



THE TRAILBLAZER

WEEKLY EDITION

OCTOBER 2020 | VOLUME 01

CAN INDIA BECOME THE NEW CHINA?

India is currently the third-largest economy in the world in terms of Purchasing Power Parity (PPP) with only two nations ahead; the US and China. It is forecasted that India may surpass the US economy in the mid the 21st century as it is building a sturdy position to challenge the might of China. Indian manufacturing industry has made giant strides in recent years but it still needs to ramp up its manufacturing capabilities match up to their Chinese counterparts by leveraging the power of technology . There is no dearth of human capital in India and this is a major boost towards India's quest to become the new China. The Indian government has been taking steps to ensure that the country becomes more business oriented. Over the past couple of years, India's ranking in the ease of doing business ratings has improved significantly. Specifically, during 2019, India's ranking in the ease of doing business improved by 14 places. It now stands at 63rd position out of 190 countries and noticing further development. India can improve itself and come close to China is its export volumes by developing policies that help to increase its total export volumes. International trade policies could also help the country in improving its trade deficit and ensure that India can become a true superpower.

CONTENTS

Lead Article

Start an import-export business in India | 02

Importing PPE Kits into India and How Trade Finance can help | 02

How to Import Cashews into India from Nigeria | 03

Exporting Diamonds from India | 03

Safe Industries to Invest In Recession | 04

Secured Digital Banking with Euro Exim Bank | 04

Remote Working Environment of Euro Exim Bank

START AN IMPORT-EXPORT BUSINESS IN INDIA

Establishing your own import-export business starts with a market research on the products in high demand and markets that you would be targeting, preferably without major political risk/economic risk and receptive to Indian traders. You could take the help of trade platforms to select the most appropriate buyer/seller for your product. There are various traders active in each market, and you will need to be meticulous while making your decision. Once the basics are intact, you need to decide on the type of business entity that you wish to register with options of sole proprietorship, a partnership, or even a private limited company. Then obtain a Permanent Account Number (PAN) card for your business with all the partners in the business keeping their own identity proofs at hand. Register for a current/cheque account to transact with various stakeholders. Applying for an Import Export Code (IEC) is mandatory too. This code includes ten digits, and it is issued by the DGFT (Director General of Foreign Trade). Then acquire a Registration Cum Membership Certificate (RCMC). It will help you in getting affiliated with a trade council, thereby improving your trade prospects. Once you have followed the above steps, you are ready to start trading. Import-export can prove to be highly profitable business if you make smart decisions along the way.

IMPORTING PPE KITS INTO INDIA AND HOW TRADE FINANCE CAN HELP



The demand for PPE kits has been on the rise globally, and India is no exception. During January only 2.75 lakh kits were available, but COVID-19 crisis bounced up its production to 4.5 lakh kits per day. Inevitably, kits needed to be imported and mainly from US, Canada, UK, Sweden, Austria. The HS Code for PPE kits that are used for medical or surgical use is 621010 and several complementary products such as masks, footwear, and face shields are categorised under codes 630790, 640110, and 392620, respectively. Traders who want to import PPE kits must pay a customs duty of 10% and a total duty of 15.5%. Trade finance is the backbone of importing PPE kits into India. It ensures that the supply risk and payment risk is fully covered. Traders prefer to order in bulk to fulfil the demand (also minimising the unit price) but face increased risks such as shipment delays and non-payment. Trade finance instruments such as Letters of Credit and Bank Guarantees mitigate these risks and protect importers by ensuring a high degree of flexibility and convenience. Modern-day trade instruments are flexible, allowing traders to import products as per their requirement. In addition to the above, trade finance also provides a high degree of security, thereby helping importers in building long-term trade relationships with global exporters.

HOW TO IMPORT CASHEWS INTO INDIA FROM NIGERIA

As of 2019, the bilateral trade between the two countries stood at \$13.9 billion, out of which \$10.9 billion were Indian imports. The first step towards importing cashews into India is to obtain a license. Indian importers need to apply for an FSSAI licence and GSTIN registration. Importers also need to have an IEC registration, which gives them a license to import or export. The IEC number is a 10-character number allocated to importers in order to identify them. Once the licenses and documents are in place, the next step is to contact the exporter and arrive at an agreement. Such an agreement typically includes the quantity of the product as well as the pricing details. It is during this stage that the importer must consider the use of financial instruments such as Bank Guarantees. Thereafter, the next stage is to track the shipment. Once it has arrived onshore, then the importer must pay the import and customs duties. The import duty for Nigerian cashews is 2.5%, while the customs duty stands at 70%. After the respective duties have been paid, the importers must receive the products and issue a confirmation. The cashews that have been imported should be verified before any such acceptance. Finally, once the cashews have been accepted, the transaction is complete, and the payment can be released.



EXPORTING DIAMONDS FROM INDIA

The global diamond industry has recorded consistent growth over the past few years and India is among the largest exporters with a market share of nearly 18.8%. India imports diamonds and processes them for re-export; top destinations being US, Europe, Japan, and China. During the year 2019–20, India exported cut and polished diamonds worth of \$18.66 billion and slowdown from COVID-19 crisis is likely to normalise in next few quarters. When exporting diamonds from India, you need to ensure required documents such as a PAN card, an EIC, as well as a current account are ready. You will also need to register a company with the government so that you are able to pay your taxes. Identifying the designated codes as per the specific diamond product is categorised is the next step. Then comes obtaining consents such as a Kimberly Process Certificate, a Pre-Shipment Inspection Certificate, as well as a Customs Clearance. You need to provide an invoice with detailed specifications of the products, a purchase order and Documents Against Payment (DAP). To ensure that your payment is protected, make use of financial instruments such as bank guarantees and can minimise the risks further by consulting trade finance institutions. Contact your overseas buyer and ask for all the receiving documents to minimise risk even further.

SAFE INDUSTRIES TO INVEST IN RECESSION

If you feel we're in for the next recession shortly or if you simply want to insulate your portfolio against the risk of recession, here are some "recession resilient" industries to put your money into.

Pharmaceuticals & Healthcare: People require medicines and medical care even if the economy is collapsing.

Waste Disposal: Waste disposal businesses and recyclers will continue to operate normally even during a recession.

Tax Service Companies: Surely, even in the event of an apocalypse, governments will find a way to still collect taxes.

Funeral Service Providers: Funeral service providers and associated industries will continue business as usual even during a recession, for obvious reasons.

Whether or not your portfolio is insulated against a recession, a recession can be a boon to investors in the long run. This is because, during a recession, companies that are inefficient or not competitive enough will be weeded out of various industries. This will ultimately leave only the highest quality companies remaining and also open up space for genuine, innovative new entrants once the recession ends. Ironically, strong companies are much easier to spot during a recession.



SECURED DIGITAL BANKING WITH EURO EXIM BANK

Always Use Trusted Apps – Make sure to download our Smart Banking App, or any Euro Exim Bank app that may become available, from a trusted source such as the Google Playstore or Apple App Store. Even when using a trusted source you should ensure that the app is from the genuine publisher, in this case "Euro Exim Bank". Third party apps and app stores can be incredibly dangerous and leave your device open to vulnerabilities so avoid using them at all costs.

Never Give Out Personal Information Unless You Directly Contact Us – Euro Exim Bank or any of its representatives will never contact you by telephone, email, SMS or through any other channel and ask you to disclose personal information for any reason; in particular your account numbers, user names, passwords, card/cvv numbers, one-time passwords or any other such information. No matter how genuine it may seem, never give out your information to a 3rd party. Should you ever receive such a communication please report it to us via email at info@euroeximbank.com or call us on +44 203 011 0133 (UK).

REMOTE WORKING ENVIRONMENT OF EURO EXIM BANK

Technology has been critical in allowing us to continue operations efficiently across the globe. There has been no consistent standard approach when it comes down to handling the effects of the pandemic. It seems more likely that new working practices (especially remote) and a shift from large city centers will become the new normal. As with many firms, we have more staff remote working, assisted by tried and tested distributed technology. In turn there is a renewed sense of urgency to rationalize and digitalize complex documents across the entire trade ecosystem. We had already taken significant steps in this area striving to be a non-paper, digitally ready organisation, passing on the savings and efficiencies to clients.

We have adapted our sales training from on-site workshops to regular virtual events, bringing together our teams from over 20 countries seamlessly, sharing documents, thoughts, processes and successes. Similarly, we continue active participation in trade conferences, contributing to thought leadership publications, and reinforcing our relationships with correspondent organisations across the globe.

Kaushik Punjani | CEO

Please send your feedback and suggestions to trailblazer@euroeximbank.com

Euro Exim Bank Ltd | Registered Head Office
1st Floor, Sotheby Building,
Rodney Village, Rodney Bay Gros-Islet,
St. Lucia, West Indies.

Euro Exim Bank Ltd | Representative Office
Suite 1C, 1 Oaks Court, 1 Warwick Rd,
Borehamwood, Hertfordshire,
WD6 1GS, United Kingdom.

+44 208 207 2868 (UK)
+1 758 450 8349 (WI)
+91 44 2268 1422 (IN)
+65 83 44 8500 (SI)
info@euroeximbank.com
www.euroeximbank.com

