| Market Watch | SENSEX | NIFTY | USD/INR | Gold (MCX)(Rs/10g.) |
|---|---|---|---|---|
| | 17404.20 | 5295.55 | 51.33 | 28206.0 |
| | 345.59 | 116.70 | 0.55 | 107.0 |

- **Inflationary expectations to be 6-7%: FM**

- At end-December 2011, **India's total external debt stock** was US$ 334.9 billion, reflecting an increase of US$ 28.8 billion (9.4 per cent) over end-March 2011 estimates of US$ 306.1 billion. The rise in external debt is largely due to higher commercial borrowings and short-term trade credit. The long-term debt stood at US$ 256.9 billion at end-December 2011, recording an increase of US$ 15.8 billion (6.5 per cent) over the end-March 2011 level, while short-term debt increased by US$ 13.1 billion (20.1 per cent) to US$ 78.1 billion. Short-term debt accounted for 23.3 per cent of India's total external debt, while the remaining (76.7 per cent) was long-term debt. Component-wise, the share of commercial borrowings stood highest at 29.9 per cent, followed by NRI deposits (15.7 per cent) and multilateral debt (14.9 per cent). Government (Sovereign) external debt stood at US$ 81.2 billion, (24.3 per cent of total external debt) at end-December 2011 as against US$ 78.1 billion (25.5 per cent) at end-March 2011. The share of US dollar denominated debt was the highest in external debt stock at 56.9 per cent at end-December 2011, followed by the Indian rupee (18.6 per cent), Japanese Yen (10.4 per cent), SDR (8.9 per cent) and Euro (3.8 per cent). India's external debt to GDP ratio stood at 20.0 per cent at end-December 2011 vis-à-vis 17.8 per cent at end-March 2011. The ratio of short-term external debt to foreign exchange reserves was 26.3 per cent at end-December 2011 as compared to 21.3 per cent at end-March 2011. India's foreign exchange reserves provided a cover of 88.6 per cent to the total external debt stock at end-December 2011 vis-à-vis 99.6 per cent at end-March 2011.

- The cumulative growth rate of the **Core industries** was 4.4 % as against their growth at 5.8% during the corresponding period in 2010-11.

- The **production of pulses** has increased from 14.20 million tonne in 2006-07 to 18.24 million tonne in 2010-11 which is 4.04 million tonne higher (28.45%) as compared to 2006-07.

- Rs. 6992.44 crore has been released to various States under the **Rashtriya Krishi Vikas Yojana (RKVY)** during 2011-12 as on 29.3.2012.

- India is the second largest producer of **wheat** in the world aims at achieving higher production and productivity of wheat in the years to come to meet the growing demand of food grains. It has estimated record harvest of 86.87 million tonnes during 2010-11 and a record production of 88.31 million tonne during 2011-12 as per 2nd advance estimates.

- **Potato production** in the country during the current year (2011-2012) is expected to be around 436.45 lakh tonne which is more as compared to last year.

- The **production of Urea** has increased from 196.5 Lakh Metric Tonne (LMT) in Financial Year (FY) 2000-01 to 218.8 LMT in FY 2011-12 (projected). India is completely dependent on import for Potassic fertilizers and upto 90% dependent on import for Phosphatic fertilizers. The production of combined P&K fertilizers has increased from 123 LMT in FY 2000-01 to 159 LMT in FY 2011-12 (projected).

- The Central Government has decided to make available 46.00 lakh tons of non-levy (free sale) **sugar** for the quarter of April, 2012 to June, 2012.

- The results of a new FAO global **Teak Resources and Market Assessment** conducted in 60 tropical countries show that natural teak forests are declining worldwide and that the quality of natural grown teak wood is deteriorating. On the other hand, today's survey also reveals that planted teak forests are increasing in area and — when good management practices are applied — producing high quality wood.

- **RBI: Interest Rates on Export Credit in Foreign Currency**: It has been decided that the prescriptions regarding ceiling rates on export credit in foreign currency and overseas line of credit as mentioned in the circular referred to above, will continue till September 30, 2012, subject to the same terms and conditions mentioned therein.

- **RBI: Trade Credits for Imports into India – Review of all-in-cost ceiling:** Considering the developments in the global financial markets and the fact that domestic importers were experiencing difficulties in raising trade credit within the existing all-in-cost ceiling, the all-in-cost ceiling for trade credit was enhanced to 6 months Libor + 350 bps with effect from November 15, 2011 and was subject to review on March 31, 2012. On a review, it has been decided to continue with the enhanced all-in-cost ceiling for Trade Credits for a further period of six months. The all-in-cost ceiling will include arranger fee, upfront fee, management fee, handling/ processing charges, out of pocket and legal expenses, if any. The all-in-cost ceiling is applicable up to September 30, 2012 and subject to review thereafter. All other aspects of Trade Credit policy remain unchanged.

- **Discontinuation of Supplying Printed GR forms by Reserve Bank:** With the advent of technology and penetration of internet access, the need for printing and supplying of GR forms by Reserve Bank does not exist anymore. It has therefore, been decided to discontinue supplying/selling printed GR forms across the counter by Regional Offices of Reserve Bank. Therefore, with effect from July 1, 2012, GR forms shall be available only online at Reserve Bank's website

- The Asian Development Bank (ADB) and the Government of India signed three loan agreements worth $826 million aimed at shoring up **power transmission systems** to help India efficiently transfer electricity from surplus regions to power-deficit regions.

- Under the umbrella of **Indo-German Bilateral Development Cooperation Programme**, an Agreement was signed here between Rural Electrification Corporation (REC) and KfW (German Development Bank) for a loan of Euro 100.1 million (including a grant component of Euro 0.5 million) for financing "Clean Energy for Rural Development" projects.

- Disclosure by public officials of their income, assets and interests should be mandated if the fight against corruption is to succeed, according to a study released by the Stolen Asset Recovery (StAR) Initiative of the World Bank and the United Nations Office on Drugs and Crime. The first global study of financial disclosure laws and practices, "**Public Office, Private Interests: Accountability through Income and Asset Disclosure**" calls for renewed commitment to income and asset disclosure to deter the use of public office for private gain and to help manage actual and apparent conflicts of interest in the public sector. The study also finds that asset disclosure systems are more effective when there is a credible threat that violations will be detected and punished.

- **Thailand: Innovation and Skills will generate more Jobs**: Skills shortages have become Thailand's biggest obstacle to doing business. Thailand has implemented reforms to increase work skills that will generate better, higher-paying jobs. Training students to think more independently, investing in teachers, and linking education institutions to potential employers can be key to this change: World Bank.

- The Ministry of New and Renewable Energy (MNRE) has been implementing a scheme for promotion of **power generation from biomass including rice husk**. A biomass power generation capacity of 620 MW has been achieved so far against a target of 500 Megawatt (MW) fixed for the 11th Five Year Plan period in the country. A total cumulative capacity of 1142 MW biomass power has been achieved upto 29.2.2012.

- **India and Brazil signed a statement of intent for promotion of gender equality** and advancement of the rights of women and children. According to the statement both the countries will work towards formalization of a Memorandum of Understanding or Agreement (MoU/A) which will address several issues regarding promotion of gender equality and advancement of the rights of women and children in the two countries.

- 17 **Central Public Sector Enterprises (CPSEs)** have projected an investment of Rs. 176398 crore during 2012-13 in domestic sector and in overseas assets. These investments are likely to have a positive impact on the financial performance of the CPSEs in the long run. As per extant guidelines, profit making CPSEs are required to declare a minimum dividend on equity of 20% or a minimum dividend pay-out of 20% of post tax profits, whichever is higher. The minimum dividend pay-out in respect of Oil, Petroleum, Chemical and Infrastructure Sector should be 30% of the post tax profits. Dividend received by the Government from CPSEs forms part of non-tax revenue receipts of the Government and thus contributes towards reducing the fiscal deficit.

- The Ministry of Agriculture has formulated a draft `**Agricultural Produce Inter-State Trade and Commerce (Development and Regulation) Bill, 2012**. The Bill intends to promote, develop and regulate inter-state trade and commerce of agricultural produce and commodities to facilitate inter-State transfer of such produce for the benefit of both farmers and consumers by providing a common national level market to avoid multiple licensing requirements and minimize internal trade barriers. The draft Bill has been sent to the States for their views in the matter.

- India asks for long term agreement on rough diamonds from Russia, Hon'ble Shri Anand Sharma pushes for JV between **India and Russian Pharma Companies**.

- In the year 2010-11, export of **marine products** registered a growth of 18.34% in quantity, 26.90% in the rupee value and 32.39% in terms of US$, as compared to previous year.

- Rs. 135.86 crore has been spent under the scheme for Technology Upgradation/ Establishment/ Modernization of **Food Processing Industries** as on 29.02.2012 in 2011-12.

- The **total excise duty collected from tobacco products** during the financial year 2011-12 (upto January, 2012) is about Rs. 14,804 Crore (provisional). The total revenue collected from central excise duty during the financial year 2011-12 (upto January, 2012) is about Rs. 1,14,046 Crore (provisional).

- Public Sector General Insurance Companies do not charge **Service Tax on Cashless Hospitalization claims**. However, hospitals were charging Service Tax on Cashless Hospitalization from 01.07.2010 to 30.04.2011 as per the provisions of the Finance Act, 2010. The amount so charged by the hospitals was also paid by the Insurance Companies, if the claims were admitted subject to the limit of Sum Insured. However, the Service tax on cashless payments was withdrawn vide Government of India Notification No.30/2011 effective from 01.05.2011.

- **The Insurance Regulatory and Development Authority (IRDA)** has informed that as per the new guidelines dated 07.12.2011, all new applicants have to register themselves either as a company under the Companies Act, 1956 or as a Society/Trust. For the existing accredited Agents' Training Institutes, six (6) months time from 07.12.2011 has been given to comply with.

- **International Maritime Organization (IMO)** has adopted mandatory measures to reduce emissions of Green House Gases (GHGs) from international shipping. For this purpose a new chapter on energy efficiency of ships has been added to the Annex VI of the International Convention for Prevention of Pollution from Ships (MARPOL). India is a party to this Convention. These measures include, inter-alia, provision for Energy Efficiency Design Index (EEDI) for new ships and the Ship Energy Efficiency Management Plan (SEEMP) for all ships, which will improve the energy efficiency of ships. With respect to the Energy Efficiency Design Index (EEDI) and the Ship Energy Efficiency Management Plan (SEEMP), the Directorate General of Shipping has initiated necessary steps for survey/inspection of Indian ships to ensure compliance.

- **Extension of prohibition on export of Pulses (except Kabuli Chana and 10,000 tonnes of organic pulses) upto 31.03.2013– regarding**: According to Notification No 109 (RE – 2010)/2009-2014, Prohibition on export of pulses has been extended by one more year;

from 31.03.2012 to 31.03.2013. But, there are two exceptions to this. One is export of Kabuli Chana. Second is export of Organic Pulses and lentils; but with a ceiling of 10,000 MTs per annum and subject to certain conditions mentioned above.

- **Exemption of Assam Comilla Cotton [ITC(HS) Code 5201 00 12] from export restriction on cotton during the current cotton season upto 30.09.2012**: According to Notification No. 108 (RE-2010)/2009-14, Export of 5,000 bales of Assam Comilla Cotton will be exempted from any export restrictions during the current cotton season (up to 30.09.2012) subject to registration with DGFT. Registration Certificate for such exports will be valid for 30 days only.

- **Clarification on Point of Taxation Rules – regarding**: For invoices issued on or before 31st March 2012, the point of taxation shall continue to be governed by the Rule 7 as it stands till the said date. Thus in respect of invoices issued on or before 31st March 2012 the point of taxation shall be the date of payment.

- **S. 14A & Rule 8D Disallowance Cannot Exceed Total Expenditure**: Gillette Group India Pvt.Ltd. vs. ACIT (ITAT Delhi)

- **S. 14A Disallowance In Remand Cannot Exceed Original Disallowance**: CIT vs. Machino Plastic Ltd (Delhi High Court)

- **No S. 14A Disallowance Whilst Computing Book Profits U/s 115JA/JB**: Quippo Telecom Infrastructure vs. ACIT (ITAT Delhi)

## *As a matter of fact ;)*