

## **Monthly Newsletter**

### **1. TRADE NEWS**

#### **A) IMPORTED CHOCOLATES, MEDICINES, TEXTILES TO SEE 'SWIFT' CUSTOM CLEARANCE**

Imported chocolates, medicines, textiles and plant products will now see 'swift' passage to India, with the country joining the league of select nations to launch 24x7 Single Window Interface for facilitating trade at customs ports. Importers and exporters will now have to file just one form at customs ports for clearance from all agencies including the Food Safety and Standards Authority of India, Drug Controller General of India, Plant Quarantine and Wildlife Crime Control Bureau. Imports will be subject only to risk-based checks by all these agencies instead of compulsory 100% testing. This will bring down paper work at customs to one form from nine earlier and clearance time of cargo to two-three days, significantly reducing transaction costs for traders.

#### **B) FOR SAME DUTY ON PHONE AND ITS PARTS**

This year's Budget has raised import duties on batteries and accessories to 29%, which puts local smart phone makers at a disadvantage vis-à-vis handset importers who pay a duty of 12.5%. The 29% duty hike is only an instrument to disincentives and deters trading operations that pass themselves off as local manufactures. The excise duty on mobile handsets is 12.5% in case a vendor takes credit for central value-added tax and 1% if no Cenvat credit is claimed. This means that imported phones attract a countervailing duty of 12.5%, offering a local entrepreneur who imports the same phone in a knocked-down form protection of 11.5%. In the case of parts such as the charger, the government has imposed a steep duty on their imports. The government is right to disincentives trading masquerading as local manufacture. The right way to do this, while also incentivizing genuine value addition, is to offer the same exact level of protection to components and finished goods.

#### **C) SRI LANKA, NEPAL AND BANGLADESH EMERGE AS MAJOR DESTINATIONS FOR INDIA'S ENGINEERING EXPORTS**

Sri Lanka, Nepal and Bangladesh have emerged as the major destinations for India's engineering exports together accounting for a sizeable chunk of \$ 5.17 billion, necessitating increased policy priorities to the neighboring three countries. Despite the drop in values, Sri Lanka itself occupies the third most important space in Indian engineering exports. After the US and UAE, Sri Lanka gave the next best markets to the Indian shipments with \$2.63 billion. The US market was at the top with \$6.31 billion billing and the UAE at

\$3.8. In the entire engineering pack, Nepal accounted for \$1.2 billion while Bangladesh \$1.3 billion for the period under review.

D) **THE CHINESE HOLE IN INDIA'S TRADE**

China has come to a stage where anything that happens to its economy has global reactions. While India's trade deficit with all other countries has fallen, that with China has risen substantially. India's trade deficit with China has risen 13 times in 10 years where as with all other countries it has fallen 28% in 6 years. India's trade deficit (2015-16) with China: \$53.1 billion and with other countries: \$65.4 billion. India's exports to China: \$8.3 billion and imports: \$ 56.9 billion. China's GDP in 2015 \$10.3 trillion. India: \$2 trillion. Share of industry in China's GDP 45%. India: 30%. China's imports in 2015 \$1.6 trillion. India: \$450 billion. China's exports in 2015 :\$2.2 trillion. India: \$310 billion. Exchange rate of Yuan 6.47 against \$. India: Rs 66.65. China's foreign exchange reserves \$3.2 trillion. India: \$366 billion.

E) **INDIA, AFGHANISTAN AND IRAN FINALISE CHABAHAR AGREEMENT**

India, Afghanistan and Iran have finalized the Chabahar Agreement to operationalise the strategic port, giving India much-needed access to Afghanistan in the absence of transit rights through Pakistan. It will significantly enhance utilization of Chabahar Port, contribute to economic growth of Afghanistan and facilitate better regional connectivity. The agreement will be a strategic bulwark for greater flow of people and goods among the three countries, as well as in the region. Chabahar is being billed as India's gateway to Afghanistan and beyond, including Central Asia, Russia and Europe.

## 2. **FDI**

A) **COMPANIES FERRYING CASH FOR BANKS CAUGHT IN FDI POLICY TANGLE**

Companies ferrying cash for banks are caught in a policy tangle with the home ministry insisting that 100% FDI cannot be allowed in them. The home ministry has said their activities come under the Private Security Agencies Regulation Act (PSARA) that allows only 49% FDI. The Department of Industrial Policy and Promotion (DIPP) had bracketed them as part of the logistics sector in which 100% FDI is allowed. India's big private banks that are majority foreign owned may also find themselves on the wrong side of such a policy in respect of the wholly owned subsidiaries set up by them to manage cash logistics.

B) **FDI IN INDIA REACHES RECORD \$51 BILLION IN 11 MONTHS OF FY16**

FDI into India touched the "highest ever" mark of \$51 billion during the April-February period of last fiscal ended March 31. The FDI numbers reflects that the government has been able to create a suitable climate in which the foreign investors feel confident that interest is protected.

C) **GOVT LIKELY TO COMPLETELY BAN FDI IN TOBACCO SECTOR**

After making it mandatory to carry larger pictorial warnings on cigarette packets, the government is now working on a proposal to completely ban FDI in the tobacco sector. At present, FDI is permitted in technology collaboration in any form, including licensing for franchise, trademark, brand name and management contract in the tobacco sector. However, it is prohibited in manufacturing of cigars, cigarettes of tobacco and tobacco substitutes. The Commerce and Industry Ministry is proposing to even ban FDI in licensing for franchise, trademark, brand name and management contract in the sector.

## 3. **ECONOMY**

**A) INDIA'S FOREIGN EXCHANGE RESERVES SURGE TO RECORD HIGH OF \$360 BILLION**

India's foreign exchange reserves swelled to a record high of \$360, largely on account of the Reserve Bank of India's dollar purchases to rein in the rupee's strength as foreign funds poured into Indian financial markets.

**B) ECONOMY'S GROWTH MOMENTUM TO BE 8% OR MORE IN THE NEXT COUPLE OF YEARS**

The Economic Survey 2015-16 presented in the Parliament emphasizes that Indian economy will continue to grow more than 7% for the third year in succession in 2016-17 helped by a normal monsoon, despite global meltdown. The Economic Survey (2015-16) states that due to Government's commitment to carry the reform process forward, conditions do exist for raising the economy's growth momentum to 8% or more in the next couple of years. The survey underlines that despite global headwinds and a truant monsoon, India registered 7.2% growth in 2014-15 and 7.6% in 2015-16, thus becoming the fastest growing major economy in the world.

**C) EXPORTS SLIP 15.8% ON SLOW GLOBAL RECOVERY, LOW COMMODITY PRICES**

Pulled down by slow global recovery, softening commodity prices and weak demand, the country's exports for FY16 settled at their lowest since FY11. Exports added up to \$261.1 billion in FY16, down 15.85% from \$310 billion in 2014-15. According to Commerce and Industry Ministry, the cumulative value of imports for the period April-March 2015-16 was \$379.5 billion against \$448.03 billion, registering a 15.28% decline and leaving a trade deficit of \$118.5 billion during the year. The trend of falling exports is in tandem with other major world economies. Exports have fallen for sixteen months in a row.

**D) STEEL IMPORTS RISE BY 26% TO 12 MT IN FY'16**

Steel imports increased by 25.6% to 11.71 million tonnes in the last fiscal compared to 9.32 million tonnes (MT) in 2014-15. The domestic production of finished steel in the last financial year declined to 90.39 million tonnes (provisional), over 92.16 million tonnes in 2014-15.

#### **4. PAN INDIA**

**A) INDIA'S FASTEST TRAIN GATIMAAN EXP**

The Indian Railways aims to beat its speed record after a gap of 28 years with the inaugural run of the Gatimaan Express. Gatimaan Express, India's first semi high-speed train, will cover the 184 kilometer-distance from Hazrat Nizamuddin station to Agra in 100 minutes, clocking a maximum speed of 160 kmph. The Bhopal Shatabdi — with a maximum speed of 150 kmph — is currently India's fastest train. Fares for Gatimaan have been fixed at Rs 750 for chair car and Rs 1500 for executive class as against the existing Shatabdi fare of Rs 515 for chair car and Rs 1010 for executive class. A choice of cuisine including Punjabi, South Indian and Continental food will be on offer.

**B) 'MALLU MECCA' LOSING SHEEN**

With oil prices plunging, the Gulf is no longer the land of opportunity for Indian migrants workers. Many of them have lost jobs and are packing up to return home; others are settling for salary cuts and bleak days ahead. 2.6mn Indians live in UAE, comprising over 25% of total population; Emiratis account for only 13%. 40% of Indians are estimated to be from Kerala, earning UAE the epithet of 'Mallu Mecca'. 4,000 dirhams (nearly Rs 72,000) pm is the minimum income required to bring family into UAE but close to 60% of expats earn less than 3,000 dirhams (about Rs 54,000) pm. India-UAE is 4th largest remittance corridor in the world, with annual remittance of over \$13 billion. Total remittance from Gulf in 2014-15 was stagnant at

\$69.8bn, compared to \$69.6 billion in 2013-14. Remittance in 2015-16 could fall below the 2014-15 figure. UAE-based Indian millionaires include Micky Jagtiani (1) of Landmark Group, Yousuff Ali M A (2) of Lulu Hyper mall, Ravi Pillai of the Ravi Pillai Group, the Chhabrias of Jumbo Group, Sunny Varkey of GEMS Education, Tony Jashanmal (3) of the Jashanmal Group and Joy Alukkas of Joyalukkas Jewellery.

**C) COUNTRIES THAT LET YOU CRUISE WITH AN INDIAN LICENSE**

Ever wanted to take one of those epic road trips shown in Bollywood films but didn't quite know how? Here are 10 countries that let you drive with an Indian licence: Germany, South Africa, Norway, Canada, New Zealand, Switzerland, Australia, France, US, Great Britain.

**D) UAE-BASED LULU GROUP TO INVEST RS 5,000 CRORE IN INDIA**

UAE- based Lulu Group, which runs a retail chain of over 120 hypermarkets in the Middle East, has decided to invest Rs 5,000 crore in India over the next four years, largely for setting up shopping malls. They have got India's biggest shopping mall in Cochin and have decided to set up one shopping mall in Thiruvananthapuram, one in Bengaluru, one in Chennai and one in Hyderabad.

**E) MINISTRY FOR HAPPINESS**

Madhya Pradesh becomes the first state in India to have a Ministry for happiness.

**F) INDIA TOP TRAFFIC CONTRIBUTOR TO INTERNATIONAL AIRPORTS**

India's fast growing international passenger traffic has made it the top destination country for major international airports. India's international passenger traffic grew by over 6% to 45.7 million passengers in 2014-15 as compared to 43 million the previous year. India is Dubai International airport's top destination and Dubai airport handled 78 million passengers in 2015. Singapore's Changi airport handled 3.4 million Indian passengers in 2015. India ranked seventh in Changi's top country links. Besides Dubai and Singapore, India is one of the biggest contributors of traffic to UK and Thailand. With outbound travel growing significantly, passenger traffic from India to Australia has almost doubled.

## **5. GOVERNMENT CIRCULARS AND POLICIES**

**A) ANTI-DUMPING DUTY ON DRILLING PIPES FROM CHINA**

India is likely to impose anti-dumping duty on import of certain types of iron and steel pipes from China used in drilling for oil and gas exploration to protect domestic manufacturers. The Directorate General of Anti-Dumping and Allied Duties(DGAD) has recommended to the revenue department to impose provisional levy, ranging between \$961.33 and \$1,610.67 per tonne. The product being considered by the DGAD includes boiler pipes or line pipes used in hydrocarbon industry and casing and tubing of a kind used in drilling for oil and gas exploration.

**B) ANTI-DUMPING DUTY SLAPPED ON MEASURING TAPE**

The government is expected to impose anti-dumping duty of up to \$3.27 per kg on imports of measuring tapes from four countries, including Malaysia, Thailand and Vietnam. The DGAD in its report concluded that "there is dumping" from these countries and the "dumped imports are causing injury to the domestic industry". DGAD has recommended an anti-dumping duty in the range of \$1.87 per kg and \$3.27 per kg on the imports.

**C) ANTI DUMPING DUTY LIKELY ON CHEMICAL FROM 6 NATIONS**

Government may further extend the anti-dumping duty levied on imports of a chemical, used in plastic and other industry, from 6 countries, including China and Korea, to protect domestic players from cheap

shipments. DGDA suggested the city up to Rs.379 per tonne on the imports of Poly Vinyl Chloride (PVC) Paste/Emulsion Resin.

**D) THE "SWIFT" SYSTEM**

The SWIFT system, introduced by the Central Board of Excise and Customs (CBEC), allows importers and exporters to file just one form at ports for clearance from all agencies including the Food Safety and Standards Authority of India, Drug Controller General of India and Plant Quarantine and Wildlife Crime Control Bureau. SWIFT, or Single Window Interface for Facilitating Trade, also allows for risk-based assessment at customs. The programme cuts down on paperwork procedures significantly but not the waiting period of six-seven days. The new initiative seeks to address this issue.

**6. WORLD NEWS**

**A) MOVE OVER GLASS, HERE COMES TRANSPARENT WOOD**

A team of researchers have managed to transform real wood into still-real transparent wood, paving way for greener homes. When it comes to indoor lighting, nothing beats the sun's rays streaming in through windows. Scientists have developed transparent wood that could be used in building materials and could help home and building owners save money on their artificial lighting costs. Although the wood isn't as crystal clear as glass, its haziness provides a possible advantage for cells solar.

**B) WORLD'S 'BEST PEPPER' KAMPOT RETURNS**

One of the most sought after strain of pepper called Kampot grows in Cambodia. Kampot's unique taste comes from the quartz that's present in the soil – and only in certain parts of Cambodia – especially around the small town that gives the pepper its name. Kampot pepper didn't become well-known outside of Asia until 1863, when French officials discovered the Kampot province off the Gulf of Thailand, and in turn, the pepper farms. A booming pepper export industry exploded in the 1930s and 1940s, when roughly 100 tons of pepper were produced a year and sent to high-end restaurants in Paris. The Pol Pot regime was a disaster for Kampot pepper. Farms were burned or converted into rice fields. Kampot pepper nearly went extinct. But now, the pepper farms are making a comeback. Kampot pepper sells at double the price of normal pepper – and that has created its own problem. Chemically treated Vietnamese pepper is now being sold as Kampot.

**C) FALLEN ANGEL, MADRID**

Sculptor Ricardo Bellver's Fallen Angel statue in Buen Retiro Park is said to be one of the few statues dedicated to Lucifer. It is rumoured to have been the meeting place for satanic rituals in the 1950s. Rising 666 metres above sea level doesn't help stave off those whispers.

**D) CUBA LEFT DRY AS US TOURISTS GUZZLE ITS BEER**

Cubans are facing a shortage of their favorite brands of beer, as a surge in American tourists and proliferation of new private watering holes put the island's main brewery under strain. Cuba's main brewer Bucanero is considering opening a new plant to keep up with the demands of thirsty tourists descending on the country — last year Cuba welcomed a record 3.5 million visitors, up 17% on the previous year. American visitors, meanwhile, rose 77% to 161,000. Americans have been visiting Cuba in droves since US president eased travel curbs last year. Fidel Castro could have predicted this, but he may need to guard his trademark Cuban cigars zealously – who knows, the Americans could target them next.

**E) PEABODY, WORLD'S TOP PRIVATE COAL MINER, FILES FOR BANKRUPTCY**

Peabody Energy Corp, the world's largest privately owned coal producer, filed for US bankruptcy protection citing the Chinese factor. The company listed both assets and liabilities in the range of \$10-50

billion (Rs 66,000-3.3 lakh crore). As once fast-growing markets such as China and Brazil began to slow, coal prices have plunged, leaving Peabody unable to service a recent loan taken to expand into Australia. Peabody had taken a \$800 million debtor-in-possession financing, including a \$500-million term loan, \$200 million bonding accommodation facility and a letter of credit worth \$100 million. As demand for metallurgical coal fell, particularly in China, Peabody's woes intensified. It made a \$700 million write-down on its Australian metallurgical coal assets last year.

**F) LIMIT USE OF OUR PASTA SAUCES : MARS FOOD**

Mars Food, the maker of Dolmio and Uncle Ben's, says some of its pasta sauces will soon carry labeling suggesting they should only be an occasional treat due to high content of sugar, salt or fat. The company says it's helping consumers to shift taste preferences to lower sodium foods and supporting efforts by Britain's department of health and the US FDA. Mars says some products, like pesto, contain higher levels of sugar, salt and fat to ensure authentic taste. As such, they are not meant for use every day. The move comes after UK recently announced a sugar tax, to tackle childhood obesity.

**G) TRADE IN FAKES WORTH \$ 461 BILLION**

Imports of counterfeit and pirated goods are worth nearly half a trillion dollars a year, or around 2.5% of global imports. The total value of imported fake goods worldwide was USD 461 billion in 2013. Up to 5% of goods imported into the European Union are fakes. US, Italian and French brands the hardest hit. Fake products crop up in everything from handbags and perfumes to machine parts and chemicals but footwear is the most-copied item. Most fake goods originate in middle income or emerging countries, with China the top producer. Postal parcels are the top method of shipping bogus goods, reflecting the importance of online commerce in international trade. The traffic goes through complex routes via major trade hubs like Hong Kong, Singapore and free trade zones such as those in the UAE. Other transit points include countries with weak governance and wide spread organized crime such as Afghanistan and Syria.

**Countries where most fake goods originate:** China, Hong Kong, Turkey, Singapore, Thailand, India, Morocco, UAE, Pakistan, Egypt.

**H) MOROCCO: ONE OF THE WORLD'S OLDEST LIBRARIES IS RENOVATED**

Founded 12 centuries ago by a pioneering woman and nestled in the old medina of Fez, Morocco's University of al-Qarawiyyin library is one of the world's oldest libraries, home to unique Islamic manuscripts treasured by historians. From calligraphic designs on the walls to ceramic patterns on the floors and wooden carvings on the ceilings, the fingerprint of almost every ruling dynasty since the 9th century can be seen in the architecture. The architect leading its restoration, Aziza Chaouni, hopes it will open to public for the first time in its long history.

**I) 50% OF GREAT BARRIER REEF CORAL DYING**

93% Of World's Largest Living Ecosystem Has Fallen Prey To Bleaching. 7% of the Great Barrier Reef, which attracts around \$3.9 billion in tourism every year, has been untouched by mass bleaching that is likely to destroy half the coral. Bleaching occurs when the water is too warm, forcing coral to expel living algae and causing it to calcify and turn white. Mildly bleached coral can recover if the temperature drops, otherwise it may die. The Great Barrier Reef stretches 2,300 km along Australia's northeast coast and is the world's largest living ecosystem.

**J) SAUDI ARABIA TO TAKE \$10 BILLION FOREIGN LOAN**

Saudi Arabia will take a \$10 billion loan from foreign banks to help close the gap in its state finances from collapsed oil revenues. US, European, Japanese and Chinese banks are lending the funds at about 120

basis points above London's interbank offered rate. Riyadh posted a record budget deficit of \$98 billion in 2015 and projects an \$87 billion shortfall for this year.

**K) ECUADOR LARGEST EXPORTER OF BANANAS**

Ecuador is the world's largest exporter of bananas which is pegged at \$ 2 trillion every year.

**L) SAUDI ARABIA THREATENS TO SELL \$750 BILLION US ASSETS**

Saudi Arabia has reportedly told the Obama administration and congressional leaders that it will sell billions of dollars in U.S. financial assets if Congress passes a bill to make the Saudi government legally responsible for any role in the 9/11 attacks. The Saudi foreign minister, meanwhile, has reportedly threatened to dump up to \$750 billion in U.S. assets if such legislation is passed.

**M) EU LIFTS BAN ON SRI LANKA'S FISHERIES EXPORTS**

The European Union (EU) has lifted its 15-month-long ban on Sri Lanka's fisheries exports. Prior to the ban imposed in January 2015, the EU accounted for nearly one-third of Sri Lanka's fish exports in terms of volume and about 40% of the exports in terms of revenue. Against the total fish export earnings of \$ 267 million that year, Sri Lanka got \$ 108 million from the Europe. The ban was imposed on the ground that Sri Lanka indulged in "illegal, unreported and unregulated fishing. In the run-up to the EU's decision, the Sri Lanka government took a number of steps to have the ban lifted. Rules and regulations were introduced in tune with international norms and new regulations framed for high seas fishing. A national plan was prepared to counter illegal, unreported and unregulated (IUU) fishing.

**N) ALIBABA'S JACK MA IS ASIA'S RICHEST MAN**

Alibaba's chairman Jack Ma overtook Dalian Wanda's Wang Jianlin as Asia's richest man after the ecommerce giant's financial affiliate raised a record amount in its latest round of fundraising. Ma added \$4.3 billion to his fortune after his Ant Financial's latest deal, expanding his wealth to \$33.3 billion, according to the Bloomberg Billionaires Index. That puts him ahead of Wang's \$32.7 billion and Hong Kong tycoon Li Kashing's \$29.5 billion.

**O) NEW ZEALAND'S 'STUNNING' \$5 BILL NAMED BEST BANKNOTE OF THE YEAR**

New Zealand's five-dollar note has been named the banknote of the year for 2015, a "clear winner" among nearly 40 eligible designs from a record 20 countries. New Zealand's five-dollar note has been named the banknote of the year for 2015, a "clear winner" among nearly 40 eligible designs from a record 20 countries- by the International Bank Note Society. The note printed by a Canadian company, the \$5 shows mountaineer Sir Edmund Hillary facing the South Island's Aoraki/Mount Cook, and, on the other side, a rare yellow-eyed penguin and local flora.

**P) WORLD'S LONGEST SERVING PRESIDENT FROM EQUATORIAL GUINEA**

Teodoro Obiang Nguema has never received less than 97% of the vote in an election. This time also with partial results indicating that 99.2% of the vote has gone in his favour and he is set for another seven years. Nguema is head of Africa's third highest crude-oil producer and has been accused of embezzling most of his country's oil wealth during his 37 years in office.

**Q) TIGER, TIGER BURNING BRIGHT**

After decades of constant decline, the world has for the first time seen an increase in the global tiger population. The number of tigers in the wild has increased from 3,200 to 3,890 — an increase of nearly 22%, with India continuing to be home to the highest number of big cats. The increase in world tiger population is attributed to multiple factors including increases in tiger populations in India, Russia, Nepal and Bhutan, improved surveys and enhanced protection. India alone recorded an increase of over 500

tigers. Tiger Population world over :- India: 2,226, Russia: 433, Indonesia: 371, Malaysia: 250, Nepal: 198, Thailand: 189, Bangladesh: 106, Bhutan: 103, China: 7, Vietnam: 5, Laos: 2.

## 7. INTERESTING FACTS

### A) JAPANESE SAMURAI WERE PAID IN RICE

During the 17<sup>th</sup> century Japan, the samurai were paid in rice, which they then had to exchange for coins through rice brokerages or money changers. The rice brokers and moneychangers played a crucial, and incredibly profitable, role in the emerging early modern economy of Japan. The samurai wanted to have a stronger control on rice markets. Establishing a formal market meant the samurai could make more money. So, together with rice brokers, the samurai launched the Dojima Rice Exchange in 1697.

### B) SILVER USED TO BE MORE VALUABLE THAN GOLD

Also known as the 'devil's metal' because of the unpredictable volatility in the market, silver was considered more valuable than gold by Egyptians of ancient days. Throughout the ages, silver jewellery has been associated with magical powers. Necklaces made of silver used to be placed around children's necks in ancient China in the hope of warding off evil.

### C) THE LONGEST TRAFFIC JAM IN CHINA

The longest traffic jam in China was 10 days and 60 miles long. Drivers moving from Beijing to Mongolia were stuck for almost 11 days in August 2010.

### D) HOEGAARDEN 571 YEARS OLD

The Belgian beer brand Hoegaarden is 571 years old.

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