

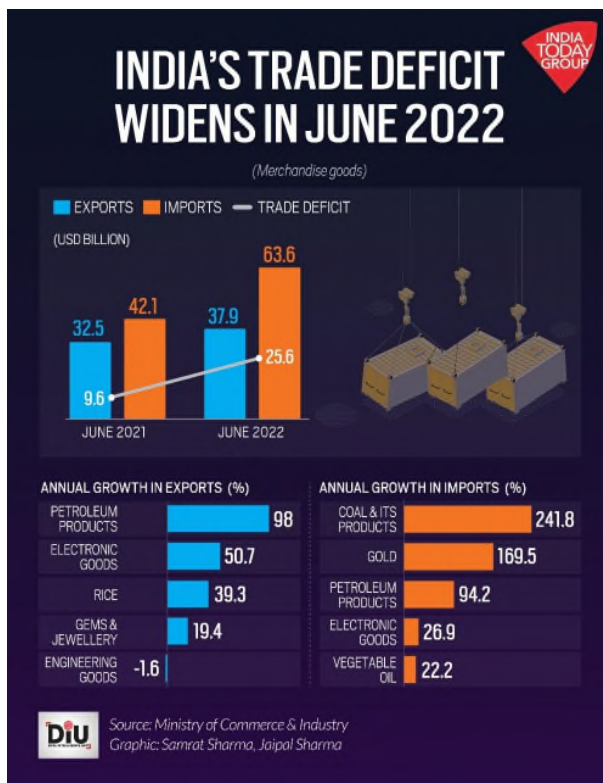


# The Cochin Chamber of Commerce & Industry

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.

## India's Merchandise Trade: Preliminary Data of June 2022



**India's merchandise exports rise by 16.8% to USD 37.9 billion in June, 2022, recording the highest ever exports in June 2022.**

**India's merchandise exports during the first Quarter of 2022-23 jump 22.2% to USD 116.7 billion, recording the highest ever exports during the first Quarter.**

**Non-Petroleum exports rise by 11.9% to USD 92.5 billion in the first Quarter.**

**Petroleum products, Electronic goods and Readymade Garments recorded major increase in exports for the first Quarter of 2022-23.**

India has achieved a monthly value of merchandise export in June 2022 amounting USD 37.94 billion, an increase of 16.78% over USD 32.49 billion in June 2021. India's

merchandise export in April -June 2022-23 was USD 116.77 billion with an increase of 22.22% over USD 95.54 billion in April -June 2021-22.

Value of non-petroleum exports in June 2022 was 30.12 USD billion, registering a positive growth of 5.53% over non-petroleum exports of USD 28.54 billion in June 2021. The cumulative value of non-petroleum exports in April -June 2022-23 was USD 92.49 billion, an increase of 11.92% over USD 82.65 billion in April -June 2021-22.

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## International Trade Settlement in Indian Rupees (INR)



The Reserve Bank of India with aim to promote growth of global trade with emphasis on exports from India and to support the increasing interest of global trading community in INR, has been decided to put in place an additional arrangement for invoicing, payment, and settlement of exports / imports in INR.

The export/import undertaken and settled in this manner shall be subject to usual documentation and reporting requirements. Letter of Credit (LC) and other trade related

documentation may be decided mutually between banks of the partner trading countries under the overall framework of Uniform Customs and Practice for Documentary Credits (UCPDC) and incoterms. Exchange of messages in safe, secure, and efficient way may be agreed mutually between the banks of partner countries.

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## Quick Estimates of Index of Industrial Production and Use-Based Index for the Month of May, 2022

For the month of May 2022, the Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 stands at 137.7 The Production for the and Electricity sectors 2022 stand at 120.1, respectively. These undergo revision in per the revision policy

As per Use-based indices stand at 144.5 for Capital Goods, Goods and 153.1 for Production Goods for the 2022. Further, the indices for Consumer durables and Consumer non-durables stand at 113.5 and 136.8 respectively for the month May 2022.



Indices of Industrial Mining, Manufacturing for the month of May 134.5 and 199.9 Quick Estimates will subsequent releases as of IIP.

classification, the for Primary Goods, 95.3 152.2 for Intermediate Infrastructure / Constr-month of May

month of May

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## Implementation of Labour Codes

### Reforms Delayed

**Govt no longer** pursuing rules under labour codes

**Not pushing** states to hasten the process in their domain

**Focus, both** at Centre and states, now on handling Covid crisis



**Employers** lobbying to defer implementation

**Says rollout** will mean additional cost burden

#### WHAT WILL THIS MEAN?

**Workers to be deprived of national floor-level minimum wage**

**Social security cover for gig workers may not come now**

**Rationalisation of wage structure may not happen**

The Government has enacted the four Labour Codes, namely, the Code on Wages, 2019; the Industrial Relations Code, 2020 (IR Code); the Code on Social Security, 2020 (SS Code) and the Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code).

“Labour” as a subject is in the Concurrent List of the Constitution of India and under the Codes, the power to make rules has been entrusted to Central Government as well as State Governments. As a step towards implementation of the four Labour Codes, the Central Government has

pre-published the draft Rules, inviting comments of all stakeholders.

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## FAQs on GST applicability on 'pre-packaged and labelled' goods

The changes relating to GST rate, in pursuance of recommendations made by the GST Council in its 47th meeting, came into effect from 18th of July, 2022. One such change is moving from imposition of GST on specified goods when bearing a registered brand or brand in respect of which an actionable claim or enforceable right in a court of law is available to imposition of GST on such goods when “pre-packaged and labelled”.



### FAQs on GST Applicability on 'Pre-packaged and Labelled' Goods



Certain representations have been received seeking clarification on the scope of this change, particularly in respect of food items like pulses, flour, cereals, etc. (specified items falling under the Chapters 1 to 21 of the Tariff), as has been notified vide notification No. 6/2022-Central Tax (Rate), dated the 13th of July, 2022, and the corresponding notifications for SGST and IGST.

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## Index Numbers of Wholesale Price in India for the Month of June, 2022



**WPI-based inflation declines marginally to 15.18% for the month of June, 2022;**

**Month-over-Month decrease in WPI for manufactured products but primary articles and Fuel & Power see a marginal rise**

The annual rate of inflation based on All-India Wholesale Price Index (WPI) number is 15.18% (Provisional) for the month of June, 2022 (over June, 2021). This is marginally lower than the WPI number of 15.88% in May, 2022, The high

rate of inflation in June, 2022 is primarily due to rise in prices of mineral oils, food articles, crude petroleum & natural gas, basic metals, chemicals & chemical products, food products etc. as compared to the corresponding month of the previous year.

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## How Prolonged Inflation Can Affect Foreign Exchange Rate?

### Inflation- Meaning

Common explanation of the term inflation refers to a persistent rise in prices over time. It indicates a free market principle of supply and demand. When the demand for a product is greater than the supply (in a free and open market) in such situations, the prices of that product tends to increase. Inversely, when supply is greater than demand in such a situation we find prices go down. Simply put, with too much of product supply in the market each unit loses value.



Technically speaking, inflation is not so much about an increase in prices, but the decrease in the buying power of the dollar. Investors who deal with international goods or services are hugely affected by forex rates. The higher

inflation rates can cause exchange rate depreciation, potentially leading to higher import prices.

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# India's agricultural and processed food products exports up by 14% to USD 5987 Million in the first three months of current fiscal

## Processed food exports witness growth of 36.4% during the 1st quarter

Of total USD 23.56 billion export target for 2022-23, 25.4% achieved in first three months  
 Government to focus on collaboration with key stakeholders in the Agri-exports value chain to sustain growth: Dr. M. Angamuthu, Chairperson, APEDA



Continuing with the trend from the previous year, the exports of agricultural and processed food products rose by 14 percent in the first three months of the current Financial Year 2022-23 (April-June) compared to the corresponding period of FY 2021-22.

For the year 2022-23, the government had set an export target of USD 23.56 billion for the agricultural and processed food products basket under APEDA. The initiatives taken by the Ministry of Commerce & Industry have helped the country in achieving 25 percent of the total annual export target in the first three months of the current fiscal.

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## Reserve Bank of India Guidelines Onboarding of Corporate Buyers on TReDS



APAC & ASSOCIATES LLP  
 Company Secretaries

### Trade Receivables Discounting System (TReDS)

A digital platform for MSME's to auction their trade receivables at competitive rates through online bidding by Financiers.



#### BENEFITS

<b>Seller</b>	<ul style="list-style-type: none"> <li>Improved cash flows</li> <li>Without Recourse</li> <li>Alternate Financing</li> <li>No debt, no collateral</li> </ul>
<b>Buyer</b>	<ul style="list-style-type: none"> <li>Streamlined Vendor payment</li> <li>Seamless ERP integration</li> <li>Improved procurement</li> <li>Flexible payment terms</li> </ul>
<b>Financier</b>	<ul style="list-style-type: none"> <li>Expansion of business</li> <li>Low risk</li> <li>Easy reconciliation</li> </ul>

- #### IMPORTANT TAKEAWAYS
- One-time agreement - amongst the participants involved
  - Random audits for authenticity of factoring units - TReDS
  - Notifications - Due dates of payments & updates - TReDS
  - Notices to entities compulsorily required to be registered - MCA

The Reserve Bank of India has issued guidelines for setting up and operating the Trade Receivable Discounting System (TReDS), an institutional mechanism for facilitating the financing of trade receivables of MSMEs from corporates and central public sector enterprises (CPSEs), through multiple finances, to address the

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issue of delayed payment faced by MSMEs.

TRDeS offers a hassle-free, faster and transparent process of invoice financing to the MSMEs with competitive price discovery by the participating financiers. Participating in the portal also helps the corporate buyers in complying with the provision of timely payment to MSMEs as stipulated in the MSMED act 2006. The portal helps in lower supply chain cost and efficient cash flow management for both MSME sellers and corporate buyers.

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## Exchange Rate Notification No. 58 /2022 - Customs (N.T.)

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the Notification No. 51/2022-Customs(N.T.), dated 16<sup>th</sup> June, 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 8<sup>th</sup> July, 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.

**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	1.2631	1.0301
USA	1.6768	1.3721
South Africa	12.7125	9.9553
Hong Kong	13.2715	10.7923
Japan	162.2830	130.2621
Australia	1.8911	1.5822
Canada	1.7999	1.3011
Switzerland	1.8333	1.5900
Philippine	1.7822	1.5200
New Zealand	2.1729	1.9125
Czech Republic	34.1200	30.0091
Bulgaria	26.6721	24.3319
Turkey	2.7520	2.3331
Egypt	10.8412	8.9651

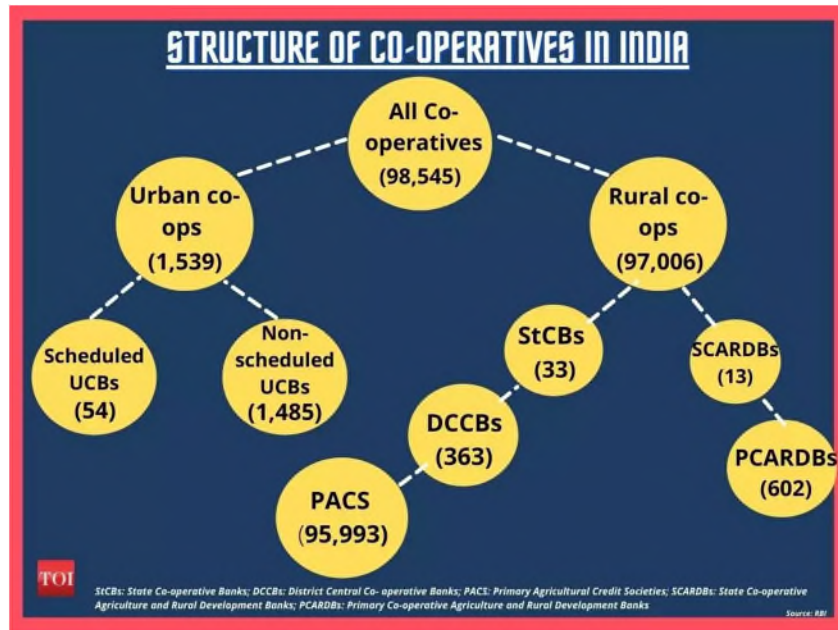
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## Reserve Bank of India Revised Regulatory Framework for Urban Co-operative Banks (UCBs)

The Reserve Bank of India had constituted the Expert Committee on Urban Co-operative Banks (the Committee) on February 15, 2021 under the Chairmanship of Shri N.S. Vishwanathan, former Deputy Governor, Reserve Bank to examine the issues in urban co-operative banking sector, provide a medium term road map, suggest measures for faster resolution of UCBs and recommend suitable regulatory/supervisory changes for strengthening the sector by leveraging the recent amendments to Banking Regulation Act, 1949 (As Applicable to Cooperative Societies).

The report submitted by the Expert Committee was placed on the RBI's website on August 23, 2021 inviting comments of stakeholders and members of public. The recommendations of the Committee have since been examined for implementation duly factoring the feedback received.



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