

Monthly Newsletter

1. TRADE NEWS

A) INDIA DOUBLES ITS GRAPE EXPORTS TO EUROPE

Exports of grapes from India touched an all-time high in 2015-16, with exports to Europe more than doubling compared to that in the previous financial year. Maharashtra, which accounts for nearly 98% of grapes, exported grapes at a price cheaper than that charged by Chile. India had exported 84,482 tonnes of grapes to Europe compared to 41,783 tonnes exported a year ago, a growth of 102%. Total exports are expected to be over 2 lakh tonnes. The earlier high was 1.92 lakh tonnes. Apart from Europe and West Asia, Bangladesh, the Far East, Russia and China are the other export destinations for Indian grapes. Compared to 10-12 Euros per box of Chilean grapes, Indian grapes were sold at 8-10 Euros per box. Due to good quality and cheaper price, India was able to establish itself in the European market as a reliable supplier of grapes.

B) SILVER LINING FOR INDIA'S SILVER JEWELLERY, EXPORTS UP FIVE TIMES

India's silver jewellery exports quadrupled since financial year 2010-11 because of rapid shift in consumer preferences in favour of contemporary designs of gemstone-studded ornaments. India's silver jewellery shipment was \$2,959 million in financial year (FY) 2015-16, compared with \$566 million in 2010-11. From FY15, exports grew by 44%. The growth in silver jewellery exports has opened an opportunity for Indian designers to compete with traditional market leaders like Thailand, China and Turkey. Subdued prices, growing consumer confidence and guaranteed buyback have helped Indian silver ornaments emerge as an alternative to gold jewellery in international market. There is a silver lining for India's silver jewellery exports. Till sometime back, India was a primary exporter of silver bars. Today, the world can see India's presence in silver jewellery as well.

C) GOVERNMENT CUTS EXCISE DUTY ON IMPURE GOLD

The Central government has reduced excise duty on impure or dore gold to 9.35% from 9.5%, widening the difference in import duty on pure gold to 0.65% in a move aimed at making bullion manufacturing in the country more attractive. The excise duty on pure gold is 10%. There are 32 gold refineries in India, 27 of which process impure gold with a total refining capacity of 1,467 tonnes a year.

D) GULF REMITTANCES FALL 2.2%, OFFSET BY SLIDE IN OIL IMPORTS

Remittances from the Gulf nations to India declined for the first time in six years due to sliding oil prices. It fell by 2.2% in 2015-16 but the slide had also resulted in a contraction of oil imports, which offset the drop. India's imports from the GCC have fallen sharply, down 34.5 % in financial year 2015-16. This has helped alleviate some stress from lower remittance and export income. In fact, India's trade deficit with the GCC has fallen a whopping \$46 billion, or 77 %, in three years, to \$14 billion because of rapidly declining imports.

E) FRUITS ADD TINGE OF FRESHNESS TO WILTING EXPORTS

Shipment of fresh fruit has witnessed an increase at a time when India's overall exports have declined. Fruit exporters said demand for Indian mangoes, grapes, bananas and pomegranates has increased and the country has sent trial shipment of fresh fruit to new markets over the last few months. Officials attribute the uptrend to timely rains that led to a better crop of fruit in 2015-16, and India's adherence to the technical standards laid down by developed countries. Last year saw Mauritius opening its market for Indian mangoes, while grape exports to Europe doubled. India is the second largest producer of vegetables and fruit in the world, with the UAE, the Netherlands, UK, Russia and Saudi Arabia being top destinations for export of fruit. Grapes topped the fruit export chart for 2014-15 with shipment touching 107.3 thousand tonnes valued at Rs 1,086 crore.

F) 1,400-KM HIGHWAY TO LINK INDIA, THAILAND & MYANMAR

India, Thailand and Myanmar are working on a 1,400 kilometre highway that will link India with Southeast Asia by land for the first time in decades, giving a boost to trade and cultural exchanges between the three countries. 73 bridges in Myanmar, built more than seven decades ago during World War II, are being renovated with funding from India to allow vehicles to cross the highway safely. When the repair work is completed in 18 months, the highway could be opened to traffic from all three countries. The planned highway starts in the eastern region of India from Moreh to Myanmar's Tamu city.

2. FDI

A) FDI IN RAILWAY RELATED COMPONENTS IS US\$ 59.81 MILLION

As per the Department of Industrial Policy & Promotion (DIPP), the quantum of FDI in Railway related components during the last six months (from September, 2015 to February, 2016) is US \$ 59.81 million. Agreements have been signed between Ministry of Railways and Joint Venture Company for setting up of two locomotive factories at Madhepura (Electric) and Marhowra (Diesel) costing about 2600 crore entailing FDI inflow in Rolling stock manufacturing. While precise amount of FDI further expected cannot be predicted or quantified, potential projects involving FDI include: Dankuni and Kancharapara rolling stock factories and BOT- annuity projects of 3rd line between Wardha-Nagpur, Kazipet-Vijaywada and Bhadrak-Nargundi.

3. ECONOMY

A) INDIA HAS TRADE DEFICIT WITH 27 COUNTRIES

India has a trade deficit with as many as 27 major countries, including China, Australia, Iraq and Iran, during the last three years. With these countries, India has trade deficit continuously during the last three years. India generally runs a deficit with those countries from which high-demand commodities are sourced. These include items like crude oil, gold, diamond and fertilizer. In 2015-16, India's trade deficit fell 14% to \$118.35 billion. Other countries with which India has a trade gap include Indonesia, Korea, Germany, Canada, Taiwan, Russia and Ukraine.

B) DECLINING EXPORTS

Exports by labour-intensive sectors as a whole declined 9.8% in 2015-16 compared with a 7.4% growth in the previous year. The reason: shrinking global demand, currency fluctuations, instability in West Asia and high domestic price of some commodities. Exports of engineering goods were hit the hardest. Total exports of labour - intensive sectors in 2015-16 was \$145 billion and declined by 9.83%.

C) GEMS AND JEWELLERY EXPORTS

India's net gems and jewellery exports in 2015 -2016 is \$32 billion.

D) INDIA GETS RIGHT TO TAX CAPITAL GAINS IN AMENDED MAURITIUS TAX TREATY

The government amended a three-decade old treaty with Mauritius, which will enable India to impose capital gains tax on investments coming from the African island nation starting next year. Signed in 1983, the India-Mauritius Double Taxation Avoidance Agreement (DTAA) mandated that capital gains can only be taxed in Mauritius. The agreement helped Mauritius' rise as a financial centre, and it became the source of the biggest foreign investment into India. The treaty with Mauritius was renegotiated because the Indian government believes that a chunk of the funds coming from Mauritius are not real foreign investments, but meant to avoid Indian taxes, a practice known as "round-tripping". For two years (2017-2019), Mauritius-based companies will have to pay short-term capital gains tax for investment in India. Tax will be charged at 50% of the prevailing domestic rate for two years with conditionalities, and full tax will be levied from 2019. Singapore and Cyprus treaties are co-terminus with Mauritius treaty and will be accordingly negotiated. The Treaty will also apply to the India-Singapore treaty, shutting two lucrative investment routes preferred by foreign investors. Around 50% of FDI into India comes through Mauritius and Singapore, according to Indian government data. Some 34% of it is channeled through Mauritius and 16% through Singapore. India's big concerns have been Indian entities using the Mauritius route to launder unaccounted wealth and manipulate stocks in India, and treaty shopping by foreigners. The government said the amendment has been designed to curb treaty abuse, tax evasion and round-tripping of funds—the practice of money stashed away overseas by Indians returning home through tax havens such as Mauritius in the garb of foreign capital. The changes will have an impact on foreign investors who route their investments from these two countries to avoid paying capital gains tax in India. Amendment in the tax treaty will complement the government's efforts to plug tax evasion and tax avoidance and its fight against black money—untaxed, unaccounted wealth hidden away by Indians.

E) INDIA'S GDP TO GROW 7.3% IN 2016

India's economy is expected to grow by 7.3% this year. The World Economic Situation and Prospect report, in its mid-2016 update, said India is expected to achieve a 7.5% GDP growth in 2017 and the economic prospects of the South Asian region will be "contingent" on the growth trajectory of India and Iran. China, which grew at about 6.9% in 2015, will continue to witness slowdown in growth, with its GDP projected to grow 6.4% in 2016 and 6.5% in 2017. India's economy, accounts for over 70% of South Asia's GDP. Despite the protracted instabilities and general weakness of the global economy, South Asia's economic outlook remains favorable, with most countries benefiting from low oil prices.

F) INDIA 12TH TOP FOREIGN HOLDER OF US GOVT BONDS

India is the 12th largest foreign holder of the US government securities with exposure to the tune of \$ 118.9 billion. Despite reducing its exposure to \$ 1.245 trillion, China remained the top holder of these securities. China is followed by Japan with securities to the tune of \$ 1.137 trillion. India is the one place ahead of Saudi Arabia -- whose exposure has been made public for the first time in more than four decades. Saudi Arabia's holding stood at \$116.8.

G) INDIA, SLOVENIA DTAA TO COVER INFO EXCHANGE

India and Slovenia have signed a protocol to amend the bilateral double taxation avoidance agreement (DTAA), broadening the pact to include exchange of information to curb tax evasion. The two countries signed the protocol amending the existing convention and protocol for avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income on May 17 in Ljubljana.

4. PAN INDIA

H) INDIAN'S AVERAGE WEALTH UP 400% IN 10 YEARS

The average wealth of an Indian surged by 400% in 10 years while that of a European citizen declined by 5% says a report by New World Wealth. In emerging markets such as India, China and Vietnam, average wealth has gone up by over 400% during the 10-year period (2005-15). The average European citizen is currently worth around \$86,000. One of the major issues that have deterred wealth creation in Europe is migration of wealthy people out of Europe (mainly to countries such as USA, Canada, New Zealand, the Caribbean and Australia). In terms of wealth growth, certain Eastern European countries such as Poland are likely to perform well.

I) 'TURMERIC LATTE' IS HALDI DOODH

Haldi Doodh or 'Turmeric latte' is now the hottest beverage from Sydney to San Francisco. Call it 'Golden Milk' or turmeric latte, a concoction that improves on the original Ayurvedic recipe by replacing dairy with coconut, almond and even cashew milk. Its famed health benefits are what appeal to global consumers, for whom Golden Milk is an anti-inflammatory alternative to caffeine drinks.

5. GOVERNMENT CIRCULARS AND POLICIES

A) EXPORTS LIKELY TO GET CLEARANCE IN A DAY

Cars, smart phones, machines, medicines, garments — anything made in India will be allowed 'warehouse to wharf' export in a single day under a new Make in India green channel that seeks to give a big boost to local manufacturing and exports. Under the facility that will begin at select ports in a month, cargo clearance will shorten from about a week to a few hours. Among the measures aimed at helping to make the policy work, there will be no upfront payment of any duties. That will be settled later when the paperwork is done. It would be launched after the passage of the finance bill.

B) GOVERNMENT MAY IMPOSE ANTI-DUMPING DUTY ON CHEMICAL IMPORTS

India is expected to impose anti-dumping duty of up to \$0.40 per kg on imports of a chemical, used in pharma and agrochemicals industry, from the US and China to protect domestic players. Directorate General of Anti-Dumping and Allied Duties (DGAD), found that "Methyl Acetoacetate" has been dumped from these countries and due to that domestic players have suffered material injury. DGAD has recommended an anti-dumping duty in the range of \$0.24-0.40 per kg on the imports.

C) APPLE OPENS ITS FIRST DEVELOPMENT CENTRE IN INDIA IN HYDERABAD

Apple Inc., the maker of iPhones and iPads, opened its first development centre in India in Hyderabad, which will work on Apple Maps, the company's digital maps and navigation service. Apple will employ 4,000 people. The company did not specify how much it would invest in the facility. Not all of the 4,000 employees at the facility will be on the rolls of Apple. A majority of the workforce at the facility will be employed by Noida based RMSI Pvt. Ltd., which provides geospatial and software services. Apple is partnering with RMSI, an authorized reseller of Google Earth Enterprise and Google Maps, according to its website, for the Apple Maps project.

D) WORLD'S LARGEST ROOFTOP SOLAR POWER PLANT INAUGURATED IN PUNJAB

World's largest single rooftop solar power plant of 11.5 Mw capacity was inaugurated in Beas near Amritsar in Punjab. Spread at a single rooftop stretch of 42 acre at Dera Baba Jaimal, the project was synchronised earlier this year. In addition to single largest rooftop solar power plant, seven rooftop solar power plants of 8Mw capacity were also inaugurated in Beas Dera campus making this place the highest single campus generating solar power of 19.5 Mw at multiple rooftops in the country. This project would generate clean and green energy sufficient to power approximately 8,000 homes.

6. WORLD NEWS

A) LAKE KARACHAY- MOST POLLUTED

A radioactive waste dumping site, Lake Karachay in Russia, is the most polluted spot on Earth. Spending an hour in the lake will be fatal

B) GO FOR GOLD

According to the World Gold Council, global gold demand was 4,212.2 tonnes in 2015. More than half or 57.3% of this was for jewellery, followed by 'bar and coins' for investment (24%), demand

by central banks (14%) and by industry for technological applications (7.9%). In 2015 China was the world's largest consumer of gold, accounting for about 29% of the global demand. India was next, with about a quarter of the global demand. Together, these two countries thus constituted more than half of the global demand. In 2015 about 3,000 tonnes of gold was mined globally. China mined more than 16% of this gold, the highest in the world. It was followed by Australia, Russia, the US and Canada. Together, these countries produced about 50% of the total gold mined. About 1.75 lakh tonnes of gold have been mined since the beginning of civilization.

C) EASTERN GERMANY IS BECOMING THE WATCHMAKING CAPITAL

The East German village of Glashuette is home to the greatest concentration of world class watchmakers outside of Switzerland — with a business that's growing even as Swiss producers retrench. Glashuette produced more than 32,000 watches last year, worth at least 500 million. The German industry, though far smaller than Switzerland's, is less dependent on sales to China, where the watch business has been hammered by an anti-corruption drive. With most expenses in Euros, producers have been able to keep costs in check, unlike Swiss rivals that have to deal with the surging franc. While Switzerland's Richemont in February said it may cut as many as 350 jobs in Switzerland, the two biggest watchmakers in Glashuette say they're hiring. German watch exports last year jumped 14% even as Switzerland's fell 3.3%. Glashuette owes much of its prosperity to the Swiss. And some Glashuette producers import components such as watch hands and dials from Swiss suppliers.

D) CHINA PIPS INDIA IN AID TO NEPAL

The recent strain in India-Nepal relations has coincided with China surpassing India in the list of top aid donors to Nepal. The report by the Nepal government on official development assistance (ODA) shows that in fiscal 2014-2015, India's ODA disbursement to Nepal plummeted by over 50% in the first year of the NDA government, allowing Beijing to overtake India in the list of top assistance providers. While China's disbursement of ODA stood at \$37.95 million, India accounted for a little over \$22 million. It is the first time in the past five years, that India is not in the list of top five ODA providers (in terms of disbursement) among Nepal's bilateral development partners. China is now in fourth position, after the UK, the US and Japan, and followed by Switzerland. India has also committed \$1,400 million for Nepal's earthquake reconstruction work as against China's \$766 million. The problem for India though, not unlike what it faced in Sri Lanka when Mahinda Rajapaksa was president, is China's increasing involvement in landmark infrastructure projects in the Himalayan nation, including the construction of Nepal's second international airport in Pokhara, which is helping it win the battle of perception.

E) EVEN THE DESERT CITY OF DUBAI IS IN NEED OF IMPORTED SAND

Demand for sand is rising all over the world, with China leading the way. Globally, China accounts for a fifth of the world's sand imports, according to the Trade Statistics Branch of the United Nations. Due to the frenzied development of new dams, roads, buildings and factories, the country has used more sand in the last four years than the US has in the last century. In the US, the rise of hydraulic fracturing or "fracking" has created a huge appetite for sand. The process involves injecting water, sand and chemicals down a horizontally drilled well, thousands of feet below the earth's surface into a rock formation to extract oil or natural gas. Sand is also used for

the extraction of oil. Even the United Arab Emirates imported \$456m worth of sand, stone and gravel in 2014, according to the UN. Despite being in the heart of the desert, imported sand built Dubai, according to scientist Pascal Peduzzi.

F) THE WORLD'S MOST EXPENSIVE FLIGHT COSTS \$38,000 - AND THAT'S JUST ONE-WAY

Recently Etihad Airways launched a new flight route between New York City and Mumbai via Abu Dhabi, it became the world's most expensive flight with the shortest connecting time. One-way tickets cost around \$38,000 (£26,212). The costly journey is operated on Etihad's luxury suite "The Residence". The Residence comprises a bedroom, lounge, and shower room akin to a 5-star hotel room. The cabin comes with a double bed with designer linen sheets, a spacious shower, leather sofa, a 32-inch flats screen TV, and two dining tables, at which fliers can choose a gourmet meal (sometimes delivered personally by the chef). Passengers even get their own butler, a Cognac service, and a welcome glass of Champagne. On the ground, the ticket price includes chauffeured airport connections, a concierge service, and access to a private airport lounge. The extravagant cabin is housed on Etihad's five Airbus A380 aircraft.

G) BRITS' TAKE WHEAT TO US

The US is about to import the largest wheat cargo from the UK in more than two decades as a combination of ample British supply, a weaker pound and rock-bottom freight rates make the unusual trade viable. UK, a far smaller producer, is now sending 61,000 metric tonnes of wheat to one of the top growers in the world. It's unusual for the US to import large quantities of wheat, not least because it's the third-biggest exporter, behind only Russia and Canada. The UK, a far smaller producer, primarily exports feed grade wheat to other European nations. Never before has it shipped a cargo that large to America. British export sales accelerated in recent months as two years of bumper harvests pushed prices near a six-year low, while a weaker pound boosted the appeal of its supplies. Its grain has become a competitive alternative for livestock producers after corn prices rallied.

H) CHINA'S MULTI-BILLION MUSLIM THEME PARK

Yinchuan is the capital of the Ningxia Hui Autonomous Region in China, which undergoing a major makeover. Chinese authorities are pouring in money and resources in an ambitious plan to turn the city into a "cultural tourism destination" for wealthy Arabs. All of its street signs have been repainted to add Arabic translations and transliterations to the existing Chinese and English. South of downtown, a \$3.5 billion project to build a "World Muslim City" is expected to be completed by 2020. The key attraction of Yinchuan is expected to be a huge theme park supposed to celebrate China's largest Muslim minority, the Hui. It's a massive undertaking, with faux Taj Mahals and Blue Mosques. In Yinchuan, plans to attract Arab tourists epitomize a more profound attempt to articulate, prescribe, and export a vision of Chinese Islam that can be palatable to Beijing and serve its diplomatic purposes abroad.

I) EGYPT IS THE 2ND LARGEST ECONOMY IN AFRICA

Egypt became the second largest economy in Africa, according to the International Monetary Fund. The IMF Gross Domestic product (GDP) of Egypt has increased by 7.5% during the period from 2012 to 2015. The IMF predicts that Egypt's economy is projected to expand by 3.3% this

year. The Egyptian Central Bank's tightly managed approach to the pound contributed to Egypt's economy climbing to second place in Africa.

J) PAKISTAN TARGETING USD 75 MILLION FROM EXPORT OF 100,000 TONS MANGOES

Pakistan is targeting revenues of around USD 75 million from export of approximately 100,000 tonne mangoes this season to various countries, including South Korea, Japan, China, the US and Australia. The exporters, besides targeting traditional markets, will also try to tap new markets in China, Russia, Iran, Belarus and Middle Eastern countries. The UAE, Saudi Arabia, Hong Kong, Singapore, Malaysia, Canada and some European countries for many years have been traditional markets for Pakistani mangoes. Pakistan was lagging behind other mangoes exporting countries because of lack of research and expertise in the county which made it difficult to compete in terms of quality and standards.

7. INTERESTING FACTS

A) THE 10 STRANGEST THINGS THAT HAVE BEEN USED AS MONEY AROUND THE WORLD

1.Rai stones: Where: Island of Yap, Micronesia, **When:** 500 AD – today, **Value:** Each stone has its own unique value. These large and round discs are carved from limestone and used as currency on the Micronesian island of Yap. The stones have different values that depend on their history rather than their size. **2.Tea bricks: Where:** China, Mongolia, Tibet, and Central Asia, **When:** 19th century – 1935, **Value:** Varied depending on the quality of leaves and the distance and accessibility of the market. Tea bricks are blocks of ground tea leaves that are packed into molds and pressed. The bricks were used as a form of currency up until the beginning of WWII. Tea blocks were actually said to be favored over coins in places like Siberia and Tibet, as they could be used to treat coughs and colds or even eaten if food was scarce. **3.Canadian Tire money: Where:** Canada, **When:** 1958 – today, **Value:** 5¢, 10¢, 25¢, 50¢, \$1 and \$2 denominations. Created by Canadian Tire back in 1958. Customers would get coupons that featured a tire and dollar sign running hand-in-hand. The concept became so popular that other businesses began accepting Canadian Tire Money as well. **4.Parmigiano-Reggiano: Where:** Emilia Romagna, Northern Italy, **When:** 1953 – today, **Value:** 300 euros (around \$341) per wheel. Italian bank Credito Emiliano accepts Parmigiano-Reggiano cheese as collateral for loans, helping to assist cheese-makers during periods of recession. The bank's warehouses are said to hold as much as 17,000 tons of the cheese, which is valued at around \$187.5 million in total. The bank allows loans for as long as 34 months, which is equal to the approximate time it takes for the cheese to age. **5.Bottle caps: Where:** Cameroon, **When:** 2005, **Value:** Varied depending on the prize. In 2005, a brewery in Cameroon started a competition where buyers could win prizes placed under beer caps. Other companies followed suit. The prizes on offer ranged from mobile phones and luxury cars to more beer. People even used them to start paying for taxi rides. **6.Shell money: Where:** Langa Langa Lagoon, Solomon Islands, **When:** Archaeologists believe that shell money could have been in use as early as 1200 B.C., and it's still in use today, **Value:** One string of shell money is worth 1,000 Solomon dollars. Since the shells have become increasingly rare over time, their value has also increased. **7.Shire Silver: Where:** New Hampshire, USA, **When:** 2007 – today, **Value:** Value can fluctuate with the prices of gold and silver. Shire Silver is made with a small amount of gold or silver and is roughly the size of a credit card. It started as a local currency in New Hampshire, though its creator claims to have received orders from all over the world. **8.Mobile phone minutes: Where:** Various countries, including Kenya, Nigeria, Egypt, Zimbabwe,

and Romania, **When:** 2011 – today, **Value:** The value of the airtime being transferred is equal to the value of the items or goods being purchased (1:1). In several countries around the world, people are using their pre-paid mobile airtime minutes in exchange for cash, or as barter for goods and services. **9. Notgeld (emergency money):** **Where:** Germany, but there have also been instances of this in Ireland, Sweden, Belgium and France, **When:** 1914-1923, **Value:** Much like banknotes, where the value was printed on the item "Notgeld", a German word for "emergency money", was used during the beginning of WWI because there was a shortage of metals that could be used for coins (though cases of this can go as far back as 1689 in countries like Ireland). While it was used from 1914-1923, the period of 1922-1923 is considered to be the peak of its use in Germany. So much Notgeld was issued during that time that further measures had to be taken to issue them in the form of silk and cards. **10. 100 Quintillion Pengo:** **Where:** Hungary, **When:** 1946, **Value:** \$0.20. The 100 quintillion pengo was the largest denomination bank note to become legal tender, with a value of around \$0.20.

B) URANUS AND SHAKESPEARE

The moons revolving the planet Uranus are mostly named after Shakespearean character. Examples are Titania, Ophelia, Bianca, Cupid, Portia. **MOUNT C**

C) CHIMBORAZO, ECUADOR CLOSEST TO SUN

The summit of Mount Chimborazo, Ecuador's highest mountain, is the point on Earth closest to the sun. Due to the mountain's location along the equatorial bulge, its summit is the farthest point from the Earth's core. This also means that Ecuador is the closest country to space.

D) THE GREAT PACIFIC GARBAGE PATCH

It is a "continent" made from plastic trash, floating in The Pacific Ocean. It is about twice the size of US.

INDIAN IMPORTERS CHAMBERS OF COMMERCE & INDUSTRY

F-5, HAUZ KHAS ENCLAVE, NEW DELHI 110016

PH: + 91 11 26963660, 41655142

www.indianimporterschambers.com