

# South Africa Seeks Indian Investments In Special Economic Zones

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Indian companies can reduce their lead time to access the African market to three days from eight days by investing in South African Special Economic Zones, said a top official from the South African consular office in Mumbai.

"There are more than 13 Special Economic Zones in South Africa, where Indian companies can invest and export to entire Africa, USA and European Union, with which we have trade agreements," said Andrea Kuhn, Consul General, Consulate General, South Africa in Mumbai.

She was speaking at an interactive session organised by MVIRDC World Trade Center Mumbai and the 'All India Association of Industries'.

"We assure visas to Indian businessmen and tourists in five working days. Already, there are around 150 Indian companies in South Africa providing jobs to 20,000 people there," she said.

The middle-class population in Africa is estimated to grow to 660 million by 2030, with a purchasing power of USD 2.6 trillion, she pointed out.

Dean Hoff, Consul Economic, Consulate General, South Africa, "In agro-processing, we are negotiating with the Indian government to export avocado, table grapes and litchis."

Indian companies can invest in the agriculture value chain in South Africa as we are a major producer of citrus fruits, maize, corn, soyabean, sugar and dairy products, Hoff said.

Earlier in his welcome remarks, Vijay Kalantri, Chairman, MVIRDC World Trade Center Mumbai pointed out that South Africa is the second largest trade partner of India in Africa and it has the largest Indian diaspora in the African continent.

"But still bilateral trade volume is around USD 15 billion, which can be enhanced with the dynamic initiatives of the South African Consul General in Mumbai. In order to stimulate trade and investment with South Africa and the entire African continent, WTC Mumbai and AIAI proposes to organize an Africa Conclave in association with all the trade missions of African countries in India in future," Kalantri said added.

# South Africa seeks Indian investments in their Special Economic Zones

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## High Wholesale Inflation: MSME Margins Shrinking, Operating Cost Rising, Says Report



The share of material cost in the overall expenses of companies grew cumulatively from 50 per cent in FY21 to 54 per cent in FY22.

**A**s the [wholesale inflation](#) has touched a nine-month high of 15 per cent in April, MSMEs (micro, small and medium enterprises) from food processing, textile, engineering and plastics sectors are struggling to manage their margins amid rising input prices. The operating cost of small and medium family enterprises has risen nearly 20 per cent on account of a sharp rise in raw material prices, according to a report.

“Cost of materials has risen 35 per cent in FY 2021-22 from the previous year for 96 manufacturing companies listed on BSE, while their sales expanded 30 per cent (according to a study by MVIRDC). On an average, these 96 companies spend 50 per cent of their total expenditure on raw materials and intermediate goods,” according to a White Paper on ‘Impact of Inflation on Trade & Industry’ by the [World Trade Centre](#), Mumbai.

The share of material cost in the overall expenses of these 96 companies grew cumulatively from 50 per cent in FY 2020-21 to 54 per cent in FY 2021-22. Among these 96 companies, the cost of materials consumed has grown faster in FY 2021-22 from the previous year than the corresponding growth in annual sales for 68 companies, it said.

Micro, small and medium enterprises, which are the backbone of India’s manufacturing sector, is suffering from eroding profit margin, working capital strain and indebtedness due to rising cost of steel, aluminum, miscellaneous metals, plastics and other raw materials. MSMEs contribute more than 30 per cent to the country’s GDP, support 120 million jobs and contribute 49 per cent to exports, it added.

According to the White Paper, while the rise in the raw material cost has affected the operation of manufacturing enterprises, the increase in wages and fuel prices have adversely impacted service sector units. As a result of increase in petrol and diesel prices, MSMEs are facing rise in logistics cost and cost of ferrying their workers to factory units.

Madhavan Kutty, senior economist at Aditya Birla Group, said: "Banks and NBFCs have adequate capital above the RBI prescribed limit and their NPAs are also at a manageable level. They should use their better financial position to support MSME borrowers by increasing flow of credit to MSMEs. Public sector banks should introduce innovative derivative products to hedge interest rate risks and thereby support MSME borrowers."

The Paper said some large companies have already raised prices of their products to maintain their profit margin, while some companies, especially in the MSME sector are unable to pass on the increase in raw material prices as it might affect demand and sales for their products.

"MSME vendors that are supplying intermediate goods to corporate buyers are unable to hike prices of their products because of the absence of such price escalation clause in their orders," it added.

Wholesale price-based inflation spiked to a record high of 15.08 per cent in April on rising prices across segments from food to commodities. The WPI-based inflation was 14.55 per cent in March and 10.74 per cent in April last year.