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INDIA-JAPAN TRADE HITS 10-YEAR MILESTONE WITH \$17.15 BILLION FDI INFLOW

Japan is making significant investments in India and has emerged as one of the country's largest investors with a cumulative Foreign Direct Investment (FDI) amounting to US\$ 17.15 billion between April 2022 and January 2023, according to the Department of Commerce.

The East Asian country has been actively encouraging its companies to relocate their manufacturing operations from China to India. Auguste Tano Kouame, World Bank's Country Director in India said, "India's economy has been remarkably resilient to the deteriorating external environment, and strong macroeconomic fundamentals have placed it in good stead compared to other emerging market economies."

In this context, PM Modi's recent visit to Japan for the G7 Hiroshima Summit 2023 is regarded as a significant milestone in India's economic transformation.

While India's exports to Japan amounted to US\$ 5.18 billion, imports from Japan stood at US\$ 11.97 billion during the Financial Year (FY) 2022-23. As per the exchange rate, the Indian currency experienced an appreciation rate of 12.5 percent against the Japanese Yen between April and December 2022.



The import figures from Japan to India exhibited a Compound Annual Growth Rate (CAGR) growth of 1.6 percent, while India's exports to Japan experienced a decline of 0.3 percent between the financial years FY2012 and FY2022.

As per the Department of Commerce, the bilateral trade or import-export activities between India and Japan reached their highest point in the last decade since FY2011-12, with a total value of US\$ 20.57 billion. According to the data provided by India's Ministry of Commerce, the overall imports

Source: Institute of Export



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LAW EVOLVED REGARDING NON-SIGNATORIES TO ARBITRATION AGREEMENTS

Sec7 of THE ARBITRATION ACT & CONCILIATION ACT 1996 (The 1996 Act) speaks about parties to the arbitration agreement. However, the said section is silent about non-signatories to the arbitration agreement.

In *Indowind Energy Limited v. Wescare (India) Ltd. &Ors*, the Hon'ble Supreme Court observed that an arbitration agreement can come into existence only in the manner contemplated under section 7 of the Act. Therefore, if an application is filed under section 11 of the Act, an oral contract between the parties will not be sufficient to prove that the parties had performed certain acts to enact an arbitration agreement between them as section 7 of the Act states that the arbitration agreement should be in writing.

Arbitration agreements are generally entered into by parties who wish to resolve disputes outside of court, through a neutral third party known as an arbitrator. These agreements are legally binding and can be enforced through courts of law.

Non-signatories are individuals or entities that are not party to an arbitration agreement, yet they may be affected by the outcome of the arbitration proceedings. In India, there have been several cases where non-signatories have sought to participate in or be bound by the arbitration agreement.

The Indian courts have adopted a pragmatic approach to dealing with non-signatories in arbitration proceedings. The Supreme Court of India, in the case of *Chloro Controls India Pvt. Ltd. v. Severn Trent Water Purification Inc. and Ors.* (2013) 1 SCC 641, held that a non-signatory can be bound by an arbitration agreement if the dispute is closely connected to the contract containing the arbitration agreement.

The principle of binding non-signatories as laid down in *Chloro Controls* was also applied in *AmeetLalchand Shah vRishabh Enterprises*. Thereafter, the Supreme Court in *Cheran Properties* passed a judgment in the context of the enforcement of a domestic arbitration award against a non-signatory. The Court also held that non-signatories can be bound by an arbitration agreement if they have acted in a manner that indicates their intention to be bound by the agreement, or if the arbitration agreement is intended to benefit them.

In the case of *OIL AND NATURAL GAS CORPORATION LTD. Vs. M/S DISCOVERY ENTERPRISES PVT. LTD. & ANR*, while deciding whether a company within a group of companies that is not a signatory to an arbitration agreement would be bound by it, the Supreme Court held that the law considers the following factors:

i) The mutual intent of the parties:

- (1) The relationship of a non-signatory to a party which is a signatory to the agreement;
- (2) The commonality of the subject matter;

.....

iv) The composite nature of the transaction; and

v) The performance of the contract.

In the *Mahanagar Telephone Nigam Ltd vs Canara Bank* judgment, the broad conditions when such doctrine of group companies may be applied to refer non-signatories to a composite arbitral proceeding have been mentioned as follows:

1. when it is established that all the parties intended to bind the signatory as well as the non-signatory group companies to the arbitration agreement;
2. when the non-signatory party has either been engaged in the negotiation or the performance or the termination of the contract; or made statements expressing its intention to be bound by the contract;
3. when the non-signatory party has a direct relationship with the signatory party or the parties are involved in the execution of a composite transaction, i.e. a transaction with a common or shared business objective which would not be possible without the participation of the non-signatory party.
4. the 'Group of Companies' doctrine may also be invoked by the courts if it can be established that the signatory and non-signatory parties exist within a tight group structure with strong organizational and financial links, to constitute a single economic unit, or a single economic reality.

In *United India Insurance Co. Ltd. v. Hyundai Engineering and Construction Co. Ltd. and Ors.* (2018) 18 SCC 535, the Supreme Court held that the joinder of a non-signatory to an arbitration agreement cannot be allowed merely on the ground that there is a common question of law or fact between the non-signatory and the signatory.

Ameet Lalchand Shah v. Rishabh Enterprises (2018) 15 SCC 678: In this case, the Supreme Court held that the joinder of a non-signatory to an arbitration agreement can be allowed only if the non-signatory is found to be a necessary or proper party to the arbitration proceeding.

Reckitt Benckiser (India) Pvt. Ltd. v. Reynders Label Printing India Pvt. Ltd. (2019) 6 SCC 424: In this case, the Supreme Court held that the joinder of a non-signatory to an arbitration agreement can be allowed only if the non-signatory is found to have a direct interest in the dispute that is subject to the arbitration agreement.



INDIA'S EXPORTS TO LATIN AMERICA INCREASE BY AN IMPRESSIVE 19%

India's exports to Latin America reached a record high of 22.41 billion dollars in 2022-23 (April-March), according to the Commerce Ministry of India. The exports have increased by an impressive 19% from 18.89 billion dollars in 2021-22, exceeding the 6.86% increase of India's global exports.

India's exports to some of the distant Latin American countries are more than the exports to neighboring countries or traditionally important trade partners. This is a trend of the last several years, not an one-year-wonder. Examples:

-India's exports to Brazil (9.9 bn) are higher than to the traditional trade partners such as Japan (5.46 bn), France (7.6 bn), Italy (8.7 bn) and neighbors such as Thailand (5.7 bn), Nepal (8.01 bn) and Sri Lanka (5.11 bn)

Exports to Mexico (5.2 bn) are more than the exports to Russia (3.15 bn), Canada (4.11 bn), Spain (4.66 bn) and Egypt (4.1 bn)

-Exports of 273 million dollars to remote Honduras are more than the exports of 220 m to nearby Cambodia.

-Exports of 465 m dollars to the distant Guatemala are more than the exports of 437 m to Kazakhstan

-Exports of 5.2 billion dollars to Mexico, 1.45 billion to Colombia and 1.17 billion to Chile are also higher than the exports to some other neighbors and traditional trade partners.

Car exports to Latin America were 2225 million dollars (up from 1793 m in 2021-22). This was one third of India's global car exports of 6.68 bn dollars. Mexico was the second largest global market for Indian cars with 973 m. Other major destinations: Chile 357 m and Peru 203 m, Colombia 110 m, Ecuador 97 m, Panama 75 m and Guatemala 50 m.

Exports of motor cycles were 921 million dollars. This is 33 % of India's global exports of 2.79 bn. Colombia was the # 1 global market for Indian motorcycles with 308 million dollars.

Other major destinations in the region were: Mexico 195 m, Guatemala 89 m and Peru 45 m. India is the second largest supplier of motorcycles to Latin America. Major destinations of India's pharma exports: Brazil 345 million dollars, Mexico 130 m, Chile 117 m, Venezuela 87 .



Source: Trading Economics



HEADLINES



- India's economy has been remarkably resilient to the deteriorating external environment, and strong macroeconomic fundamentals have placed it in good stead compared to other emerging market economies."
- India's exports to Japan amounted to US\$ 5.18 billion, imports from Japan stood at US\$ 11.97 billion during the Financial Year (FY) 2022-23. As per the exchange rate, the Indian currency experienced an appreciation rate of 12.5 percent against the Japanese Yen between April and December 2022.

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- The Food Corp of India (FCI) so far has procured a little over 26 MT wheat in the 2023-24 (October-March) rabi marketing year against a target of 34.5 MT.

INDIA'S PANIPAT SEES 70% EXPORT DROP; CHINA ADDS TO THE WOES



plummeting prices of the basic raw material, cotton comber. The prices have dropped from a high of ₹170 per kg to ₹120-122 per kg. Worth noting is that the industry has been wrestling with a comber shortage due to a slowdown in combed yarn production and dwindling imports from Bangladesh. Comber is a by-product of combed cotton yarn. Sluggish production, triggered by a decrease in combed cotton yarn demand, has resulted in a lower supply of comber. The sources also revealed that while the Indian home furnishing industry used to import comber from Bangladesh, the latter has been focusing more on promoting its domestic home furnishing industry, hence reducing the supply to India. Sources added that even though southern India's spinning mills generate a significant volume of comber, this supply has also diminished in recent months. However, the steep drop in comber consumption has caused prices to fall over the past two to three months. The serious problem of slower export orders began after Russia-Ukraine war. It fuelled inflation due to supply disruption of crude oil and other commodities. Consumers have little money in hand for buying non-essential goods. Therefore, brands and retailers are facing little sale which reduced new export orders." Goel mentioned that export demand has declined by about 70 per cent compared to shipment

India's principal home furnishings hub, Panipat, is grappling with a steep decline in both export and domestic demand. Export demand from key markets such as the US and Europe has fallen by 60-70 per cent. Industry players find themselves at a loss regarding how to stimulate demand recovery. Domestic demand, moreover, is projected to remain sluggish until the start of the festival season in August 2023. The import of blankets and other home furnishings from China at reduced duty rates has further added to the woes of the industry. Industry insiders noted that the flagging demand for home furnishings can be gauged from the

Source: The hindu





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