA meeting.

Chemexcil COA in progress

The 3rd Meeting of Committee of Administration was held on Friday the 18th November, 2016 at 2.30 pm in Hotel Courtyard by Marriott at Ahmedabad, Gujarat.

Following Members of the Committee of Administration and Government Nominees were present during the meeting:

Shri Sunil Kumar, IAS, Jt. Secretary - EP(CAP), Deptt. of Commerce, Ministry of Commerce & Industry, New Delhi; Shri Sunil Kumar Sharma, Director (Chemicals), Deptt. of Chemicals & Petrochem., Ministry of Chemicals and Fertilizers, New Delhi; Dr. B.R. Gaikwad, Chairman, CHEMEXCIL; Shri Harin D. Mamlatdarna, Member; Shri Abhay V. Udeshi, Chairman, Castor Oil Panel; Shri Ajay Kadakia, Chairman,M.E. Panel; Shri Bhupendra Patel, Member and Ahmedabad Regional Chairman, CHEMEXCIL.

Special Invitees: Mr. Shankar R. Patel, Chairman-The Green Environment Services Co-Op. Soc. Ltd., Vatva, Ahmedabad; Mr. Bipin R. Patel, President – Gujarat Chamber of Commerce & Industry, Ahmedabad; Mr. ShaileshPatwari, Senior Vice President - Gujarat Chamber of Commerce & Industry, Ahmedabad.

CHEMEXCIL's Secretariat : Shri S.G. Bharadi, Executive Director; Shri Prafulla Walhe, Deputy Director, Mrs. Vaishali Zinzuwadia, Regional Director-Ahmedabad.

Shri Sunil Kumar, IAS, Jt. Secretary - EP(CAP), Deptt. of Commerce, Ministry of Commerce & Industry, New Delhi

Below agenda points were then taken up for discussion:

1. Confirming the Minutes of the 2nd meeting of the CoA for the year 2016-17 held on 23rd August, 2016 at Mumbai.
2. Review of Action Taken Report of the 2nd meeting of the CoA for the year 2016-17 held on 23rd August, 2016.
3. Review of the panel wise export performance of the items coming under the purview of the Council for the period April / August, 2016 (Source: DGCI & S).
4. Declaration of the results of election of two Committee Members.
5. Updating the Committee on the meeting with Builder regarding Jhansi Castle Building.
6. Briefing the Committee on the status of events completed during June-August, 2016.
7. Updating the Committee on various Seminars organized by the Council.
8. Updating on the new recruitments for the post of Administration Officer/Membership Officer & Office Assistant.
9. Post Facto Approval towards the expenses for the purchase of 30 New Office Chairs for the conference room.
10. Updating the Committee on CAPINDIA 2017.

CHEMEXCIL VISIT TO COMMON EFFLUENT TREATMENT PLANT, VATWA (GREEN- BIOLOGICAL TREATMENT PLANT) ON 18TH NOVEMBER, 2016 FROM 10.00 AM TO 12.45 PM

PURPOSE OF VISIT:TO STUDY ABOUT CETP AND NOVEL SPENT ACID TREATMENT PLANT

Chemexcil arranged a visit to common effluent treatment plant, vatwa (green- biological treatment plant) on 18th November, 2016 from 10.00 am to 12.45 pmMr. Sunil Kumar , IAS – Jt. Secretary, Ministrey of Commerce and Industry, Govt. of India, New Delhi,Mr. Sunil Kumar Sharma – Director, Chemicals, New Delhi,Dr. B.R. Gaikwad – Chairman, Chemexcil,Mr. Ajay Kadakia – Chairman ME Panel,Mr. Abhay Udeshi – Chairman Castor Oil and Specialty Chemical Panel Mr. Bhupendra Patel, Gujarat Region Chairman, Mr. Suhas Bharadi, ED, Chemexcil,Mr. Prafulla Walhe, Dy Director – Chemexcil, Mrs. Vaishali Zinzuwadia, Regional Director, Gujarat, Mr. Shankar Patel, President, The Green Environmental Services Co.OpSoc.,Mr. Yogesh Parikh,Mr. Sachin Patel – President, Vatva Industries Association,Mr. Deepak Dawda – CEO, The Green Environmental Services Co.OpSoc.,Mr. Jitendra Joshi, Jt. Secretary, The Green Environmental Services Co.OpSoc.,Mr. Harish Bhuta,Mr. Anil Jain were present during the visit.

Mr. Shankar Patel, President – The Green Environmental Services Co.Op Soc. welcomed the Chemexcil guests, Mr. Sachin Dawda gave a presentation on the working of Common Effluent Treatment Plant in detail and shared information on present infrastructure and also shared all estate relation information.

The Vatva Industrial Estate was established by Gujarat Industrial Development Corporation in the year 1960 in the south east direction of Ahmedabad City on Ahmedabad – Mehmadabad state highway to accommodate small and medium scale industrial units.

There are approximately 1800 units in this industrial Estate, out of which approximately 680 generate wastewater and have potential to cause water pollution. These include units manufacturing Pharmaceutical Products, Dyes, Dye-Intermediates, Pigments, Fine Chemicals and other organics. They also include Textile Process Houses, Rolling Mills and other Non Chemical Process Industries.During the decade of 1990s, many industries started planning compressive treatment. However it was very difficult and techno-economically not viable to arrange for necessary treatment of wastewater by these units individually. There was also constraint of space to install Effluent Treatment Plants by these units in their premises.

The most practical and cost effective approach was to establish a Common Effluent Treatment Plant for the treatment of effluent being generated by these units. In fact it was necessary to establish proper infrastructure to take care of the environment related aspects being faced by the individual industrial units in the estate. In order to fulfill these objectives the ‘Green Environment Services Co-operative Society Limited’ (GESCSL) was formed with the support of Vatva Industries Association and Gujarat Dyestuff Manufacturers’ Association. Initially there were 620 industrial units of GIDC Estate, Vatva, Ahmedabad as members. The GESCSL is managed by 15 members including Chairman, Vice Chairman, Hon. Secretary and Hon. Treasure.

The important aspects of CETP Project is as under

The CETP Site is located at Plot Nos.: 244-251, Phase: II, GIDC Estate, Vatva, Ahmedabad.The CETP and associated facilities are set up on the land area admeasuring 24328 sq. m. M/s Advent

Corporation, USA gave the process design based on the treatability study carried out by Sudarshan Chemical Industries Ltd., Pune. The detailed engineering was provided by M/s Sudarshan Chemical Industries Ltd.,Pune.The construction of CETP was commenced in March 1996 and was completed in all respects including installation of mechanical and electrical components in May 1998.

Mr. Sunil Kumar , IAS – Jt. Secretary, Ministrey of Commerce and Industry, Govt. of India, New Delhi, was impressed to learn these details and congratulated Mr. Shankar Patel, President, The Green Environmental Services Co.OpSoc and all office bearers for extending their whole hearted service to run this CETP so efficiently. He also mentioned that "The estate has the road map and should now stick to it, the timely change in the technology and infrastructure should be welcomed for maintaining the plant.Further he added that the SSI units should stick to these rules and seriously work for betterment of Environment and human life. He was also happy to know that there is transparency between The Green Environmental Services Co.OpSocand each SSI units.

After the visit to CETP the team visited Novel Spent Acid Management Plant.

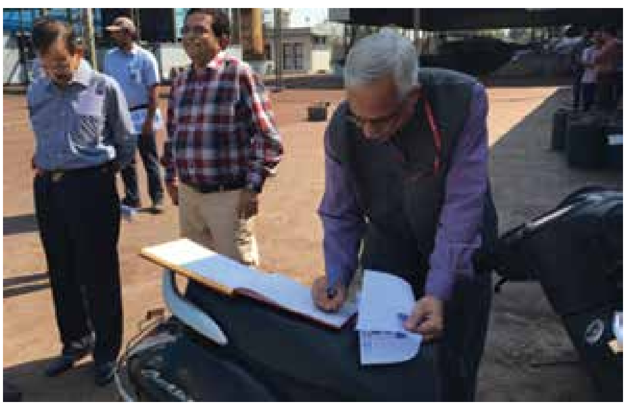
This treatment plant was established to carry out segregation and collection of spent acid received at site in different tanks depending on the concentration of Sulphuric acid and other properties.

The colour less and concentrated spent acid is directly supplied to the actual users to utilize it as a raw material in the process for the manufacture of value added products such as single super phosphate, ferrous sulphate, alum etc.

The rest of the spent acid is neutralized using hydrated line for the production of gypsum which is supplied to the cement manufacturing plants.

The waste water generated as the filtrate is treated in the ETP consisting of primary and secondary treatment facilities and the effluent after treatment is sent to CETP of GESCSL (GREEN) for further treatment and joint disposal.

GLIMPSES OF VISIT TO COMMON EFFLUENT TREATMENT PLANT (CETP) ESTABLISHED BY GREEN ENVIRONMENT SERVICES CO-OP. SOC. LTD. AHMEDABAD, GUJARAT DATED 18TH NOVEMBER-2016.



CHEMEXCIL GET TOGETHER WITH WESTERN REGION AT HOTEL COURTYARD BY MARRIOTT, AHMEDABAD ON 18TH NOVEMBER 2016.

A small get together was organized by Chemexcil at HOTEL COURTYARD BY MARRIOTT, AHMEDABAD ON 18TH NOVEMBER 2016 at 7.00pm in order to meet the members in western region and to know their problems.

Shri. Bhupenrda Bhai Patel, Chemexcil Regional Chairman Western Regions welcomed all members and briefed the purpose of get together, Dr. B.R. Gaikwad Chairman Chemexcil and Shri. Shankar Patel, President, The Green Environmental Services Co.Op Soc., interacted with members.

Shri. Bhupendra Patel, Chemexcil Regional Chairman Western Regions welcoming members during get together

Dr. B.R. Gaikwad Chairman Chemexcil facilitating Mr. Bipin R. Patel, President – Gujarat Chamber of Commerce & Industry, Ahmedabad

Shri. Shankar R. Patel, Chairman- The Green Environment Services Co-Op. Soc. Ltd., Vatva, Ahmedabad briefing about the get together.

Shri. Ajay Kadakia along with Gujrat region members during get together

(Western Regions Members gahtering during chemexcil get together)

CHEMEXCIL SEMINAR ON "MODEL GST LAW: CRITICAL ISSUES IMPACTING INDUSTRY" AT HOTEL MARINE PLAZA, MUMBAI ON 30.11.2016

Shri S.G Bharadi- ED Chemexcil, Shri Pradeep S Gandhe, Honorary Secretary, ASMECHEM, Shri S.G Mokashi-Addl Vice Chairman Chemexcil, Shri Udayan Choksi-Managing Partner-VoxLaw, Ms. Tejal Mehta, Partner-VoxLaw on the dias during Chemexcil seminar on Model GST Law at Marine Plaza, Mumbai on 30/11/2016

In continuation of our capacity building initiatives, the Council has now organized a seminar on "Model GST Law: Critical Issues Impacting the Industry" at Hotel Marine Plaza, Mumbai. This seminar was organized in association with ASMECHEM.

From CHEMEXCIL, the seminar was attended by Shri S.G Mokashi, Addl Vice Chairman Chemexcil, Shri S.G Bharadi, ED Chemexcil, Chemexcil Offcers/ Staff from Mumbai and our member-exporters. Shri Mokashi in his address welcomed the initiative and stressed the need for understanding the GST law. He also urged the participants to make best use of such seminars for knowledge enhancement.

From Asmechem, Shri Pradeep S Gandhe, Hon Secretary and other office bearers were present. Shri Gandhe also addressed the gathering briefly.

The Technical sessions where covered by VoxLaw, Mumbai who had deputed following eminent speakers:

- Shri Udayan Choksi, Managing Partner
- Shri Samir Kapadia, Partner
- Ms. Tejal Mehta, Partner

The speakers spoke on Updated Model GST Law (Nov 2016), Critical Issues Impacting Industry and the way forward including training of man-power, IT preparedness etc.

This event attracted good response with over 50 participants attending the seminar. The participants asked several queries during the seminar and where answered satisfactorily by the eminent speakers.

News Articles

1) NEW REGIONAL OFFICE OF DGFT IN BELAGAVI INCLUDED IN FTP 2015-20

(MENAFN - KNN India) The new regional office of the Directorate General of Foreign Trade (DGFT) at Belagavi, Karnataka, has been included in the Foreign Trade Policy.

In a notification, the DGFT said, 'The new regional office of DGFT at Belagavi, Karnataka, is included in the Appendix – 1A of Foreign Trade Policy, 2015-20."

The office of the Deputy DGFT has been set up at the Permanent Exhibition Complex, Autagar, Kanabaragi Industrial Area, Belagavi.

As many as five districts – Belagavi, Bagalkot, Dharwad, Uttara Kannada and Bijapur come under its jurisdiction.

DGFT notification said, 'Consequently, the territorial jurisdiction of Regional Authority, Bangalore is re-allocated as whole of Karnataka excluding the districts which are under the jurisdiction of Regional Authority, Belagavi. (KNN Bureau)

(Ref. http://menafn.com/1094980568/New-regional-office-of-DGFT-in-Belagavi-included-in-FTP-2015-20 dated 01.10.2016)

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2) FINANCE MINISTRY TIGHTEN GRIP OVER 3 EXPORTS SCHEMES

NEW DELHI: The finance ministry is set to get greater control over at least three schemes to promote exports under another measure to improve the ease of doing business and hassle-free trade. The three measures are advanced authorisationscheme, export promotion capital goods scheme and deemed exports schemes, accounting for almost Rs 35,000 crore in government incentives. While the commerce ministry will keep the policy-making powers for the schemes, it has proposed that their implementation be shifted to revenue department of the finance ministry.

Under the current system, traders approach the Directorate General of Foreign Trade (DGFT) for licences for the schemes and also have to register with the customs department, leading to duplication of effort and hassles. "The idea is that policy-making will remain with us and implementation be done by MoF. Discussions are on to split roles for advanced authorisation scheme, EPCG scheme and deemed exports," said a commerce ministry official. A similar mechanism has already worked for the duty drawback scheme, under which exporters are compensated for customs and excise duties paid on inputs used to manufacture products meant for sales overseas.

While the Foreign Trade Policy sets the guidelines for the payments, the revenue department fixes the rates and refunds the exporters. Under the advance authorisation scheme, exporters can import raw material and inputs without paying duty after getting a licence from the DGFT.

Similarly, in the export promotion capital goods, or EPCG, scheme, exporters get full exemption from paying duty when importing machinery to manufacture goods meant for exports. Here, too, DGFT is the licensing authority. "Depending on how this takes shape, this can be extended to the merchandise and service exports from India schemes," the official added.

The industry has called it a logical move as customs and excise officials are aware of manufacturing units even in far-flung are better equipped to issue licenses. "This is a move towards simplification but revenue authorities will have to be more proactive and sensitive to trade," said Ajay Sahai, director general of FIEO.

ET View: Cut Red Tape

When it comes to exports and trade, rationalising administrative processes make perfect sense. We do need to slash red tape, to make our declining exports more competitive. In tandem, there's the pressing need to shore up productivity, reduce delays and improve logistics in merchandise trade. Going forward, we need to speedily remove infrastructural bottlenecks that seem to make our exports uncompetitive. In parallel, there's also the need for focused policy attention on services exports.

(Ref. http://economictimes.indiatimes.com/news/economy/policy/finance-ministry-tighten-grip-over-3-exports-schemes/articleshow/54594939.cms dated 01.10.2016)

3) INDIAN TRADE MISSION URGES SAUDIS TO INVEST IN GUJARAT

Secretary-General of JCCI Adnan Mandoura presents a Saudi Bisht to Principle Secretary Governor Rajiv Kumar Gupta of Gujarat

Secretary-General of JCCI Adnan Mandoura presents a Saudi Bisht to Principle Secretary Governor Rajiv Kumar Gupta of Gujarat

JEDDAH — A 19-member Indian delegation visited the Jeddah Chamber of Commerce and Industry Monday to invite businessmen to take part in the 8th Vibrant Gujarat summit which will be held on Jan. 10-13, 2017.

Rajiv Kumar Gupta, principle secretary governor of Gujarat and managing director of GNFC, told Saudi Gazette that they are calling on Saudi businessmen to invest in various sectors, including chemical, petrochemical, infrastructure, healthcare, tourism and agriculture. He added that they provide a single window clearance for permissions and added that the World Bank has rated Gujarat as number one in ease of doing businesses. He further said "now, through one portal, the inventor registers and finalize all procedure from all government departments."

He noted that Gujarat has developed over the past 15 years to become a business hub and now hosting "Vibrant Gujarat" that is now a global event organized every second year. The event, he noted, draws some 100,000 visitors from 113 counties with participation of top officials of partner countries US and Canada.

Gupta said "we want to tell Saudi investors that Gujarat is a business destination that has skilled manpower. There is an opportunity for making business and making strategic partnerships. A number of Saudi clients are importing industrial chemicals, but we want to turn this to a manufacturing situation where Saudi investors explore investing opportunities in Gujarat and turn the cooperation to a win-win situation."

Gujarat, he said, is an attractive distinction and they are enhancing its potential by building six smart cities. Gujarat dominates the diamond manufacturing in the world and is also contributing heavily to the GDP of India, he added. "35% of Indian chemicals are manufactured in Gujarat, 40% of pharmaceutical, 62% of petrochemicals and 50% of solar power are produced in Gujarat." Moreover, "the upcoming summit will be a stable, sound and transparent platform for understanding government procedures and creating mutual business values," he noted.

MabishKiri, managing director of Kiri Industries Limited, said the chemical industry in India is valued at $144 billion and it contributes by about 2.11 percent to India's GDP. This industry ranked third in Asia and sixth in the world. The exportation of chemical industry has increased from $6.3 billion in 2006 to $12.7 billion this year. The importation however has increased from $5 billion to $19 billion in the same period.

FouadBougari, a Saudi economic consultant who attended the event, said that the Indian government has eased procedures for foreign investors. He added that the World Bank has recommended investing in India due to promising investment opportunities, particularly in the petrochemical industry.

(Ref. http://saudigazette.com.sa/business/indian-trade-mission-urges-saudis-invest-gujarat/ dated 04.10.2016)

4) NEED FRESH LOOK AT 'INVESTMENT PROTECTION AGREEMENT': GERMANY.

Hyderabad, Oct 5 () Germany today said there is a need to do away with the existing "investment protection agreement" between India and the European Union (EU) and start afresh on the subject under the framework of Bilateral Trade and Investment Agreement (BTIA).

The European nation also expects the stalled discussions on the Free Trade Agreement to resume by the end of the current year.

German Ambassador to India Martin Ney also said the decision of Britain to exit the EU has not impacted much in terms of investments.

"Yes there is movement (in FTA talks). Since one year, when both Prime Minister Modi and Chancellor Markel met... they are in favour of resuming the negotiations on free trade agreement," Ney told reporters at a press conference.

"It was realised by both sides India and the European Union that there is a definite need for modern investment protection agreement. The bilateral investment protection agreement that do exist at the moment is somewhat outdated. It needs fresh look at the legal routes," he said.

"Both sides realise the need for that and so the commissioner of the European Union had written to the counterpart in the Indian Government and offered to resume the negotiations. From my talks with the Indian Government, I hear quite favourable responses and so I am quite optimistic that by the end of the year we might see resumption of negotiations on Free Trade Agreement," Ney said.

Cyient Ltd Founder and Executive Chairman and former Nasscom Chairman BVR Mohan Reddy was appointed as the Honorary Consul of the Federal Republic of Germany today.

The appointment was officially announced in the presence of Martin Ney, and Consul General for Andhra Pradesh, Tamil Nadu, Puducherry and Telangana (residing in Chennai) AchimFabig and other dignitaries.

(Source:-http://timesofindia.indiatimes.com/city/hyderabad/Need-fresh-look-at-investment-protection-agreement-Germany/articleshow/54697104.cms dated 5.10.2016)

5) RUSSIAN AND INDIAN ENTERPRISES NEED NEW MODEL OF COOPERATION: DV MANTUROV, MINISTER OF INDUSTRY & TRADE, RUSSIA

Minister DV Manturov says Indian economy's openness towards attracting foreign capital and direct investments is highly valued by Russian investors.

Minister DV Manturov says Indian economy's openness towards attracting foreign capital and direct investments is highly valued by Russian investors.

Russia is trying to develop a new model of industrial cooperation with India, with an eye on

metallurgy, aircraft, shipbuilding, automotive construction and chemical industries sectors,

says minister of industry and trade DV Manturov . In an interview to ET, the Russian

minister, who's in India for the annual bilateral summit and BRICS Summit, says his country

is hoping to clinch a number of joint ventures with different states in India. Edited excerpts:

How do you look at expanding economic partnership with India?

The openness of the Indian economy to direct investments and attract foreign capital is

highly valued by Russian investors. We are closely monitoring the innovations that are being

undertaken by India to reform the country's economy. I would like to recall that in January

2015, ManoharParrikar, India's defence minister, invited Russian defence enterprises to

actively participate in this new governmental initiative.

To enter the Indian market, we need to develop a new model of industrial cooperation

between Russian and Indian enterprises, create joint ventures, transfer technologies, etc. We are planning to sign an MoU betweenAndhra Pradesh state and the United Shipbuilding Corporation for joint development of cargo and passenger transport vessels, as well as

the development and modernisation of military and civilian ships, and a memorandum between TekhnoNIKOL Corporation and AndhraPradesh for the implementation of a project involving construction of a plant of polymer bitumen construction materials in India, with

investments of $100 million.

How has INNOPROM2016 — Russia's biggest manufacturing show, where India was a partner — boosted economicpartnership?

The largescale participation of India this summer at INNOPROM2016 gave an impetus to our partnership. The fact that regional heads(three CMs) participated in the show was important. Its logical continuation will be our business mission, which will start on October 11andinclude visits to four regions — Rajasthan, Andhra Pradesh, Delhi and Maharashtra. It is important that the invitations for participation werereceived directly from the state heads (CMs). I would like to note that Russian business community, industrial associations and heads ofmanufacturing companies and state corporations have shown keen interest in participating in the business mission.

What sort of joint venture projects is Russia keen to explore in India?

IndiaRussia JV projects cover areas like metallurgy, aircraft and automotive construction, chemical industries and other hightech fields. We are actively cooperating in the mining sector and Indian partners are keen to modernise their metallurgical plants which were built withhelp of erstwhile USSR. India is a very promising market for Russian mining equipment. India is also one of Russia's largest partners whenit comes to foreign trade in chemical products. Mineral fertilizers traditionally form the basis of Russian exports of chemical products toIndia.

Could you please elaborate on military and technical cooperation between the two countries?

Russia and India are major partners in the sphere of military and technical cooperation. Over 70% of weapons and military equipmentused by the Indian Army, Air Force and Navy are of Russian and Soviet production. Licensed production of the Su30MKI fighters is one of

the largest projects involving the transfer of technologies to India. Russia is also working with India in the sphere of civil aviation. TheUnited Aircraft Corporation has been working with Indian companies for possible industrial cooperation. What should be noted is the work

being done on joint projects involving the Il114, MS21and SSJ100 aircraft.Earlier this year HAL sent an official request to a Russian manufacturer to enquire to create Indian aircraft. We can offer Russianexperience in the creation of this aircraft, and could consider the possibility of participation both in this project as a whole and in itsindividual stages (from the design stage to aftersales service). We propose organising the production of Il114300 aircraft through thecreation of a joint venture. The MS21aircraft, the first flight of which is planned for the beginning of 2017 can be an area of cooperation. This is being developed by the Irkut Corporation, a long-time partner of India on the Su-30MKI project.

The project involving the creation of a joint venture for the production and supply of Ka-226T helicopters will be a key step. All documents have been agreed upon. We are planning to sign them during the India-Russia and BRICS Summits on October 15-16 in Goa. Currently, in addition, the Russian Helicopters Holding is participating in a tender for the supply of two civil aviation Mi-172 helicopters, in addition to those that are already operating in India.

The long-time close cooperation (for more than 50 years) in high technology areas between Russia and India has proven its effectiveness. Over the years, we have got to know each other well, we know our strengths and weaknesses; together we have built factories, debugged technologies and trained pilots, engineers and technicians.

Besides, we are engaged in serial manufacturing of various classes of ships, the construction of India's first domestically built aircraft carrier, the Vikrant. In India, we are also working on designing the new aircraft carrier Vishul. We are also engaged in serial manufacturing of various classes of ships.

(Source:-http://economictimes.indiatimes.com/news/economy/finance/russian-and-indian-enterprises-need-new-model-of-cooperation-dv-manturov-minister-of-industry-trade-russia/articleshow/54801926.cms?prtpage=1 dated 12.10.2016)

6) DEADLY CHEMICALS MIXED WITH TODDY ACROSS MAHARASHTRA, REVEALS EXCISE DEPARTMENT SURVEY

Shocked by the findings, government bans sale in areas that do not grow trees that yield toddy.

ABOUT ONE in five toddy depots are selling a deadly cocktail of chemicals in the name of toddy in Maharashtra's urban belt, a survey by Maharashtra government's excise department has found.

The survey found massive quantities of chemicals such as chloral hydrate and alprazolam in toddy sold by depots in urban areas such as Mumbai, Pune, Solapur, and Nanded, among others.

Startled by the revelation, the Maharashtra government has decided to ban toddy sales in areas that do not grow toddy.

State Excise Minister Chandrasekhar Bawankule told The Indian Express that the government will ban the supply and sale of toddy in areas that do not grow toddy. "A policy for this prohibition will soon be brought before the state cabinet. It is necessary to take this step to prevent the sale of adulterated toddy in the state, which was found to be rampant," he said.

A two-day drive conducted by the department starting September 24 unearthed the net of adulteration. "We provided a special kit to our inspector for detecting adulterated toddy. The findings were startling," said Excise Commissioner V Radha.

One in every five toddy depots in the financial capital was found selling toddy laced with the deadly chemicals. A similar trend was observed in Pune, Solapur, Nanded, and other cities.

While the adulterators mixed the chemicals to give sedative or muscle-relaxing effect to the consumers, senior department officials said that the deadly cocktail can result in withdrawal symptoms among addicts. In neighbouring Telangana where a similar racket was previously unearthed, some deaths were also reported owing to the adulteration.

Bawankule said the government's new policy will be to permit liquor shops only in talukas where toddy can be tapped.

Toddy trees are primarily found in the Sindhurdurg, Ratnagiri, and Palghar districts in the Konkan belt. There are also some toddy-growing talukas in Western Maharashtra's Sangli, Solapur, Pune, and Marathwada'sNanded.

The existing policy permits toddy tappers from a particular taluka to open up shops in other areas in the district. Bawankule said the new policy will prohibit this. "They will have to remain within the same taluka to ensure that only natural toddy is served," the minister said. In Mumbai, where there is no toddy cultivation, the sale of toddy will now be virtually banned. Out of 1,250 toddy shops across the state, about 250 exist in Mumbai. They will now be shut down, said officials. Under the new policy, one toddy shop will be permitted for 1,000 toddy trees, said Bawankule.

The department estimates the new prohibition will result in 65-70 per cent of toddy depots across the state shutting down. Monetarily speaking, the state's income from toddy sales will drop sharply — from the present Rs 45 crore to Rs 10 crore. "We cannot factor in revenues when lives of people are being risked," Bawankule said. "Lives of people are far more valuable," added V Radha. The minister said the department's crackdown on duty evaders in the past couple of months had resulted in an 8 per cent jump in revenue.

An earlier attempt for a similar prohibition of toddy sales had been made in 2003-04, but sources said the then Chief Minister SushilkumarShinde, who hails from Solapur, had rejected the plan following objections raised by toddy tappers.

(Source:-http://indianexpress.com/article/india/india-news-india/deadly-chemicals-mixed-with-toddy-across-maharashtra-cocktail-death-ban-excise-department-3079752/ dated 13.10.2016)

7) GOVERNMENT WORKING ON LOGISTICS COST, TAXATION ISSUES TO BOOST EXPORTS: NIRMALA SITHARAMAN

Commerce Minister NirmalaSitharaman said that the government is working on issues with logistics cost, taxation and foreign trade policy to boost exports.

Government is working on addressing the key problems of exporters related with logistics cost and taxation to boost the country's outbound shipments, Commerce Minister NirmalaSitharaman, on Friday, said. She also said that the Ministry has started the review of the foreign trade policy (FTP) with an aim to do mid-course corrections in the export schemes if required.

Speaking at a conference on 'Strategies for Double Digit Growth in Exports' organised by Assocham in New Delhi, the Minister said logistics is one of the "biggest issues" and it makes the cost competitiveness produced by an efficient exporter unviable, Sitharaman said. The Minister further said that the Prime Minister too is very conscious of this fact as to "what it (logistics cost) does to our exports".

"We have quite a few discussions on how best we can overcome these issues in the short term" but logistics are long terms issues, the Minister added. "The priority of this government has definitely been on how to cut down on the logistics challenges whether it is road or reviving inland water ways, identifying newer waterways and improving ports is another big issue," she said.

The Ministry is also working on making all the ports EDI (electronic data interchange) and on this both the customs and commerce ministry is working on. "On logistics, a complete comprehensive picture is being handled," she added.

The Commerce Ministry also had an inter-ministerial meeting to look at the issues related with railways and high freight cost "which are really mounting".

"We are engaging with railways to cut logistics cost," Sitharaman said. Talking about the taxation matter, she said: "it is one of the vexing issues".

"You cannot be paying tax over tax and also exporters cannot be taxed for exporting. We recognise that difficulty and I know that GST alone cannot give us the solution. In fact, GST would raise our ambition saying why can't taxation be simplified and subsumed many of these (state) taxes into GST so that we handle only one tax. We are trying to simplify it," she said.

Since the taxation matter also involves many states, the government is making sure that it takes them on board. "Simplification of tax is the top agenda of this government. We shall definitely address these issues," she said.

Further, the Minister said that the Director General of Foreign Trade (DGFT) has started a two-day workshop with 36 port officers to look into the issues of exporters. The Ministry, she said, is working on establishing 24x7 connectivity and presence of authorities at the ports.

(Source:http://www.dnaindia.com/money/report-government-working-on-logistics-cost-taxation-issues-to-boost-exports-nirmala-sitharaman-2264050 dated 14.10.2016)

8) INDIA'S GUJARAT INVITES QATARI INVESTMENTS IN ABOUT 140 SECTORS

Gupta and al-Kuwari after inviting Qatar Inc to Vibrant Gujarat 2017.

Gujarat, one of the prosperous states that contribute more than 7% to India's gross domestic product, has laid out red carpet welcome to Qatari investors; as it showcased about 140 sectors across all verticals.

The invitation was yesterday extended by Dr Rajiv Kumar Gupta, principal secretary (Labour and Employment Department) of Gujarat, to Qatar Chamber, ahead of the eighth edition of 'Vibrant Gujarat' global summit, which has US and Poland as the country partners, to be held in January next year.

Gujarat, the only Indian state to have two liquefied natural gas terminals, is seeking investments in several areas, particularly energy, petrochemicals, tourism, pharmaceuticals, ports and infrastructure sectors, Gupta told the Qatar Chamber.

"There is a growing cooperation in the hydrocarbon and other sectors. More recently, a number of steps have been taken to further strengthen and expand bilateral relations. These include exchanges of high level visits, cooperation in multilateral institutions and political consultations," Qatar Chamber vice-president Mohamed bin Towar al-Kuwari said.

The focus areas of Vibrant Gujarat are agro and food processing, in which there are 22 projects; biotechnology (eight), chemicals and petrochemicals (nine), electronics hardware (14), energy and power (two), IT/ITes (five), logistics infrastructure and industrial area/parks (10), pharmaceuticals (seven), ports (14), skills development (16), technical education (six), tourism (20) and water supply (six).

The central focus of the global summit is "Sustainable Economic and Social Development". It will bring together heads of states and governments, ministers, leaders from the corporate world, senior policymakers, heads of international institutions and academia from around the world to further the cause of development and promote cooperation, said Gupta, who is also the managing director of Gujarat Narmada Valley Fertilisers and

Chemicals. Gujarat, the hub of chemical industry in India, accounts for 62% of India's petrochemical production, 35% of other chemicals production and 18% of India's chemical exports. The state's chemical and petrochemicals industry comprises about 500 large and medium scale industrial units, about 16,000 small scale industrial units and other factory units.

The proposed special economic zone in Petroleum, Chemical and Petrochemical Investment region includes petrochemical and downstream petrochemical industries, synthetic organic chemicals, industrial gas, packaging, shipbuilding/fabricating unit and other small chemical industries.

Strategically located with India's longest coastline of 1600km, Gujarat is the only state in India having two liquefied natural gas terminals with a combined capacity of almost 15MMT per annum. Moreover, 32% of total national cargo is handled only by non — major ports in Gujarat (2015-16), up from a meager 3% share in 1982.

Investment opportunities within ports include scope for Greenfield port development, maritime cluster, maritime shipbuilding parks and modernisation of port infrastructure. The state, which boasts of about 89% share of the Indian shipbuilding order book (by dead-weight tonnage or DWT), it has nine operational shipyard having capacity of about 1mn DWT and 15 more under various stages of implementation.

"Gujarat is targeting a capacity of 3mn DWT — thus maintaining its existing share of expected national market in shipbuilding/ repair market," it said in a power point presentation.

9) HECTIC DISCUSSIONS BETWEEN BRICS LEADERS IN INDIA

From left to right: South African President Jacob Zuma, Chinese President Xi Jinping, Indian Prime MinisterNarendra Modi, Russian President Vladimir Putin and Brazilian President Michel Temer [Image: BRICS2016]

In a flurry of bilateral meetings on Saturday in the coastal Indian state of Goa, BRICS leaders discussed economic and political ties.

Russian President Vladimir Putin and his Chinese counterpart Xi Jinping held a bilateral meeting ahead of the BRICS Summit that formally begins on Sunday.

The fight against terrorism and the crises in Syria was discussed at the meet, a Kremlin aide said.

"The Russian president and the Chinese president exchanged views on the Syrian issue. Putin informed his Chinese counterpart on local developments," Dmitry Peskov told journalists.

"[During the meeting] the need for further cooperation to prevent the infiltration of the international terrorism into the territory of Central Asia and through it, was stressed," Peskov said.

The 8th BRICS summit is taking place at a time of acute global discord.

Rising tensions between Moscow and Washington over the civil war in Syria and US interventions in the South China Sea are spilling over into a increasingly divided United Nations Security Council.

The Chinese President told Putin in India that as permanent members of the UN Security Council, the two countries "must further consolidate our cooperation within multilateral structures".

"We must address key issues from the position of our joint coordination and cooperation, and hence work towards a more just and rational world order through joint efforts," he said.

Meanwhile, on Saturday, in a separate meeting with South African President Jacob Zuma, Putin said the creation of the New Development Bank and the currency reserve fund by the BRICS "is the first step towards practical cooperation in a multilateral format".

"We hope that apart from approving the more general political coordination, it (BRICS) will successfully tackle specific challenges and deal with economic matters," Putin said.

Both Zuma and Putin referred to the "complicated global situation".

BRICS have repeatedly said they are opposed to the ouster of Syrian President Bashar Al-Assad by outside forces.

On Sunday, the Goa communique (the joint BRICS declaration after the summit) is expected to refer to both the Syrian crisis and the violence in Yemen as well as to the broader fight against terrorism.

On Saturday, Indian Prime Minister Modi hosted his BRICS counterparts at an informal dinner. Modi also heald bilateral talks with the Chinese, Russian and South African Presidents.

The leaders summit will begin on Sunday with a restricted meeting of the five BRICS leaders.

(Ref. http://thebricspost.com/hectic-discussions-between-brics-leaders-in-india/#.WAnSLssaXqB dated 15.10.2016)

10) INDIAN GOVERNMENT RULES OUT BLANKET BAN ON CHINESE GOODS. KNOW WHY

Commerce Minister NirmalaSitharaman on Friday made it clear that a blanket ban on import of Chinese goods as being demanded by some sections in India is not a feasible option.

While responding to a query on curbs on imports from China, Sitharaman said: "Just because we may not like certain things about a country is not reason enough to block imports from that country. We could impose anti-dumping duties, but there are established ways to go about it and dumping has to be proved."

"Curbs can only be placed if there are quality issues or if the imports are subsidised or dumped.

"Anti-dumping duties are levied on particular items, on certain tariff lines...they cannot be levied across the board," she added.

In her bilateral talks with Chinese Vice Minister of Commerce and Finance Wang Shouwen on Thursday, Sitharaman said she raised concerns about India's growing trade deficit with China.

"Several issues have remained unresolved since I assumed charge in June 2014. I raised the issue of the difficulties faced by Indian IT companies in China with project approvals with the Chinese minister," Sitharaman said.

"Our pharma companies, for instance, have been recognised by the USFDA (Food and Drug Administration), the European Union. Why is it then that the permission from China is taking so long?" she added.

Sithraman said that the talks had been positive. "The Chinese minister assured that he will come back to us on the matter, expeditiously. My impression is that they will come back to us sooner. The trade imbalance issue will addressed," she said.

An Indian commerce ministry release here on Thursday said Wang assured that China would act on the concerns expressed by India regarding market access for Indian goods, and said that recently China has quickened the pace of granting clearances to Indian pharmaceutical companies.

In 2015-16, India's exports to China were $9 billion, imports were $61.7 billion, leaving a trade deficit of $52.7 billion.

Meanwhile, Chinese media reported that calls for boycott of China-made goods in India following China's opposition to a UN ban on Jaish-e-Mohammed chief Masood Azhar have failed and instead sales have hit a record high.

"Encouragement to boycott Chinese goods has been spreading in the last few days on Indian social media. However, regardless of the passionate boycott in India and Indian media's hysteric reports of a 'doomsday' for Chinese products, Chinese goods have never been condemned by Indian government and are popular across the nation," said an article in the Global Times.

"The boycott has not achieved success. Sales figures for Chinese products on the top three Indian online retailers in the first week of October hit a new record," it added.

On Friday here, on the concluding day of the first BRICS Trade Fair, Sitharaman also expressed concern over the delay in signing of BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) free trade agreement for which a framework agreement was signed in 2004.

With India in the chair of BRICS (Brazil, Russia, India, China, South Africa) for 2016, the forthcoming leaders' summit in Goa has made an "outreach" to the BIMSTEC, (which also comprises Bangladesh, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal, in this edition of the BRICS summit.

"A lot has been said about how we have not still signed an FTA. Yes, that is a concern and we shall work actively to get a consensus to have an FTA signed amongst the BIMSTEC countries," Sitharaman said at the BIMSTEC ministers meeting here.

(With IANS inputs)

(Source:-http://www.indiatvnews.com/business/india-indian-government-rules-out-blanket-ban-on-chinese-goods-know-why-352347 dated 15.10.2016)

11) INDIA CALLS FOR GLOBAL ACTION AGAINST CHEMICAL WEAPONS

India has voiced deep concern over terror groups acquiring chemical weapons, asserting that the international community must take urgent measures and decisive actions to prevent possibility of any future use of such weapons. India's Permanent Representative to the Conference on Disarmament, Geneva, D B Venkatesh Varma, said this at a debate on weapons of mass destruction in United Nations yesterday.

He said that it has been New Delhi's consistent position that the use of chemical weapons cannot be justified and the perpetrators of such abhorrent acts must be held accountable. He emphasised that India has a "flawless track record" of verification inspections and believes that the organisation for the Prohibition of Chemical Weapons needs to evolve transparent and objective criteria and modalities for inspections.

He said that the provisions of the Convention should be implemented in a manner that does not hinder legitimate activities, especially in countries like India with a large and growing chemical industry. Mr. Varma also told the committee, which deals with disarmament and international security, that India has strong and law-based national export controls consistent with the highest international standards with reference to control of nuclear, chemical, biological and toxin weapons and their means of delivery.

(Ref. http://theindianawaaz.com/india-calls-for-global-action-against-chemical-weapons/ dated 20.10.2016)

12) INDIA AND AZERBAIJAN HELD INTER GOVERNMENTAL COMMISSION MEETING IN BAKU (PHOTO)

The Director General in the Ministry of Commerce and Industry of India Sunil Kumar met the Minister of Ecology and Natural Resources of Republic of Azerbaijan HuseynguluBaghirov in Baku and conveyed India's keen desire to strengthen relations with Azerbaijan in all areas, including in bilateral trade, investment and their cooperation in the fields of trade, economic, scientific and technology.

Sunil Kumar is leading an Indian delegation for the 4th Meeting of the India- Azerbaijan Inter-governmental Commission in Baku on 25-26 October 2016. After the meeting of the two delegations, Sunil Kumar and GulmammadJavadov, Deputy Minister of Energy, signed a Protocol for further expansion of their cooperation in trade, investment, transportation, energy, industrial production, agriculture, tourism, healthcare, pharmaceuticals, education and Information technology.

Sunil Kumar said that India appreciates the efforts being made by Azerbaijan for development of the International North-South Transport Corridor which is being developed jointly by Azerbaijan, Iran, India and Russia. He said that INSTC will give a big push to regional economic and commercial exchanges and transform the regional transportation in the coming years. He also said that India has supported establishing greater coordination among all stakeholders to streamline the customs and other procedures so that cargo could move fast and efficiently on this route.

India has close and friendly relations with Azerbaijan. India was among the first countries to recognize Azerbaijan and establish diplomatic ties. Ambassador of India Sanjay Rana said that India- Azerbaijan relationship has been growing stronger based on their strong political ties and growing mutual cooperation. The bilateral trade between India and Azerbaijan during 2016 has increased by more than 28 % as compared to same period in 2015. India's ONGC Videsh is a shareholder in Azeri–Chirag–Gunashli oilfield and Baku-Tbilisi-Ceyhan (BTC).

As the Government of Azerbaijan is taking steps aimed at developing the non-oil sector, the Indian companies are keen to make use of opportunities in non-oil sectors, like agriculture, industrial production, pharmaceuticals and information technology. Indian pharmaceutical products and medicines were known for their high quality at affordable prices and the availability of Indian medicines in Azerbaijan will be a win- win situation for all.

(Reference http://en.trend.az/world/other/2677541.html dated 26.10.2016)

13) GSTN signs MoU with DGFT for sharing of foreign exchange realisation data

The Goods and Services Network (GSTN) has signed a Memorandum of Understanding (MoU) with Director General of Foreign Trade (DGFT) for sharing of foreign exchange realisation and Import Export code data, a move that is expected to strengthen processing of export transactions of taxpayers under GST, increase transparency and reduce human interface.

The Memorandum of Understanding was signed by Shri Ajay K Bhalla, Director General of Foreign Trade and Shri Prakash Kumar, CEO, GSTN on 27 October 16. An electronic bank realisation certificate (eBRC) captures transaction level details of foreign exchange realised in India. The eBRC project implemented by DGFT created an integrated platform for receipt, processing and subsequent use of all Bank Realization related information by exporters, banks, central and state government departments. The e-BRC project enabled banks to upload foreign exchange realisation information related to exports on to the DGFT server under a secured protocol.

So far 100 banks operating in India, including foreign banks and cooperative banks have uploaded more than 1.9 Crore e-BRCs on to the DGFT server.

Sharing of data

1. eBRC data has proved to be a significant step in reducing the transaction cost of exporters. A Bank Realisation Certificate (BRC) is required for discharge of export obligation and claiming of incentives under Foreign Trade Policy. Its is also used by state government departments for refund of VAT. In addition, it is an important economic indicator as it quantifies transaction level export earnings.

2. DGFT has signed MOUs with 14 state governments and 2 central government agencies for sharing of the data.

3. At the state level, Commercial Tax Departments of 14 states have signed MoU with DGFT for receiving e-BRC data for VAT refund purposes. These are: (i) Maharashtra, (ii) Delhi, (iii) Andhra Pradesh,(iv) Odisha, (v) Chhattisgarh, (vi) Haryana, (vii) Tamil Nadu, (viii) Karnataka, (ix) Gujarat, (x) Uttar Pradesh, (xi) Madhya Pradesh, (xii) Kerala, (xiii) Goa, (xiv) Bihar.

In addition, Ministry of Finance, Enforcement Directorate and Agricultural & Processed Food Products Export Development Authority have signed MoU with DGFT for receiving e-BRC data.

(Ref. http://www.business-standard.com/article/news-cm/gstn-signs-mou-with-dgft-for-sharing-of-foreign-exchange-realisation-data-116102800305_1.html dated 28.10.2016)

14) IMPACT OF DEMONETIZATION ON VARIOUS SECTORS & THE ECONOMY

PM Modi has announced a war against black money and corruption. In an emboldened move, he declared that the 500 and 1000 Rupee notes will no longer be legal tender from midnight, 8th November 2016. The RBI will issue new chip based Rs. 500 and Rs. 2,000 notes which will be placed in circulation from 10th November 2016. Notes of 100, 50, 20, 10, 5, 2 and 1 Rupee will remain legal tender and will remain unfazed by this decision. This measure has been taken by the PM in an attempt to address the resolve against corruption, black money, terrorism and counterfeit notes. This move is expected to cleanse the formal economic system and discard black money at the same time. One of the reasons that prompted the Government to demonetize Rs. 500 and Rs. 1000 notes is that their circulation was not in line with the Economic Growth. As per the Finance Ministry, during 2011-2016 periods, the circulation of all notes grew 40% but the circulation of Rs. 500 and Rs. 1000 notes went up by 76% and 109% respectively. Relatively speaking, the economy has grown only by 30% which is way below the money circulation.

At an aggregate level, this move will significantly eliminate the existing stock of black money, fake currency and will benefit the economy in the medium- to long-run, but, the question as to how the creation of black money in the future will be prevented still remains unanswered.

The impact of this move will be felt across sectors with differing intensities and across varied time zones.

Effect on parallel economy: Cash Economy to Witness Contraction

The currency of the aforementioned denominations constitutes around 86% of the total value of the currency in circulation. It is expected to remove black money from the economy as they will be blocked considering the holders will not be in a position to deposit the same in the banks, temporarily halt the circulation of large volumes of counterfeit currency and curb the funding for anti-social elements like smuggling, terrorism, espionage, etc.

Effect on GDP: Downward Bias to GDP Growth

The sudden decline in money supply and simultaneous increase in bank deposits is going to adversely impact consumption demand in the economy in the short term. This, coupled with the adverse impact on real estate and informal sectors may lead to lowering of GDP growth.

The GDP formation could be impacted by this measure, with a reduction in the consumption demand. However, with the recent rise in festivals, demand is expected to offset this fall in an overall impact. Moreover, this expected impact on GDP may not be significant as some of this demand will only be deferred and will re-enter the stream once the cash situation becomes normal.

Lower Money Supply has a Deflationary Effect: With the older 500 and 1000 Rupees notes being scrapped, until the new 500 and 2000 Rupees notes get widely circulated in the market, money supply is expected to be reduced in the short run. Reduction in money supply can also have a deflationary effect in the economy. However, whether the impact of the reduced money supply will lead to deflation or contraction in demand or a mix of both will vary from sector to sector depending on the nature of goods & services. To the extent that black money (which is not counterfeit) does not re-enter the system, reserve money, and eventually, money supply will decrease permanently. However, gradually as the new notes get circulated in the market and the mismatch gets corrected, money supply will pick up speed.

Impact on Bond Markets: Surge in deposits will create more demand for government bonds and other high rated bonds in a situation of tepid demands for credit, leading to lower bond yields especially in the shorter end of the curve. At the same time, a reduction in leakages in systemic liquidity will reduce the scope for open market operation purchases in the coming days. We believe that the RBI will continue to sterilize excess liquidity from the banking system to keep the short term rates aligned with the policy rate.

Credit Impact across Sectors: Impact of this policy measure will flow to the economy mainly through the Real Estate sector, which has strong linkages with sectors such as cement and steel and which will turn credit negative in the short-run. A significant impact in the short-run will be on the daily/ weekly wage employment in the informal sector. The construction sector has one of the highest employment multipliers. The key segments of the economy where cash transactions play a vital role are real estate, gold and the informal sectors, which may face near term contraction. With more money coming into the banking ambit, deposit growth is likely to improve and positively impact the savings rate. The medium- to long-term gains are likely to outweigh the short-term pains.

Effect on Banks

As directed by the Government, the 500 and 1000 Rupee notes, which now cease to be legal tender are to be deposited or exchanged in banks (subject to certain limits). This will automatically lead to more amounts being deposited in Savings and Current Accounts of commercial banks. This, in turn, will enhance the liquidity position of the banks, which will be later utilized further for lending purposes. However, to the extent that households have held on to these funds for emergency purposes, there are expected to be withdrawals at the second stage.

Effect on Online Transactions and alternative modes of payment:

With cash transactions facing a reduction, alternative forms of payment will see a surge in demand. Digital transaction systems, E wallets and apps, online transactions using E banking, usage of Plastic money (Debit and Credit Cards), etc. will definitely see substantial increases in demand. This should eventually lead to strengthening of such systems and the infrastructures required.

Bank Deposit Rates to Soften: We can expect a large amount of cash in circulation to be brought within the purview of the formal banking system by way of deposits. This is structurally positive for banks, as part of this cash gets deposited as current account and savings account (CASA) deposits, reducing banks dependence on higher cost borrowing. Deposit deployment remains a challenge in the short to medium term due to the current tepid demand for credit, subsequently pushing deposit rates lower.

NBFC's Asset Quality Faces Pressure: We believe in the asset quality of Retail Asset Lenders, especially NBFC's which have developed expertise in the credit assessment of the informal segment and have built models around it to stay under pressure in the short term. Within NBFC's, asset quality of lenders with a large dependence on cash collection remain vulnerable in the short term. In the longer term the implications could be a risk profile shift for the NBFCs, as the stronger borrower profile could potentially migrate to banks. Across the medium term, the demand for real estate, especially in the secondary market i.e. Resale Transaction and Tier-II cities where the cash component, as a proportion of transaction is significant, could face a slowdown. This trickle-down effect could encompass the entire real estate sector putting pressure on the demand itself. This could adversely impact NBFC's & housing financers with a large proportion of exposure Mortgage built with a self-employed customer profile. We believe that Micro Finance Institutions and Small Finance Banks (SFB's) may not be significantly impacted in the long term, considering that the cash flows of the borrower segment are usually in the smaller denomination. However, there could be near term disruptions in the collection cycles along with a spike in over dues, which could put their liquidity strengths and the disbursal cycles under pressure.

Payment Banks to Benefit: Payment banks and others entities which are part of the transaction ecosystem are likely to be long term beneficiaries, as more and more cash finds its way into the formal banking channels. We believe the cumulative measures taken to reign in black money will improve banking habits, create financial and transactional history of the informal & cash dependent segments and could, over the long term, make them 'bankable'.

Investment in Financial Products: Investors in the short term will now believe that Cash is not the safest asset and there is little point in hoarding it. This will shift them from physical asset to financial assets where returns are also higher

Impact on Consumption Sectors

Agreement Cost of Real Estate May Rise: We expect that the real estate demand from end users is unlikely to be impacted, since a majority of them are backed by funding from bank loans. Demand from investors for real estate however may come down since in some cases, investors prefer cash transactions. If the proportion of earlier transactions in the real estate sector, which were allegedly done through partial cash payment reduces, the registered prices for real estate will go up. We expect the supply of real estate in the secondary market, which is strongly rumoured to have a large cash component involved, to suffer in the short term, which may in turn improve demand for residential real estate in the primary market.

In the medium term, the prices in this sector could regain on many fronts as developers rebalance their prices (probably charging more on cheque payment).

Used car Sales May Fall: Sales of vehicles in the second hand market for original equipment manufacturers will get impacted, which will cause a ripple effect on New Car sales, as buyers will not be able to dispose of their old vehicles easily.

Slowdown in Discretionary Spending to Hurt Consumer Durable Sales: Sales of White Goods like TV, Refrigerator & Washing Machine could slump as much as 70% as a good portion of the market is driven by Cash. This may continue for next Six Months till the dust settles down and there is adequate circulation of the new currencies.

Prices are expected to fall only marginally, due to moderation in demand, as use of cards and cheques could compensate for some purchases.

Demand for Gems and Jewellery to Decline: We can expect the demand for gems and jewellery to decline in the next two to three quarters. This would result in a weakening in the credit profile of industry players due to the high working capital cycles and high operating leverage. The unorganised segment will be hit particularly hard, given the large proportion of unaccounted inventory and high proportion of cash sales. Over the medium-term the organised industry players will benefit at the cost of the unorganised players. Gold imports through the unofficial channels are likely to reduce. There will be no significant impact on jewellery exporters because it is mostly an organised market and sales are against invoices.

High End Retail Demand to fall: We expect the impact on high end fashion retail and luxury goods to be more pronounced as discretionary demand in this segment will be curtailed. In case of Quick Service Restaurants, although 60%-70% of the transactions are currently in cash, the impact is likely to be moderate due to the low ticket size of purchases and high likelihood of patrons adapting to plastic money. We expect a limited impact to be caused on the food and grocery retail sub-segment, given the non-discretionary nature of purchases in this segment, since the buying cycle for the current month would have been largely influenced.

Private Educational Institutions: Since Private Educational Institutions take huge amounts of donations in Cash which is 40 % to 50%, we expect that this move will impact the Private Education Institutions receipts.

Medical Institutions (Both Hospitals & Medical Colleges): Again, as Medical Institutions like Hospitals and Colleges take huge amounts of donations in Cash which are more than 100 % of fees, we can keep on expecting that this move will impact not only the admissions but also the receipts.

Political Parties: Elections & Political Parties are major sources of Black Money transactions. Most of the funding of National Political Parties is in Cash which is 40% to 50%, and when it comes to Regional Parties it goes upto 50% to 60%. The sources of more than 90% of such funds are never disclosed. Candidates as well as their donors even the Political Parties will feel cash strapped. An assembly seat candidate spent on an average Rs. 4-5 Crores on Campaigning that is likely to go down drastically.

This is going to cause huge craters on their funding and will reduce their funds drastically. It is going to deal a major blow to political parties fattening their coffers with cash contributions in anticipation of high stakes electoral battles in UP, Punjab, Uttarakhand, Goa and Manipur. This stroke is bound to leave big players hamstrung and suddenly resource-poor.

Dabba Trading (Bucketing): It may kill Dabba Trading. Trades done outside bourses, Satta Bazaar & Illegal Betting market may die a natural death as currency gets a new face. Demonetisation was a jolt for Dabba traders, who were thriving in equity markets for many years now.

Effect on various economic entities

The key segments of the economy where cash transactions play a vital role are real estate / construction, gold and the informal sectors as such. The role of cash transactions in case of real estate and gold is mostly dubious, however in case of the informal sectors it is the lifeline. For example, small and marginal farmers in the fruits and vegetables category typically require off-loading of their produce in the local Mandi in cash and could see an immediate impact. A sudden demonetization will adversely impact this segment of the economy and it will witness immediate contraction, though this impact will diminish over time.

With cash transactions lowering in the short run, until the new notes are naturalized widely into circulation, certain sections of the society could face short term disruptions in facilitation of their transactions. These sections are:

- Agriculture and related sectors
- Small traders
- SME
- Services Sectors
- Households
- Professionals like doctors, carpenters, utility service providers, etc.
- Retail outlets

The nature, frequency and amounts of the commercial transactions involved within these sections of the economy necessitate cash transactions on a more frequent basis. Thus, these segments are expected to have the most significant impact post this demonetization process and the introduction of new notes in circulation.

Others Severely Hit

Hawala Traders, Bookies, & Scrap Dealers.

Our View

Since most of the Rural Economy is based on Cash, it's going to impact the Rural Economy

Sectors with a sizeable magnitude of Cash transactions such as Real Estate, Construction, Jewellery, high-end retail, White Goods and travel & tourism are expected to adversely affect.

It will push the economy because of flow of more money into the banking system.

In the long term, the economy will benefit from the reduction of the black money, which will lead to higher tax collection, better business environment, less corruption & transparency. It will improve the situation of Fiscal Deficit of the Country and hence reduce the fiscal deficit.

Interest rates will decline further because of decrease on Inflation as banks are flushed with huge inflows.

(Ref. http://www.jrfinancial.in/blog/impact-demonetization-rs-500-rs-1000-note-various-sectors-economy/ dated 10th Nov-2016)

15) INDIA CONSTRUCTION CHEMICAL MARKET WILL EXHIBIT A CAGR OF 17.2% DURING 2014 TO 2020

Construction chemicals are added to construction materials in order to improve their workability, performance, functionality, chemical resistance and durability. Utilisation of construction chemicals has witnessed significant growth over the past decade due to increasing infrastructure development activities in developing economies.

The report analyses the India construction chemicals market in terms of market value (US$ Mn), segment, end user, and regions, providing information regarding market dynamics, competitive landscape, current trends, market estimations and forecast.

Government regulations based on the concept of 'Green Revolution', increase in foreign investment activities, urbanisation, and growing preference for utilisation of ready-mix concrete (RMC) are some of the prominent factors that are driving the growth of the construction chemicals market in India. A few challenges faced by this market are low availability of skilled manpower, volatility in raw material prices, and lack of interest for implementation of quality standards by infrastructure developers.

Some major trends in India construction chemical market are increase in investment in R&D, entry of new players, adoption of sustainable products and technological advancements. Asian region is turning out to be focus point for most of the major construction chemicals companies for investment in R&D. Rising construction of new buildings and renovation activities across India is expected to boost the overall demand for construction chemicals in the near future.

India construction chemicals market on the basis of types is segmented as admixtures, flooring chemicals, water proofing compounds, adhesives & sealants, repair and rehabilitation & others. Adhesives & sealants and admixtures segment is expected to collectively account for 61.2% share of the India construction chemicals market by 2020. It is anticipated that there will be a decline in the growth of the repair, rehabilitation & others segment from 12.7% in 2014 to 11.9% in 2020, indicating a lack of inspection and maintenance in the construction industry in India.

On the basis of end use sectors, India construction chemical market is segmented as infrastructure sector and residential & commercial sector. Infrastructure sector is likely to grow at a CAGR of 18.3%. The residential and commercial segment has a share of 34% in overall Indian construction chemical market with a steady Y-o-Y growth of 16% in 2020.

From regional perspective, India construction chemical market is segmented into northern region, eastern region, western region and southern region. Currently, northern region is expected to experience highest CAGR of 17.8% as compared to other regions. Southern region is likely to create an opportunity which is three times the value in 2013. The southern region comprises the states of Tamil Nadu, Andhra Pradesh, Karnataka and Kerala. This region realisesthe potential of IT services and hence are able to attract significant investment from these service and manufacturing companies. Chemical and engineering industries are the main drivers of growth in western region particularly in Maharashtra and Gujarat.

Key market participants covered in the report include BASF India, Pidilite, Sika India Pvt. Ltd., Forsoc Chemicals (India) Ltd., Chembond Chemicals and CICO Technologies

(Ref. http://www.openpr.com/news/382680/India-construction-chemical-market-will-exhibit-a-CAGR-of-17-2-during-2014-to-2020.html dated 15.11.2016)

16) WHAT ARE THE IMPACTS OF DEMONETIZATION ON INDIAN ECONOMY?

Demonetization is a generations' memorable experience and is going to be one of the economic events of our time. Its impact is felt by every Indian citizen. Demonetization affects the economy through the liquidity side. Its effect will be a telling one because nearly 86% of currency value in circulation was withdrawn without replacing bulk of it. As a result of the withdrawal of Rs 500 and Rs 1000 notes, there occurred huge gap in the currency composition as after Rs 100; Rs 2000 is the only denomination.

Absence of intermediate denominations like Rs 500 and Rs 1000 will reduce the utility of Rs 2000. Effectively, this will make Rs 2000 less useful as a transaction currency though it can be a store value denomination.

Demonetization technically is a liquidity shock; a sudden stop in terms of currency availability. It creates a situation where lack of currencies jams consumption, investment, production, employment etc. In this context, the exercise may produce following short term/long term/, consumption/investment, welfare/growth impacts on Indian economy. The intensity of demonetization effects clearly depends upon the duration of the liquidity shocks. Following are the main impacts.

1. Demonetization is not a big disaster like global banking sector crisis of 2007; but at the same time, it will act as a liquidity shock that disturbs economic activities.
2. **Liquidity crunch (short term effect):** liquidity shock means people are not able to get sufficient volume of popular denomination especially Rs 500. This currency unit is the favourable denomination in daily life. It constituted to nearly 49% of the previous currency supply in terms of value. Higher the time required to resupply Rs 500 notes, higher will be the duration of the liquidity crunch. Current reports indicate that all security printing press can print only 2000 million units of RS 500 notes by the end of this year. Nearly 16000 mnRs 500 notes were in circulation as on end March 2016. Some portion of this were filled by the new Rs 2000 notes. Towards end of March approximately 10000 mn units will be printed and replaced. All these indicate that currency crunch will be in our economy for the next four months.
3. **Welfare loss for the currency using population:** Most active segments of the population who constitute the 'base of the pyramid' uses currency to meet their transactions. The daily wage earners, other labourers, small traders etc. who reside out of the formal economy uses cash frequently. These sections will lose income in the absence of liquid cash. Cash stringency will compel firms to reduce labour cost and thus reduces income to the poor working class.

   There will be a trickle up effect of the liquidity chaos to the higher income people with time.
4. Consumption will be hit: When liquidity shortage strikes, it is consumption that is going to be adversely affected first.

   Consumption ↓→ Production ↓→ Employment ↓→ Growth ↓→ Tax revenue ↓
5. **Loss of Growth momentum- India risks its position of being the fastest growing largest economy:** reduced consumption, income, investment etc. may reduce India's GDP growth as the liquidity impact itself may last three -four months.
6. **Impact on bank deposits and interest rate:** Deposit in the short term may rise, but in the long term, its effect will come down. The savings with the banks are actually liquid cash people stored. It is difficult to assume that such ready cash once stored in their hands will be put into savings for a long term. They saved this money into banks just to convert the old notes into new notes. These are not voluntary savings aimed to get interest. It will be converted into active liquidity by the savers when full-fledged new currency supply take place. This means that new savings with banks is only transitory or short-term deposit. It may be encashed by the savers at the appropriate time. It is not necessary that demonetization will produce big savings in the banking system in the medium term. Most of the savings are obtained by biggie public sector banks like the SBI. They may reduce

interest rate in the short/medium term. But they can't follow it in the long term.

7. Impact on black money: Only a small portion of black money is actually stored in the form of cash. Usually, black income is kept in the form of physical assets like gold, land, buildings etc. Hence the amount of black money countered by demonetization depend upon the amount of black money held in the form of cash and it will be smaller than expected. But more than anything else, demonetization has a big propaganda effect. People are now much convinced about the need to fight black income. such a nationwide awareness and urge will encourage government to come out with even strong measures.

8. Impact on counterfeit currency: the real impact will be on counterfeit/fake currency as its circulation will be checked after this exercise.

Demonetization as a cleaning exercise may produce several good things in the economy. At the same time, it creates unavoidable income and welfare losses to the poor sections of the society who gets income based on their daily work and those who doesn't have the digital transaction culture. Overall economic activies will be dampened in the short term. But the unmeasurable benefits of having more transparency and reduced volume of black money activities can be pointed as long term benefits.

(Ref. http://www.indianeconomy.net/splclassroom/309/what-are-the-impacts-of-demonetisation-on-indian-economy/#sthash.G7UG1Kp5.dpuf dated 16.11.2016)

17) CHEMICAL INDUSTRY TO STRENGTHEN WITH PICK UP IN REALIZATIONS ACROSS THE PRODUCTS

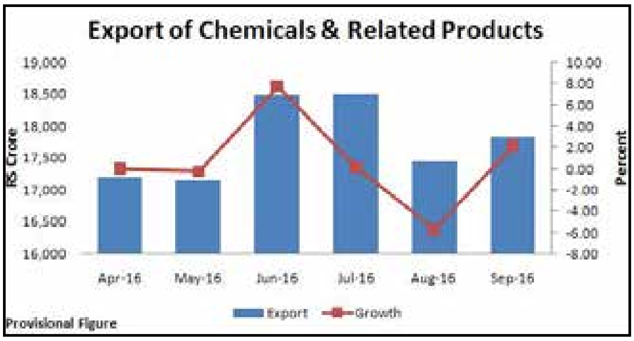
Indian chemical industry is a capital and knowledge intensive industry and plays vital role in the development of Indian economy, accounting for 2.11 percent of the Indian Gross Domestic Products (GDP). It is one of the most diversified sectors with more than 80,000 varieties of commercial products and the industry is the foundation of industrial and agricultural development of the country it also provides building blocks for several downstream industries like chemicals and other related products, petrochemicals, fertilizers, paints, varnishes, gases, soaps, perfumes, toiletry and pharmaceuticals.

The chemical industry is mainly divided into two categories -- organic and inorganic chemicals. Organic chemicals cover over half of all known chemical compounds, and include petrochemicals, drugs, cosmetics, agrochemicals, etc, while inorganic chemicals comprises alkalis, dyes and dyestuffs. Based on a more functional classification, chemicals can further be divided into basic, specialty, Pharmaceuticals, Agro chemicals and Biotechnology.

India is the seventh largest producer of chemicals worldwide and third largest producer in Asia after china and Japan. It is growing at a significant pace since past several years and the industry is likely to achieve $200 billion mark by 2020 from around $145 billion at present, the government is rendering extensive support to give impetus to the Indian chemical industry and has set up the task force to consider suggestions for National Chemical Policy to ensure steady growth of the country's chemical sector. India accounts for around 16 percent of the world production of dyestuff and dye intermediates, particularly for reactive acid and direct dyes, while the country is currently the world's third largest consumer of polymers and third largest producer of agrochemicals.

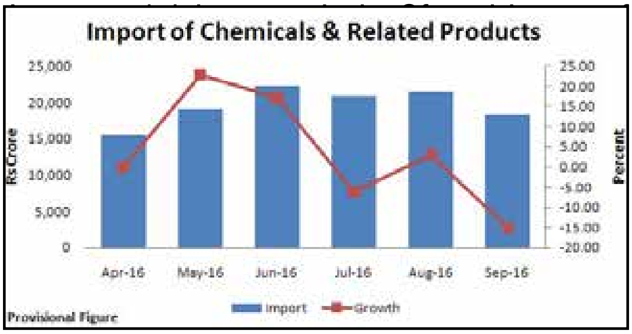
Exports

The share of Chemical products in the overall exports for April-September 2016 stood at 12.07%, while export of Chemical products was at Rs 1,06,652.75 crore (Provisional) up by 2.86%, as compared to Rs 1,03,687.29 crore in April-September 2016. The country's highest export in value terms was in the month of July 2016 at Rs 18,514.34 crore, followed by Rs 18,481.87 crore and Rs 17,839.42 crore in June and September respectively. Of the total export of chemical and related products in April-September 2016, Drug Formulations and Biological contributed the most (39.71%), followed by Organic Chemicals (14.26%), Residual Chemical and Allied Products (11.70%) and Bulk Drugs, Drug Intermediates (10.51%).



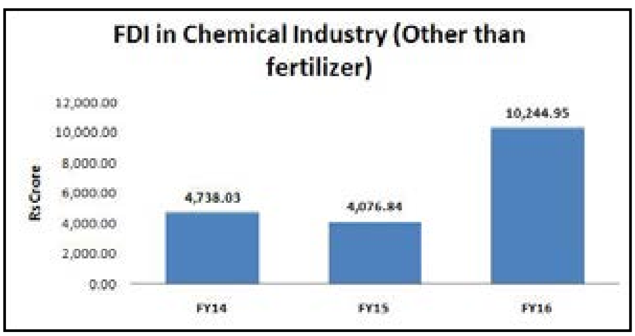
Imports

The share of Chemical products in the overall import in April-September 2016 stood at 10.04%, while import of Chemical products for April-September 2016 stood at Rs 1,17,731.54 crore (Provisional), down by 11.50% as compared to Rs 1,33,028.19 crore in April-September 2015. The country imported highest in the month of June 2016 at Rs 22,331.55 crore followed by Rs 21,557.66 crore and Rs 20,923.30 crore in



Investments in Chemical Industry (Other than fertilizer)

The Government of India has approved 100 per cent foreign direct investment (FDI) in the chemicals sector. The Chemical Industry (Other than fertilizer) has attracted 4.12% of total inflows in terms of US Dollar. The sector has attracted Foreign Direct Investment (FDI) worth Rs 10,244.95 crore or $1,563.31 million in FY16, as compared to Rs 4,076.84 crore and $669.40 million in FY15.



Specialty chemical segment likely to witness significant growth

Specialty chemicals, also known as effect chemicals or specialties, manufactured either by a single chemical formulation or a combination of two or more than two chemicals whose composition significantly contributes to performance of the final product. The companies in the Specialty chemical segment are making a niche for products having higher and more stable margins. At present, the Indian specialty chemical segment is in encouraging stage and is characterized by substantially lower penetration against a user base that sees increasing globalization and higher disposable income. Moreover, positive macro-economic trends too are providing benefits to the specialty chemical segment

On the basis of product type, specialty chemicals business can be segmented as agrochemicals, polymers & plastic additives, construction chemicals, electronic chemicals, cleaning chemicals, surfactants, lubricants & oilfield chemicals, specialty coatings, paper & textile chemicals, food additives, adhesives & sealants and others. The Indian specialty chemicals sector is likely to attain $50 billion mark by the end 2018 on the back of strong growth outlook for end use industries i.e agrochemicals, personal care ingredients, polymer additives, water chemicals, textile chemicals and construction chemicals. The sector will also get some support with the increased adoption of specialty chemicals and their increased usage in different products categories. Paints coating and construction chemicals, colorants, Active Pharmaceutical Ingredients (APIs), personal care chemicals and flavors & fragrances are the specific segments that are expected to do well in the Indian market.

Petrochemical segment to grow considerably in coming time

Petrochemicals are obtained from different chemical compounds which are by-products of crude oil refining. The petrochemicals industry includes a broad range of products like olefins, ethane, propane, aromatic compounds such as benzene, toluene, intermediate petrochemicals, end products, polymers, synthetic fibres, and synthetic rubber. Currently, the level of penetration of the petrochemical products in routine use is increasing day-by-day. It basically cater most of the sectors such as apparels, accessories, household items, furniture, electronics, construction, housing, automobiles, medical appliances, packaging, horticulture, and agriculture.

Petrochemicals is one of the fastest growing segments of chemical sector with a growth of around 13%, which is more than double the growth of India's gross domestic product (GDP). The per capita consumption of polymers in India is estimated at 5.2kg as compared to per capita consumption of 30kg in China. India consumes around 6.2 million tonnes of polymers, which represents around 3% of global consumption of 200 million tonnes.The demand in rising gradually and to meet this increasing demand, the domestic petrochemical industry is preparing to spend over $25 billion. Hence, the Indian petrochemicals industry is estimated to reach $100 billion by the end of 2020 form around $40 billion at present.

Impact of GST on Chemical sector

The long-awaited Constitution Amendment Bill -- Goods and Services Tax (GST) -- was passed in the Parliament recently and is likely to be implemented by April 2017, replacing all the indirect taxes levied on goods and services by the Centre and States. This will surely improve the ease of doing business in the country. The chemical sector is plagued with the burden of complying with a multifaceted indirect taxation system and the current tax rate prevailing is between 24 percent to 26 percent. If the government agrees to cap the GST tax slab by around 18-20 percent, it will have massive positive impact on the Chemical sector. The trickle-down and cascading effects of the GST in other sectors such as logistics, manufacturing, automotive and consumer products too will impact the chemical and polymer industry.

Recent developments

Chemical companies urge Centre to set up cracker plant in Tamil Nadu

Chemical companies from the South have urged the Centre to facilitate the establishment of a naphtha cracker plant in Tamil Nadu to support investments in downstream industries. A Petroleum Chemicals and Petrochemicals Investment Region (PCPIR) proposed in the southern part of Tamil Nadu has remained on the drawing board, with a proposed oil refinery, the anchor industry for the PCPIR, being delayed. Tamil Nadu PCPIR was to have been developed along the lines of those coming up in Andhra Pradesh, Gujarat, West Bengal and Odisha. It was proposed in Cuddalore and Nagapattinam districts along the coast covering 256 sq km with Nagarjuna Oil Corporation, which is setting up an oil refinery, identified as an anchor tenant. However, the refinery project has been delayed due to financial constraints.

KINFRA to set up Rs 1864 crore Petrochemical Park at Kochi

The Kerala Industrial Infrastructure Development Corporation (KINFRA) has obtained in principle approval from the state government for setting up aRs 1,864 crore petrochemical park in 600 acres of land to be procured from FACT at Ambalamugal, Kochi. The cost includes the cost of land and cost of internal infrastructure. The petrochemical park is proposed to be set up in Kochi which already has a large refinery, fertiliser and chemical factories besides LNG terminal & gas pipeline network being established and a Bulk Terminal and International Container Transshipment Terminal (ICTT). The proposal assumes significance in view of the expansion proposal of BPCL, nearness to the Port and Natural Gas infrastructure at the location. India's petrochemical industry has been one of the fastest growing industries in the country. Petrochemicals contribute about 30 per cent to India's $120 billion worth chemical industry which is likely to grow at a CAGR of 11 per cent over next few years and touch $250 billion by 2020.

Outlook

Indian chemical sector has been performing significantly well since last several years on domestic as well as global front. India is an important player in the global trade of chemicals, plastics and allied products. There is tremendous scope to increase its share in the global trade. This is also reflecting in the form of increasing exports. However, most of the players performance remained weak in FY16, with profit reducing on account of steep fall in chemical prices and inventory losses. But in FY17, the companies in the sector are likely to perform better, as realizations across the chemical products are picking up. Significant growth in specialty chemical and petrochemical segment will also provide fillip to the overall Chemical sector, as increasing consumption from high-end polymer industry and other user segments will help it to garner a growth in double digits in the next 10 years. Implementation of GST will also play important role in growth of the sector, as it will allow tax set offs across the production value-chain, resulting in a drop of the cascading effect of taxes and reduction in the overall production cost.

(Ref. http://money.livemint.com/news/sector/outlook/chemical-industry-to-strengthen-with-pick-up-in-realizations-across-the-products--507818.aspx dated 22.11.2016)

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USA : One Town House Drive, Newton, MA – 02460. Phone: 001 – 617 953 1080 • Email: sandeep@indenta.com

Chemexcil Notice

EPC/LIC/GST_ENROLMENT 16th Nov 2016

ALL THE MEMBERS OF THE COUNCIL

Sub: Enrolment of Existing Taxpayers on GST Network Portal

Dear Members,

We would like to inform you that the "Goods and Services Tax Network (GSTN)" for providing IT infrastructure and services to the Central and State Governments, taxpayers and other stakeholders has been set up and has started accepting registration applications on portal www.gst.gov.in .

The schedule of the enrolment activation drive for states is given below for completion during the specified dates. However, the window will be open till 31/01/2017 for those who miss the chance.

States	Start Date	End Date
Puducherry, Sikkim	8/11/2016	23/11/2016
Maharashtra, Goa, Daman and Diu, Dadra and Nagar Haveli, Chhattisgarh	14/11/2016	30/11/2016
Gujarat	15/11/2016	30/11/2016
Odisha, Jharkhand, Bihar, West Bengal, Madhya Pradesh, Assam, Tripura, Meghalaya, Nagaland, Arunachal Pradesh, Manipur, Mizoram	30/11/2016	15/12/2016
Uttar Pradesh, Jammu and Kashmir, Delhi, Chandigarh, Haryana, Punjab, Uttarakhand, Himachal Pradesh, Rajasthan	16/12/2016	31/12/2016
Kerala, Tamil Nadu, Karnataka, Telangana, Andhra Pradesh	1/1/2017	15/01/2017
Enrolment of Taxpayers who are registered under Central Excise Act/ Service Tax Act but not registered under State VAT	1/1/2017	31/01/2017
Delta All Registrants (All Groups)	1/2/2017	20/03/2017

Members are therefore requested to take note of the same and arrange to do the needful accordingly.

Thanking You,

Yours faithfully,

(S G BHARADI)

EXECUTIVE DIRECTOR

CHEMEXCIL

EPC/LIC/DRAWBACK/2016-17 15th November, 2016

ALL THE MEMBERS OF THE COUNCIL

Sub: All Industry rates of Duty Drawback for 2016

Dear Members,

We would like to inform you that the Ministry of Finance, Dept of Revenue, Govt of India has notified All Industry Rates (AIR) of Duty Drawback for 2016 vide Circular No. 50/2016-Customs dated 31-10-2016 &Notification No.132/2016 - Customs (N.T.), dated 31-10-2016.

The revised rates will be applicable w.e.f 15/11/2016. The Drawback Schedule for 2016 rates can be downloaded using below links:

http://cbec.gov.in/htdocs-cbec/customs/dbk-schdule/dbk-idx

http://cbec.gov.in/resources//htdocs-cbec/customs/dbk-schdule/dbk-sch2016.pdf

Member-exporters are requested to take note of the same.

Thanking You,

Yours faithfully,

S.G. BHARADI

EXECUTIVE DIRECTOR

CHEMEXCIL

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PROUDLY CELEBRATES 25 YEARS OF CONTINUOUS SERVICES

INTRODUCTION

The Vatva Industrial estates was established by GIDC in 1968

There are more than 1800 units located at Vatva

The current turnover of Vatva is Rs15,000 crores and export is around Rs 7500 crores.

Providing 1.0 lac direct and 50,000 indirect employments.

680 out of 1800 units, predominantly dyes, dyes intermediates, pigments, fine chemicals and some textile processors are having potential to create water pollution

To cater the issue of waste water pollution the Green Environment services Co op. society (GESCSL) is formed in the year 1992 with the support of Vatva Industries Association (VIA) and Gujarat Dyestuff Manufacturers Association (GDMA)

95 % members of GESCSL are falling under micro and small scale category

CURRENT STATUS

Vatva is the only estate in the country which has all the pollution control facilities undr one roof as detail below:

Facility	Commissioning Year	Capacity	Investment, Rs in cr	No. of beneficiary members
CETP – for waste water treatment	Sept. 1998	16 MLD	74.41	674
OLD TSDF –& Interim storage facility.	March 2003	12.5 Lac MT	14.50	684
for solid waste	Nov. 2013	1.5 Lac MT	4.00	
Common Spent acid treatment and mgmt services (NOVEL)	Nov. 2009	500 MT/d	36.00	165
MEE & 03 spray dryes for concentrated waste water	Since March 2014	Total 1020 KLD	36.00	223

Apx Rs 65.0 crore per year has been spent by the members of GESCSL to operate all above facilities in efficient manner

UNIQUENESS

- Only estate in the country which has all pollution control common facilities viz., CETP, TSDF, MEE, spray drier and spent acid management, under Co-operative body.
- The cheapest and most efficient internal effluent collection system which envisage 100% control over quality and quantity of the effluent discharged by the member unit.
- CETP does not have any flow diversion arrangement.
- Online TOC, COD, BOD and TSS meters are installed at the CETP outlet and which being monitored on hourly basis and data transferred to GPCB and CPCB
- Billing and monitoring visit of member unit is being done based on software.
- SCADA –PLC based sump rooms for quantifying effluent discharged by the members.
- Auto sampler installed for composite and continuous sampling of the effluent discharged by the members.

ACHIEVEMENTS of GESCSL

- CETP is certified for ISO 9001:2008, ISO 14001:2004 and ISO 18001:2007 for provisions of services for effluent collection, treatment and discharge.
- Secured Landfill Facility is certified for ISO 9001:2008, ISO 14001:2004 and ISO 18001:2007 for provisions of services for collection and storage of solid waste.
- Winner of Golden Peacock Environment Management Awards 2010 & 2008.
- Winner of Greentech Gold Award 2008 and Silver Award 2007
- NABL Accredited Laboratory

SOCIAL ACTIVITIES

- Operation of polyclinic at Vatva in association with VIA
- Oraganising Blood donations camps jointly with VIA
- Organising medical camps for the patient of dieses related to eyes, diabetes etc
- Development of Green belt by by planting more than 15000 trees, growing lawn in about 225000 sq. ft area, more than 80,000 plans are growing at CETP and 300 members units
- Cleaning and replenishing of Vinzol Pond had been done
- Distribution of grain kits, feed packages and water pouches during natural calamotes
- Distribution of uniforms, book, note books to the students of nearby schools.

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In ₹ (With Service Tax)

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2	Half Page (Horizontal)	18 cm wd x 11.5 cm ht	8050.00	4600.00	NA
3	Half Page (Vertical)	8.5 cm x 23.5 cm	8050.00	4600.00	NA
4	Quarter Page	8.5 cm wd. X 11.5 cm ht.	5750.00	2300.00	NA
5	Strips Advts	4 cm ht x 18 cm wd	NA (Not Applicable)	2300.00	NA
6	Inside Cover Pages (Full Page)	18 cm wd x 23.5 cm ht	17250.00	NA	NA
7	Back Cover inside (Full Page)	18 cm wd x 23.5 cm ht	13800.00	NA	NA
8	Back Cover (Full Page)	18 cm wd x 23.5 cm ht	23000.00	NA	Already booked for this issue

NOTE

- Rates quoted above are per insertion basis (For single insertion) and not for whole year.
- 10% discount will be extended after 2nd insertion onwards if member would like to continue for all 6-issues of year and for next 2-3 years.
- If member want to publicize the advertisement for whole year we shall issue full amount invoice as per the discounted rate and member shall pay the full amount in advance.
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- For Colour advertisements, high resolution images to be sent to us.
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- No Classified Advertisements will be entertained
- For further details such as series discounts, etc please contact on : ed@chemexcil.gov.in;adreach@chemexcil.gov.in

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