

India nearing early harvest trade deal with UK: Piyush Goyal

Commerce and industry minister Piyush Goyal on Friday said India is negotiating trade agreements with “democracies” that believe in “transparent rule-based trading opportunities”, and it is in an advanced stage to conclude the early harvest under a free trade agreement (FTA) with the UK.

His remarks came in the context of the China-centric Regional Comprehensive Economic Partnership (RCEP) deal that Prime Minister Narendra Modi had rejected at the eleventh hour on November 4, 2019, in Bangkok as it did not satisfactorily address New Delhi’s concerns that could hamper the interests of Indian industry.

Speaking at a meeting of the textile industry, Goyal said when Modi announced that India was not joining the RCEP, “I think, the entire country heaved a sigh of relief”. Goyal is also the textiles minister.

He said the RCEP negotiations were historical since 2011-12 and the contour of the trade deal was inherited by the Modi government from the Congress-led United Progressive Alliance (UPA). “After going through the whole process, we realised that it would literally not benefit our Indian industry as much as we would be, let’s say, opening up the Indian market to the others,” he said. The RCEP is the world’s biggest free trade deal involving 10 members of the Association of Southeast Asian Nations (Asean), Australia, China, Japan, New Zealand and South Korea.

He said the government is working with different countries to expand market access for Indian industry and clarified that India is keen on having FTAs or preferential trade agreements (PTAs) with democratic nations that believe in transparent rules-based trade that would be mutually beneficial.

“We are engaged with... advanced stage of discussions with UK,” he said, adding that India has also launched negotiations with the EU. “Though, I think, UK will happen faster. At least the early harvest... EU is a longer drawn process... [involving] 27 countries,” he said.

The UAE and Australia are also “promising FTAs or PTAs” that India would look at in the near future, he said. “Canada has shown interest but Covid has actually put us on the back foot over there,” he added.

He asked the industry to become competitive as market access is two-way traffic. “One problem I face when I do FTA negotiations... An industry cannot say open access for me... I want access in other countries, but please don’t allow them to come to India... It is a two-way traffic,” he said.

Eyeing a deal by December, India & UAE to start FTA talks today

NEW DELHI: India and the UAE on Wednesday announced the launch of negotiations for a Comprehensive Economic Partnership Agreement (CEPA) with the UAE joining the United Kingdom, Australia and the European Union among countries with which

New Delhi is seeking to prioritise talks for a free trade agreement.

The UAE is India's third largest trading partner after China and the US with trade estimated at \$43 billion last year. "A new strategic economic agreement is expected to increase bilateral trade in goods to \$100 billion within five years of the signed agreement and increase trade in services to \$15 billion," an official statement said, adding that the first round of talks will be held on Thursday and Friday.

"Both sides have drawn up a very aggressive and ambitious timeframe and aim to conclude the negotiation by December 2021 itself. And we hope to sign the formal agreement in the early part of 2022 after the completion of internal legal procedures and necessary ratification process," commerce and industry minister Piyush Goyal told reporters after a meeting with Thani bin Ahmed Al Zeyoudi, UAE's junior minister for foreign trade.

The commerce minister said that both the countries will focus on products that will have an early impact on trade. "We decided that items in which we have a clear competitive and comparative advantage for trade between the two countries on both sides in goods and services, will focus on getting items of immediate importance to be agreed upon," Goyal stated.

UAE is India's second largest export destination after the United States of America, with exports of nearly \$17 billion in 2020-21. Besides, it is the eighth-largest investor in India, having pumped in \$11 billion between April 2000 and March 2021, while investment by Indian firms in UAE is estimated to be over \$85 billion.

Apart from petroleum products, India exports precious metals, gems and jewellery, food products and engineering goods and machinery to the UAE, with crude oil being the most important import item. A trade deals on the goods side will help Indian exporters get more competitive in the UAE.

India Australia early FTA set to cover half of goods trade

NEW DELHI: As part of a Comprehensive Economic Cooperation Agreement (CECA), India and Australia are looking to conclude an early harvest scheme — covering tariff cuts on items that account for nearly half the trade as well as easier rules for service sectors — by December, over a decade after talks first started.

If the negotiations go as per plan, this will be the first among a set of trade deals that India is looking to clinch, with talks with the European Union, the United Kingdom, Canada and the UAE being pursued. While negotiations on many of them had started almost a decade ago, they are being pushed more aggressively after India exited a dialogue to be part of RCEP, the trade grouping with China, Japan, Korea, Australia, New Zealand the Asean countries.

There are, however, gaps that need to be narrowed down with Australia. For instance, when it comes to trade facilitation, India is unwilling to go beyond what it has committed at the WTO. Plus, it has had concerns over allowing agriculture and processed food items. India is hoping that the agreement will open the doors for its professionals, such as those in the IT sector, to get better access in Australia.

Both sides are, however, confident of narrowing the differences. The December target was agreed upon during a meeting between commerce and industry minister Piyush Goyal and his Australian counterpart Dan Tehan

During the meeting, sources said, Goyal set a mid-September deadline for finalising the overall scope of the early harvest scheme. "The ministers appreciated the progress made in three rounds of talks between the chief trade negotiators of both sides and discussed the way forward for an early conclusion of a bilateral CECA... the ministers directed officials to speed up the negotiations and to meet as often as required to achieve an early harvest announcement by December 2021 on an interim agreement to liberalise and deepen bilateral trade in goods and services, and pave the way for a comprehensive agreement," a joint statement issued on Friday said.

Since the Covid-19 outbreak, India along with Japan has also been working closely with Australia on a resilient supply chain initiative, which seeks to reduce dependence on China. In recent months, Australia, which had signed a trade agreement with China a few years ago, has seen massive trade tension with Beijing.

Is the anti-plastic movement going to become a leading driver for the shift towards paper packaging?

Here's a sneak-peek into what the sustainability trends could mean for the pulp and paper industry

Did you know that only 9% of the plastic produced since the 1950s has been recycled? This means that 91% of the plastic is still hovering like a storm-filled cloud that's ready to burst - and wreak havoc on some of nature's most valuable gifts.

It's hard to believe that by 2050 there will be around 12 billion tons of plastic litter in landfills and the environment. 12 billion! And we can only imagine the ill-effects this will have on our planet.

Consumer awareness and consciousness about the adverse effects of excessive plastic pollution has strengthened over the years - with many going for brands that are making more eco-friendly and plastic-free choices.

Governments have also been taking various initiatives and implementing new taxes and bans on plastic to dissuade businesses from using it for packaging, and encouraging them to substitute it with renewable alternatives.

Let's take a deeper look at those three leading market drivers:

Legislation

To address the environmental crisis, government regulation has increased in many countries to help drive change and reduce the impact of plastics'

Certain single-use plastics (e.g., drinking straws, coffee stirrers, plastic bottles, plates, cups, utensils, shopping bags) have been identified as leading contributors to plastic

pollution and are the target of most legislation. While bans on polyethylene shopping bags have been in place in many parts of the world, the EU and UK are leading the way in implementing wider bans on single-use plastics:

- The United Kingdom has banned the sale of single-use plastic to end-users.
- The European Union has implemented a €0.80/kg tax on non-recycled plastic packaging waste.
- 23 states in the US have some form of plastic bag legislation enacted, and several cities have banned plastic drinking straws.
- China banned certain single-use plastic products in 2020 with a phased implementation.

Consumer

Public awareness of plastic waste in the environment has risen to an all-time high. Several well-known consumer goods companies have committed to reducing plastic content in their packaging:

- 77% of consumers think more highly of companies that package their products in paper-based packaging
- 84% of consumers express concerns about the environment
- 33% of consumers avoid plastic product packaging if they can
- Consumer research firm Mintel predicts sustainability is among the top five trends that will impact the packaging industry over the coming year: “Brands will be called to keep marine conservation at the forefront of packaging development.”.

Brand owners and retailers

Packaging trend-watchers say the sustainable packaging trend is here to stay, and brands are making serious commitments to act upon the anti-plastics outcry.

Several well-known consumer goods companies have committed to reducing plastic content in their packaging:

- Nestle released its plan to make 100% of its packaging recyclable or reusable by 2025.
- Apple has a comprehensive paper and packaging strategy, which explains how it reduced plastic content of its iPhone 7 package by 84% versus the iPhone 6s, with a switch from plastic trays to fiber-based packaging.
- Samsung announced plans to replace plastic packaging with paper and other renewable materials, even if the alternate materials are higher

Another indicator of the importance of replacing plastic is the number of innovations in renewable, eco-friendly packaging, which are being announced at a fast clip, for example:

- Ahlstrom-Munksjö has released its new Purpose Fil packaging papers, which uses fiber from responsible and legal sources to meet multiple sustainability goals.
- Anheuser-Busch InBev, a Belgium-based beverage company, has launched a new sustainable packaging design for its Corona beer brand that uses leftover barley straw from farmers' harvest to create a paper board for packaging.
- Absolut recently rolled out its paper bottle prototype, which is made of a mix of paper and recycled plastic.
- Graphic Packaging introduced its new Paper Seal MAP tray, a fiber-based alternative to plastic trays for meat, produce, etc.
- Beverage companies are adopting paperboard multi-packs for cans to replace shrink wrap and plastic rings, such as Molson Coors and WestRock's CanCollar.
- Large retailers, especially in Europe, are also joining the movement to reduce plastic packaging.

For example, UK retailers Iceland and Lidl have announced goals to remove plastic from certain product lines. In France, retailer Carrefour signed a French national pact to phase out plastic packaging by 2025, along with other companies including L'Oreal, Nestle, Danone and Unilever.

SCOPE, OF ACCEPTANCE OF DEPOSIT UNDER SECTION 73 READ WITH RULE 2 SUB CLAUSE (vi) BY A PRIVATE LIMITED COMPANY

"Rule 2(l)(c)(viii) of companies (acceptance of deposit) rules 2014 - Any amount received from a person who, at the time of the receipt of the amount, was a director of the company or a relative of the director of the private company;

Provided that the director of the company or relative of the director of the private company, as the case may be, from whom money is received, furnishes to the company at the time of giving the money, a declaration in writing to the effect that the amount is not being given out of funds acquired by him by borrowing or accepting loans or deposits from others and the company shall disclose the details of money so accepted in the Board's report; "

Under these Rules a Private Limited company can accept the deposit as under:

- (a) From the Director without any limit provided he furnishes a declaration that deposit is made from their own fund and invested funds are not borrowed fund;
- (b) Shareholders who are not director of the company may also deposit with the company. Deposit in this case deposit cannot exceed by 100% of equity and free reserve of the company;
- (c) Private Limited company can accept the deposit from another company and the amount of such deposit cannot be more than 60% capital and free reserve of the lender company;
- (d) Relative of the director may also invest in the company as stated in above para (a)

Term of the relative is defined in section 2(77) of the Companies Act and they are as under:

In case of HUF members of HUF Husband, wife, father, mother, son, son's wife, daughter, daughter's husband, brother, sister. Step father, stepmother, stepson, stepbrother, step sister are also included in the list of relative.

After going through the provisions, it is stated that partnership firm in which partners and directors are related even the firm cannot make direct deposit in the company and it will be routed only through partners.

Retail & Wholesale Trade: An MSME without benefits

Four years after being excluded from the category of micro, small and medium enterprises (MSMEs), the retail & wholesale trade was reincluded under the MSME sector by the Government of India, Ministry of Micro, Small and Medium Enterprises (Policy Division) vide Office Memorandum No. 5/2(2)/2021-E/P & G/Policy, (E-19025) on Friday the July 2nd 2021. This was done for the specific purpose of permitting the retail and wholesale trade to secure priority sector lending (PSL) by the banks and financial institutions according to an official release. Loans given to the MSME sector come under priority sector lending under the RBI guidelines.

The fact however remains that under the NDA -1, the Government of India, Ministry of Micro, Small and Medium Enterprises (**SME** Section) issued an Office Memorandum F. No. UAM/MC/01/2017-SME dated 27th June, 2017 amending NIC Code 45, 46 & 47 and thereby removed the retail and wholesale trade from the ambit of MSME saying that they were neither involved in manufacturing and nor were they service units. Due to withdrawal of MSME status, retailers and wholesalers were forced to either borrow at a higher rate or from informal financial sources. The retail and wholesale trade were also denied certain other benefits enjoyed by the MSME's.

It was certainly an aberration and an anomaly for **which** there cannot be any justification.

The Micro, Small and Medium Enterprises Development (MSMED) Act, which was notified in 2006, had defined an enterprise for the purposes of small businesses in terms of "manufacturing and service entities". The retail and wholesale businesses were included under the definition of MSMEs under the 2006 Act.

The National Industrial Classification (NIC) is based on Industrial Standard Industrial Classification (ISIC) and The Statistical Classification of Economic Activities in the European Community (NACE). The Organization for Economic Cooperation and Development (OECD) also categorizes the retail and wholesale trade as "Services". The Government of India under **the NIC** also categorizes the retail and wholesale trade as services, following the international norm and practice.

Earlier, the criteria for defining MSME was investment in plant and machinery, now it is also based on turnover of the company.

The MSME Annual Report 2020-21 of the Government of India provides the undermentioned statistics on the number of MSME's and employment provided by them.

(As per the National Sample Survey (NSS) 73rd round, conducted by National Sample Survey Office, Ministry of Statistics & Programme Implementation during the period 2015- 16, there were 633.88 lakh unincorporated non-agriculture MSMEs in the country engaged in different economic activities /1 9 6. 6 5 lakhs in Manufacturing. 0.03 lakh in Non -captive Electricity Generation and Transmission, 230 .35 lakh in Trade and 206.85 lakh in Other Services) excluding those MSMEs registered under (a)Sections 2m(i) and 2m(ii) of the Factories Act, 194_8, (b)Companies Act, 1956 and (c) construction activities falling under Section F of National Industrial Classification (NIC) 2008.)