



The Cochin Chamber of Commerce & Industry

Dear Member,

With an aim to provide you with information and guidance regularly and to help you make informed decisions, the Chamber presents its analysis on recent subjects.

Monetary Policy Statement, 2022-23 Resolution of the Monetary Policy Committee (MPC), August 5th, 2022



On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) decided to Increase the policy repo rate under the liquidity adjustment facility (LAF) by 50 basis points to 5.40 per cent with immediate effect. Consequently, the standing deposit facility (SDF) rate stands adjusted to 5.15 per cent and the marginal standing facility (MSF) rate and the Bank Rate to 5.65 per cent.

The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth. These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

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India's merchandise exports during January-June 2022

Exports of petroleum products grew by 119.47%, electronic goods by 41.42%, Leather & Leather products by 33.72%

India's merchandise exports during January-June 2022 was USD 235.7 billion as compared to USD 185.9 billion during the same period of the previous year. India's merchandise imports during January-June



2022 was USD 361.1 billion as compared to USD 258.6 billion during the same period of the previous year.

The total merchandise export was USD 421.9 billion during 2021-22 against the export target of USD 400 billion, achieving 105.4% of the export target.

The details of the sector-wise export during January-June 2021 and January-June 2022 is given at Annexure. Barring a few sectors, all major sectors show positive trend with an overall growth rate

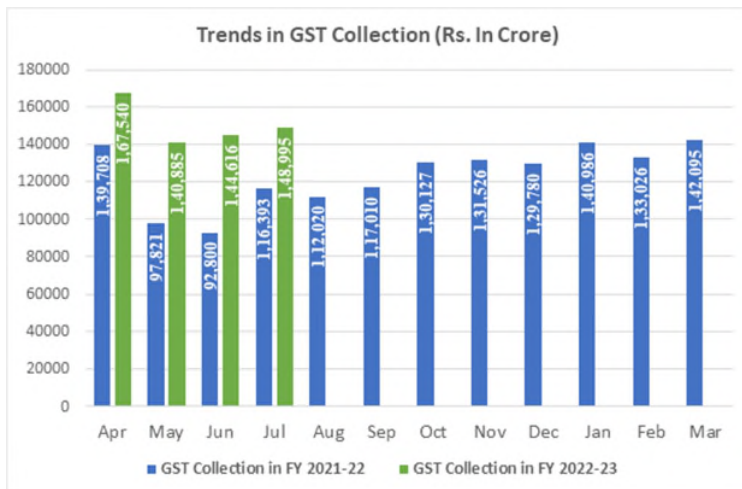
of 26.7%.

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GST Revenue collection for July 2022

₹1,48,995 crore gross GST revenue collected in the month of July 2022

GST Revenue collection for July second highest ever & 28% higher than the revenues in the same month last year



The gross GST revenue collected in the month of July 2022 is ₹1,48,995 crore of which CGST is ₹25,751 crore, SGST is ₹32,807 crore, IGST is ₹79,518 crore (including ₹41,420 crore collected on import of goods) and cess is ₹10,920 crore (including ₹ 995 crore collected on import of goods). This is second highest revenue since introduction of GST.

The government has settled ₹ 32,365 crore to CGST and ₹ 26,774 crore to SGST from IGST. The total revenue of Centre and the

States in the month of July 2022 after regular settlement is ₹ 58,116 crore for CGST and ₹ 59,581 crore for the SGST.

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Guidelines issued by CBDT for removal of difficulties under section 194S(6) of the Act

Section 194S of the Act requires a person to deduct tax at source at 1% at the time of payment or credit of any sum to any resident as consideration for transfer of a virtual digital asset (VDA).

The CBDT issued guidelines¹⁰ to remove difficulties in the implementation of section 194S of the Act. Some important aspects of the guidelines are discussed below:

a) Responsibility of deduction of tax where transfer of VDA is through an exchange or a broker

- Trade executed on an exchange where a broker is the seller – Tax may be deducted by the exchange that is crediting or making payment to the seller.

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47th GST Council Meeting held on 28th & 29th June 2022



Recommendations relating to GST law and procedure

Key trade facilitation measures

a) Refund related

- The formula to compute the inverted duty structure (IDS) refund is to be amended to consider the utilisation of input tax credit (ITC) on account of inputs and input services for payment of output tax.

- For exporters identified as risky and requiring verification of integrated GST (IGST) refund by the GST authorities, a facility is to be provided for online transmission of such IGST refund claims to the jurisdictional GST authorities for expeditious processing and disposal.
- A new form is to be notified to facilitate re-credit in the electronic credit ledger of ITC, either claimed as refund or used to pay IGST on the zero-rated supply of goods or services claimed as refund in contravention of rule 96(10) of the Central Goods and Services Tax Rules, 2017, subject to specified conditions.
- Exporters of electricity are to be eligible to claim refund of unutilised ITC on such zero-rated supplies.
- Supplies from duty-free shops at the international terminal to outgoing international passengers are to be treated as zero-rated supplies with consequential benefits

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India's Merchandise Trade: Preliminary Data of July 2022

India's merchandise export in April-July 2022-23 was USD 156.41 billion with an increase of 19.35% over USD 131.06 billion in April -July 2021-22.

The export of non-petroleum and non-gems and jewellery in April -July 2022-23 was USD 110.39 billion, an increase of 10.73% over cumulative value of non-petroleum and non-gems and jewellery exports of USD 99.69 billion in April -July 2021-22.

India has achieved merchandise export of USD 35.24 billion in July 2022, almost at similar levels of USD



35.51 billion in July 2021. This has been achieved despite measures to control inflation (Iron Ore & Pellets, Iron and Steel, Petroleum Products, etc.) and the continued disruptions of supply chains due to Covid and Russia-Ukraine conflict.

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etc.) and the continued disruptions of supply chains due to Covid and Russia-Ukraine conflict.

Value of non-petroleum exports in July 2022 was 29.82 USD billion, registering a positive growth of only 0.48% over non-petroleum exports of USD29.67 billion in July 2021. The cumulative value of non-petroleum exports in April -July 2022-23 was USD 123.90 billion, an increase of 10.3% over USD 112.32 billion in April -July 2021-22.

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Centre allots ₹506 cr. to renovate 30 PWD roads in Kerala



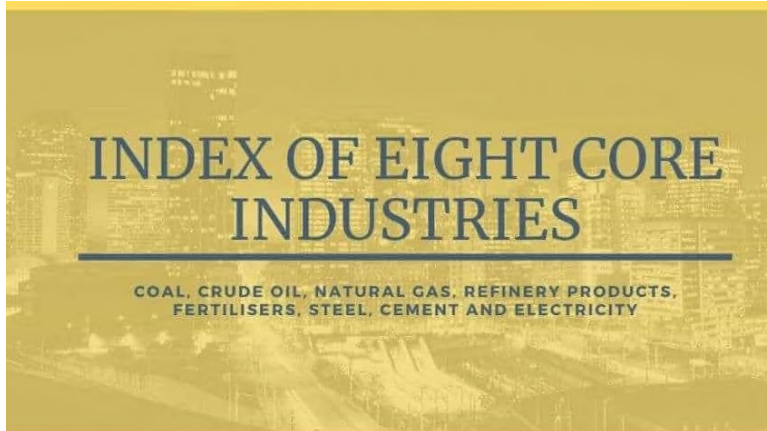
Work to be taken up on 403.25 km of roads

The Union Road Transport Ministry has approved the project submitted by the State government to renovate 30 Public Work Department (PWD). The ministry has sanctioned ₹506.14 crore for the renovation of 403.25 km of roads in Thiruvananthapuram, Kollam, Ernakulam, Idukki, Palakkad, Kozhikode, Wayanad, Malappuram, Kannur, and Kasaragod districts.

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Index of Eight Core Industries for June, 2022

The combined Index of Eight Core Industries increased by 12.7 per cent (provisional) as compared to the Index of June 2021. The production of Coal, Cement, Electricity, Refinery Products, Fertilizers, Steel, and Natural Gas industries increased in June 2022 over the corresponding period of last year.



ICI measures combined and individual performance of production in selected eight core industries viz. Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity. The Eight Core Industries comprise 40.27 percent of the weight of items included in the Index of Industrial Production (IIP).

Final growth rate of Index of Eight Core Industries for March 2022 is revised to 4.8% from its provisional level 4.3%. The growth rate of ICI during April-June 2022-23 was 13.7% (P) as compared to the corresponding period of last FY.

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Kerala Becomes First State to have its Own Internet Service K-Fon.

K-FON

- Administrative sanction for the ₹1028Cr project.
- Free internet for 20 lakh people.
- 5000 free wifi hotspots in 5 years.
- Hotspots at Govt. offices, hospitals, parks etc.



Kerala is now the first and only state in the country to have its own internet service, according to Chief Minister Pinarayi Vijayan, who made the announcement on July 14.

The announcement followed the Department of Telecommunications' granting of an Internet Service Provider (ISP) licence to the IT

infrastructure project of the Kerala Fiber Optic Network Ltd, which aims to provide everyone in the state access to the internet.

In a tweet, the Kerala CM said: "Now, our prestigious #KFON project can kickstart its operations of providing internet as a basic right to our people."

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Exchange Rate Notification No. 66/2022 - Customs (N.T.)

What to Know About Exchange Rates

Exchange rates are the amount of one currency you can exchange for another

When a country's currency doesn't vary according to the forex market, it has a fixed exchange rate

Most exchange rates are determined by the foreign exchange market

Exchange Rate	Buy	Sell
Euro	1.2431	1.0301
USA	1.6768	1.3721
South Africa	12.7125	9.9553
Hong Kong	13.2715	10.7923
Japan	142.2930	130.2421
Australia	1.8911	1.5822
Canada	1.7999	1.3011
Switzerland	1.8333	1.5900
Philippine	1.7222	1.5200
New Zealand	2.1721	1.9125
Czech Republic	34.1200	30.0091
Bulgaria	26.6721	24.3319
Turkey	2.7520	2.3331
Egypt	10.8412	8.9651

the balance

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the Notification No. 64/2022-Customs(N.T.), dated 21st July, 2022 except as respects things done or omitted to be done before such supersession, the Central Board of Indirect Taxes and Customs hereby determines that the rate of exchange of conversion of each of the foreign currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or *vice versa*, shall, with effect from 5th August, 2022, be the rate

mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

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Guidelines issued by the CBDT for the removal of difficulties under section 194R(2) of the Act

The Finance Act, 2022 inserted section 194R in the Act with effect from 1 July 2022. The section requires a person, who is responsible for providing any benefit or perquisite to a resident, to deduct tax at source at 10% of the value or aggregate of value of such benefit or perquisite, provided that the benefit or perquisite arise from business or the exercise of a profession.

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Steps taken for increasing exports through e-Commerce



The Government has implemented several legislative and policy measures for e-commerce keeping in mind the retailers. Some of these measures are FDI Policy; Foreign Exchange Management Act, 1999; Consumer Protection (E-Commerce) Rules, 2020; Consumer Protection Act, 2019; Competition Act, 2002; Central Goods and Services Tax (CGST) Act, 2017; Information Technology Act, 2000; Payment and Settlement Systems Act, 2007; Companies Act, 2013; Copyright Act, 1957 etc.

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India has signed 13 Regional Trade Agreements (RTAs)/Free Trade Agreements



India has signed 13 Regional Trade Agreements (RTAs)/Free Trade Agreements (FTAs) with various countries/regions namely, Japan, South Korea, countries of ASEAN region and countries of South Asian Association for Regional Cooperation (SAARC)Mauritius, United Arab Emirates, Australia. India's merchandise exports to all these countries/regions have registered a growth in last ten years.

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Registered MSMEs in Kerala expected to rise to 1.5 lakh by end of 2022-23

As many as 42,300 medium enterprises got during the first quarter year, prompting the estimate its target from MSMEs by the end of Minister for Law, Rajeev said.

Kerala had only 17,300 the whole the last financial year, the Minister said after inaugurating a new facility of Innovature at Infopark Phase 2 SEZ in Kakkanad.



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MSMEs registered in

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Currency Options & Futures: Key Differences

What is currency hedging?

The paramount importance of doing the currency **hedging** is deeply rooted in the forex market's volatility, which exposes its participants to currency risk. For an organization with operations worldwide, the necessity for **hedging** against forex risk is manifold since it deals with foreign currencies on a large scale, where any fluctuation in **forex rates** ultimately affects the revenue, profits and cash flow availability for operational efficiency of the organization. While some companies believe in employing extensive hedging strategies, others might not find its relevance in their operations, maybe because of scale or cost-efficiency.



A forex hedge is a transaction that fortifies an individual or corporation from an unwanted move in exchange rates owing to the market volatility and protects the existing or anticipated position of forex market participants. Forex hedge implementation is observed in businesses, investors, and traders. Currency Hedging is the move of entering a financial contract to protect against

expected, unexpected, or anticipated changes in currency exchange rates. Financial investors and businesses undertake currency hedging to eliminate risks faced by them when exercising business internationally. Hedging can be a much entangled enterprise. The various hedging mechanisms range from basic to incredibly intricate.

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Why working professionals shouldn't trade currencies on their own



Currency trading may be appealing, but it also carries significant risks. Know the drawbacks of currency trading, and why should working professionals not trade currencies on their own?

Introduction

Most nations struggle with their own financial and economic issues, which frequently affect every industry you can imagine. That obviously includes the currency market, where currencies are traded on a global scale.

According to the 2019 Triennial Central Bank Survey of FX and OTC derivatives markets, the foreign exchange market, often known as the forex market, has a daily volume of \$6.6 trillion, making it the largest financial market in the world - larger even than the stock market.

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