

FSIA E-circular dt. 20.8.2013

(**Falling Rupee – Falling Stock Markets**)

Faridabad Small Industries Association

The face of Modern Indian MSMEs

www.fsiaindia.com FSIA Park , Opp. Plot No.23, Sector-24, Faridabad- 121005, Haryana , India

&

Integrated Association of Micro, Small & Medium Enterprises of India

www.iamsmeofindia.co.in

E-mail: fsiaindia@gmail.com, info@iamsmeofindia.co.in +91-9711123111 (Executive Secretary);



Rajive Chawla
President, FSIA



Sangeet Kr Gupta
Hon. Consultant, FSIA

Dear FSIA Members,

British Pound is Rs 100.17 / GBP

US Dollar is Rs 64.21 / Dollar

Euro is Rs 85.13/ dollar



Do you know where will the Dollar reach ?

Nobody knows Not even Mr Barack Obama, or PM of India

Short Summary

- Bundle of Domestic & International events, and situations are pushing a dramatic fall in the Indian Rupee.
- India is not alone, many currencies, including Indonesia, Thai Bhat, Malaysian Rignnit , are facing a similar "CRASH" situation.
- In this circular, we have tried to pen our thoughts, about (a) reasons behind it (b) way ahead

First, see INR to Dollar -- > from 45 to 65 in less than 2 years



Next, see where the world is today >> We are not alone

When I was a kid, I remember, US Dollar was Rs 9 / dollar. Today my kids are getting used to 64/dollar..... my grand kids could be used to what Indonesian's are facing today. Their Currency is also called "Rupiah".... going back 500-1000 years, they were influenced by Indian Economy so much. So, today Indonesian Rupiah is 10526 Rs /dollar



Indian Rupee is not alone in "Free Fall".

See the Reuters, New York Times and BBC sites, all Asian emerging market currencies are in free FALL. The Indonesian rupiah hitting a fresh four year low. The Malaysian ringgit slid to its lowest in more than three years, while the Thai baht touched a one-year low.

Problem is with everybody, even Australia == both upwards and downwards



Even the Australian Dollar is feeling the Topsy Turvy ups and downs

See the chart on left side

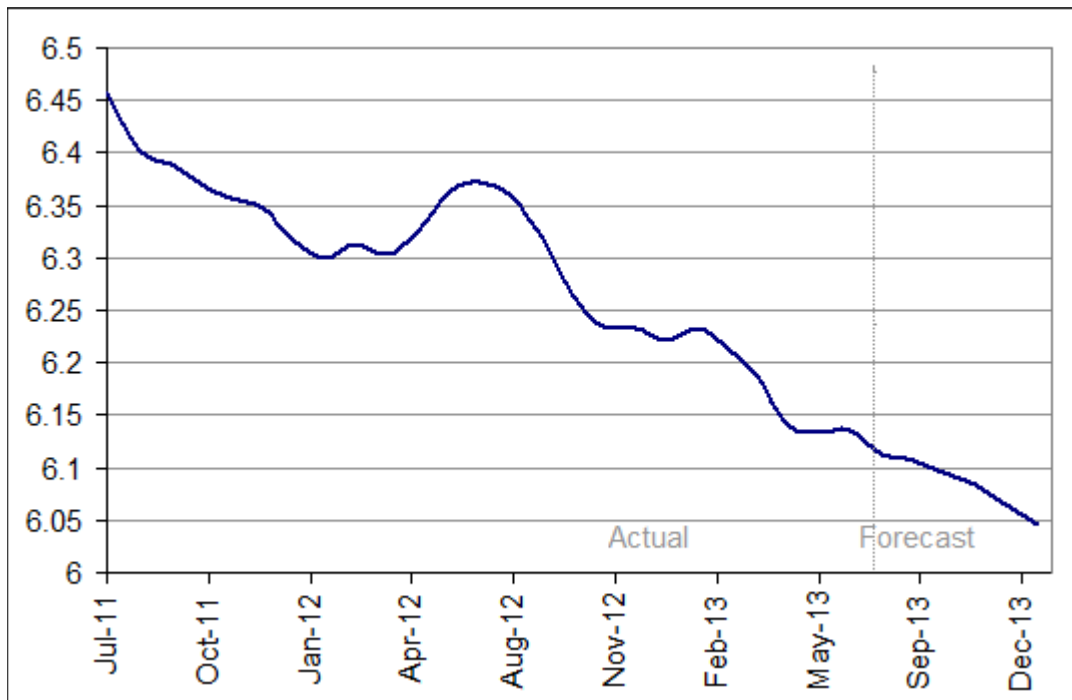


Brazil is low of 1.53, now is 2.41, almost same percent as Indian



And the Chinese,

They are fond of doing the opposite
They are getting stronger and stronger



Reason's

What are the Reasons ?

The rupee plunged to an-all time low against the dollar. Indian Stock market crashing (My study, my thoughts, With inputs from Internet sites of : Reuters, BBC, Times of India, New York Times, Indian Express)

Here are the reasons for the sharp fall in the rupee:

US Dollar strength:

The dollar index has been rising . US FED is giving better risk free returns, so, money being absorbed back home.

Widening trade deficit:

Rising deficit is bad for India as it exposes the economy to the risk of sudden stop and reversal of capital flows. More deficit, means you have more outgo and less inflow. How will India manage ?

Weakness in domestic equities:

FII are of a opinion that recession is catching on the Indian business houses now.
GDP Growth rate is falling for last 4 years

FII own cycle

June is usual year end for US companies, they have to show higher balance sheet values then.
August is the time to get ready to sell now , buy later, so that June 2014 balance sheet will be ok again. Simple business sense for them. Tragedy for us.

Oil and gold imports

Oil and gold imports account for 35 per cent and 11 per cent of India's trade bill respectively. Traders say there has been continuous demand for the greenback from oil importers, the biggest buyers of dollars in the domestic currency market, pushing the rupee lower. Similarly, falling gold prices have offset the government's and the central bank's moves to reduce gold imports, which increases current account deficit and weighs on the currency.

Weak economic fundamentals:

Weak economy and no signs of a quick fix solution.





Politically difficult year :

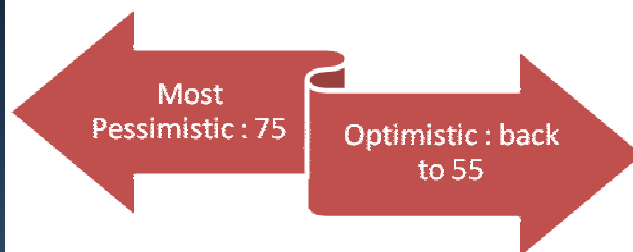
Congress and BJP , with the likes of BSP, SP, ABC, DEF, HIJ, KLM...XYZ are expected to do more chest thumping and less work this year. The Rs 300000 crore Food Security Ordinance is going to make the Govt's chest even more weak. Do they care ?

Some Election Survey team has opined that this time both BJP and Congress , even if together will not reach even 50% of the seats

Who will rule ?
The regional satraps !

Foreign FII's are equally worried, with rise of regional leaders

What are the forecasts ?



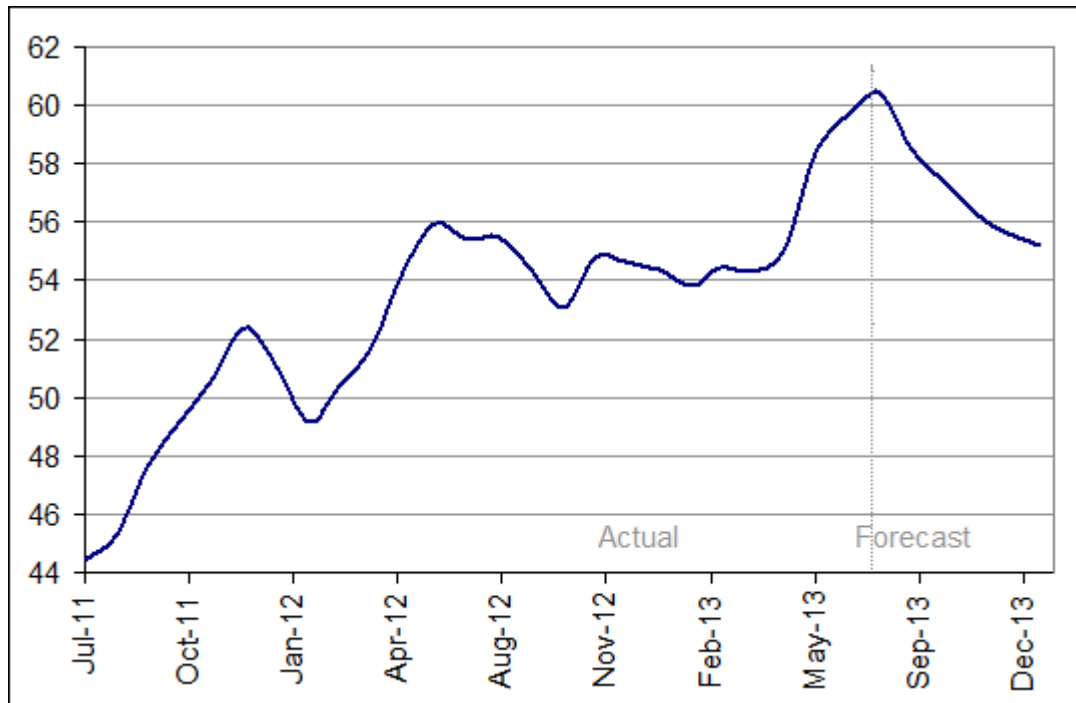
People are bouncing from most pessimistic to most optimistic

Example

See this "forecast" on www.forecast.com

Financial Forecast Center, LLC
P.O. Box 2, Montgomery, TX 77356, USA

<http://www.forecasts.org/exchange-rate/india-rupee-exchange-rate.htm>



They feel that Indian currency may reach back to 55 soon ???
 Why ? they say, they have seen the
 U.S. Stock Indices (starting around the 8th)
 Currency Exchange Rates
 International Stock Indices
 Interest Rates (around the 15th)
 Employment
 Retail Sales and Money Stocks
 Price Indices
 Economic Series such as GDP (typically last week of month)



What will be “fact” in Future ?

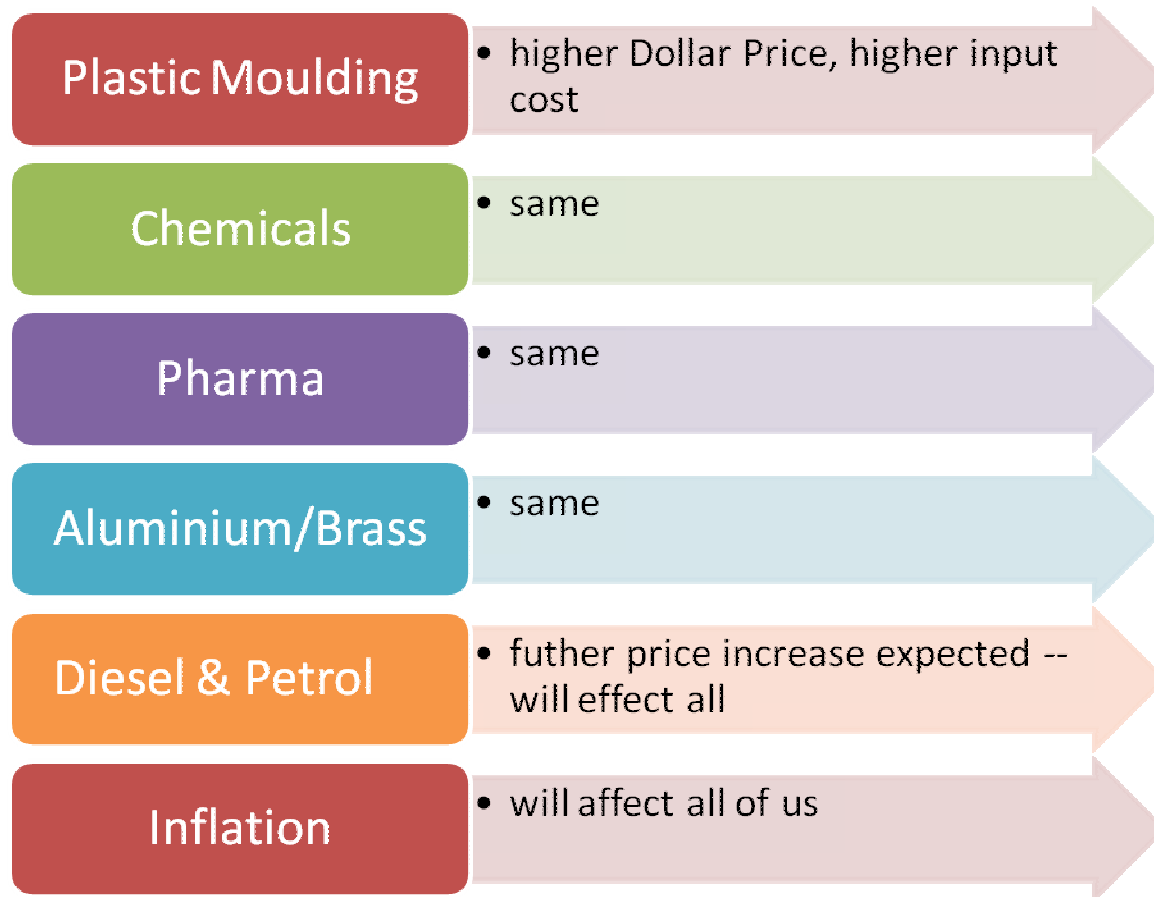
Nobody knows

Exporters ?

• Might benefit....

Importers

• BIG LOSSES



I am SME of India Notes

Remain in touch with us.
This is something you cannot wish away.
You have to learn to live with this state of "flux"
A state of Instability
How ?

By becoming stronger yourself

So, let's prepare for "Next Level" in future... :

Join our Events in next 5 days as under :

We prepare for The Next Level in future... :

1. 21st Aug (Wednesday): Meeting with World renowned Specialist in Forging, Die-Casting Industry from Germany...

MUST ATTEND for all related to Forging, Foundry, Die-Castings...

3.00-5.00pm, Hotel Delite, Faridabad

(ALL ARE WELCOME... No Registration Fee)

2. 21st Aug (Tuesday): Meeting with The World Bank, SIDBI, BEE to review the Progress of Energy Efficiency Project in Faridabad Cluster. Rahat Bhatia, Saket Garg, Neeraj Rijsinghania to attend and make the presentation.

3. 22nd August (Thursday): Special Meeting for Entrepreneurs, New Comers, Youngsters and Start-ups "The SECRETS OF SUCCESS for Small & Medium Business"
9.30 am- 4.00pm, Hotel Park Plaza, Sector 21C, Faridabad
(ALL ARE WELCOME... No Registration Fee)
Come and learn from experts the "Secrets of Success for Small & Medium Businesses"

4. *23rd Aug (Friday): Launch of PACE to AERO-S-PACE
India International Centre, New Delhi
CEO Orientation and Interactive Session with our European Partners.

5. 23-24 August: Our Team Leaders (i-TREE) leave for Maharashtra to sign agreements with two more Engineering Colleges for our Industry Integrated Programme for Engineering Students (IIFE)

6. 23rd August (Friday): Women Entrepreneurs' Cell of IamSMEofIndia is taking its members and children to Gurgaon for an outstanding show and workshop by Lior Suchard.

Forthcoming international Tours, Trainings & Delegations:

1. Exposure visit to Europe, 16-21 September, for PACE to AERO-S-PACE (100% Sponsored)
2. Tehran International Fair. 6-9 October, For all categories (Subsidy of upto Rs.1.0 lac)
3. K-Fair, Dusseldorf, Germany, 16-22 October, For Plastic Industries (Subsidy of Rs.35,000/- for Plastic Cluster Members)
4. AAPEX, Las Vegas & Los Angeles, USA: 4-11 November (100% subsidy on travel for eligible Women Entrepreneurs, 75% for others. Only two more Seats left)

Some Last Date Reminders : 20th August 2013 onwards

Event Date	Act	Applicable Form	Obligation
21/08/2013	ESI	ESI Challan	Payment of ESI of July
31/08/2013	Service Tax	ST-3	Service Tax Return for the half year ended Mar
31/08/2013	Income Tax	Form 61-A	AIR by Banks, Credit card companies etc for FY 2012-13

Event Date	Act	Applicable Form	Obligation
05/09/2013	Service Tax	Challan No.GAR-7	Payment of Service Tax of Aug by Companies
06/09/2013	Service Tax	Challan No.GAR-7	Payment of Service Tax for month ending Aug for corporate assesses making E-PAYMENT
07/09/2013	Income Tax	Form No.15G, 15H,27C	Submission of Forms received in Aug to IT Commissioner
07/09/2013	Income Tax	Challan No.ITNS-281	Payment of TDS/TCS deducted/collected in Aug
10/09/2013	Excise	ER-1	Return for Non SSI assesseees for Aug

10/09/2013	Excise	ER-2	Return for EOUs for Aug
10/09/2013	Excise	ER-6	Return by units paying duty > 1 crore (CENVAT + PLA) for Aug
15/09/2013	Income Tax	Challan No.ITNS-280	Advance tax Payment of Advance Income Tax : Companies(45%), & Others : (30%)
15/09/2013	Providend Fund	Electronic Challan cum Return (ECR)	E-Payment of PF for Aug (Cheque to be cleared by 20th)
21/09/2013	ESI	ESI Challan	Payment of ESI of Aug
30/09/2013	Income Tax	Form 3CD, 3CA/3CB	Obtaining Tax Audit Report
30/09/2013	Income Tax	Form No. ITR-3,4	Income tax returns Filing of I.T. Returns by Individuals ,HUFs (where Audit is applicable)
30/09/2013	Income Tax	Form No ITR-5	Filing of I.T. Return by Firms,AOPs, BOIs (if Audit applicable)
30/09/2013	Income Tax	Form No ITR-6	Filing of I.T. Returns by Companies
30/09/2013	Wealth Tax	Form No. BA	Filing of wealth tax returns (audit applicable)

For queries, suggestions and feedback , you can e-mail us

Sangeet Kumar Gupta, FCA, DISA, ACMA, PGDMM, B.Com(Hons), Honorary Consultant, Faridabad Small Industries Association
93126-08426, Camp Off : H No 63, Sector-15, Faridabad. FSIA Off : FSIA Park, Opp. Plot No.23, Sector- 24, Faridabad- 121005.

Subscription

Please send your details, and request e-mail to fsiaindia@gmail.com or rajivchawlaindia@yahoo.com , or skgupta@mlgassociates.org

for Discontinuation of this E-mail :

To discontinue receipt of e-mails from the author, please reply mentioning "Discontinue" in the Subject.

Notes & disclaimer

The contents of this circular are for Private circulation & intended for the addressee/s only. We do not warrant that this email is free of mistakes, errors or any other defect. Care has been taken to provide authentic information, but it is advisable to confirm/verify with qualified legal practitioners, professionals before implementing any suggestions. The views expressed are not necessarily those of the Association. We encourage readers, FSIA Members to write to us their opinions, suggestions, ideas, comments, thoughts and bring to our knowledge mistakes, omissions etc. which we'd be pleased to correct/implement.