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Compiled By Mr. Sathish B R

Indian Institute of Export Management

WEEKLY E-BULLETIN
JULY-2017

PALM OIL FUTURES MAY TEST RESISTANCE

As mentioned earlier, the price regained its bullish undertone, but would need to still cross important an resistance level to indicate a bullish reversal. A close above 2,515 MYR/tonne could be a short-term trigger for a recovery towards 2,585-2,610, where strong resistances could kick in.

As illustrated in the earlier updates, although it looks like the short- to medium-term has turned bearish, the bigger picture still favours bullishness ahead.

The big picture indicates neutral tendencies and a chance of a revival in the bullish trend from critical support points.

As expected, we saw a recovery higher from the lows of 2,425 .An unexpected rise and close above 2,585 could be the ideal signal for a larger upward move to 2,700-25.

On the other hand, a direct fall below 2,445 could force us to abandon any chances of a bullish recovery, which could subsequently Take prices lower to the next critical support at 2,420 or even lower to 2,355.

The favoured view expects prices to inch up in the coming sessions. We will now reassess the wave counts, as prices have risen above 2,370-2,400. A possible new impulse looks to have started again.

One of our targets at 1,850 has been met. The rally from there looks very impressive. **B/L-3.7.17**

BILLIONLOANS GETS RS. 7 CRORE SEED FUNDING FROM RELIANCE CAPITAL ARM

Billion loans connects borrowers to lenders directly by using technology and alternative data-backed credit analysis to assess eligibility and process applications.

“This means that borrowers get access to fair rates, and lenders get access to good quality, credit-assessed borrowers helping them diversify their loan portfolio,” said Rangan Varadan, founder, who has also co-foundedMicroGraam, an online micro-lending platform.

The start-up is also backed by former board member and Infosys CFO, V Balakrishnan, whose company Exfinity Venture Fund was an early investor in BillionLoans.

Billionloans will initially focus on SME (small and medium enterprises), affordable housing, education and personal loans. With this round of funding, the company, which is largely present in South India, will look at other parts of the country, spend on branding and hire marketing personnel, said Balakrishnan.

To facilitate loans, the company has tie-ups with financial institutions and banks to its technology platform. According to Anmol Ambani, Executive Director, Reliance Capital, technology and innovation in financial services are going to play a big part in bridging the gap between aspirations of large number of Indians wanting access to credit on one hand and the ability of companies to build efficient and scalable lending models on the other.

In the next three years, Billion Loans plans to facilitate around Rs. 2,000 crore of loans across multiple products and lenders. **B/L-4.7.17**

CARDAMOM HOLDS STEADY

Small cardamom markets were steady on Monday after showing a declining trend last week at auctions held in Kerala and Tamil Nadu.

The drop in prices could be attributed to the confusion over the new GST regime, PC Punnoose, General Manager, CPMC, told *BusinessLine* .The weekly auction average dropped to 862.01 from 972.30 a kg in the previous week.

The individual auction average declined to below 900 a kg and was vacillating between Rs. 898 and Rs. 823 a kg.Total arrivals during the current season up to July 1, 2017 were at 19,226 tonnes and sales were at 18,285 tonnes.Prices today at Bodinayakannur, the main trading hub for the aromatic spice, were (in Rs. /kg): 8mm bold: 1,300; 7 -8mm: 1,125-1,150; 6-7mm: 900; below 6 mm 825-850. **B/L-5.7.17**

EXPORT OF MANGOES TO SOUTH KOREA PICKS UP

The issues that arose after the first few consignments were not about the quality of the mangoes.

They were concerning procedures, packaging, cold storage, shelf life and low temperature issues, which were ironed out, said T Sudhakar, DGM of APEDA (Agricultural & Processed Food Products Exports Development Authority).APEDA and Korean authorities organised a buyer-seller meet in the Korean capital on May 24 and 25, where several concerns were discussed and clarified.

Mango varieties were shipped from Mumbai, Bengaluru, Hyderabad, Chennai etc and the demand was very encouraging.

There will be a few more consignments exported as the season was coming to an end he told *BusinessLine.*

A few consignments contained varieties that had a short shelf life and were not packed in boxes to withstand the low temperatures. This has been addressed subsequently.

Varieties such as Alphonso, Kesar, Suvarnarekha, Banganapalli etc have been exported. A consignment of 2.5 tonnes of the Suvarnarekha variety was flown via the Rajiv Gandhi International Airport at the end of May.

The Hyderabad Menzies Air Cargo Pvt Ltd coordinated with the farmer community in Viziangaram, APEDA, National Plant Protection Organisation, Korean Delegation and Plant Quarantine to help the exporters meet the stringent norms. After that two more consignments with a total of 4.6 tonnes of mangoes have been flown from here.

Indian exports of mangoes are mainly to West Asia, the US, UK, Australia, Canada and New Zealand. Exports to Japan, South Asian countries and the EU have been low due to import issues there.

South Korea joined this year after carrying out pest risk analysis and specifying vapour heat treatment in specified temperature conditions . Efforts are on to reach the mangoes to Iran, Mauritius etc. **B/L-6.7.17**

SILVER IMPORTS SURGE IN H1, BUT THE MOMENTUM MAY NOT LAST

Rising demand for silver in two of the world's largest consumers, China and India, since the beginning of this year is seen raising hopes of a better price performance for the metal. A precious metal and industrial metal at once, silver generally follows the footsteps of its more sought-after sibling, gold.

The first half of this year has been no different. In the initial months, silver prices rose two per cent on strong investment demand and in line with gold.

The market came under pressure following the waning effect of most of the supportive factors, including interest rates and currency. In other words, the Fed rate hike and firmer dollar have pressured the market down.

To be sure, demand is a significant driver of the silver market. Three countries — USA, China and India — account for close to two-third of global fabrication demand; and between China and India, they account for about 40 per cent. Demand for jewellery has decidedly been weak in the two Asian majors in the whole of last year.

Fortunately, rising consumption in the photovoltaic and automotive sectors has propped up the metal.But the first few months of this year have seen the tide turning with an increase in inflows. Arrivals in the first half are estimated at 3,000 tonnes, nearly equal to the volume for the whole of last year.

Will these levels of imports sustain in the second half of the year? While opinions differ, according to consultancy firm Metals Focus, it will be difficult to achieve the same level of import in the second half of the year. The firm sees the surge in import in H1 not so much as an indication of consumption demand, but for replenishing inventory to meet the expected demand growth in H2.

B/L-7.7.17

RICE EXPORTERS SEEK PM'S HELP TO PROTECT BASMATI EXPORTS TO EU

Rice exporters have sought Prime Minister Narendra Modi's intervention in convincing the European Union to postpone by two years its decision of bringing down the tolerance level for fungicide tricyclazole, used by Basmati farmers, to 'near-zero' levels.

"A virtual ban is being imposed by the EU on the widely used fungicide in India by reducing the import tolerance level 100-fold from 1 ppm (parts per million) to 0.01 ppm. The move, which is to come into effect from January 1 2018, will adversely impact the current kharif crop.

We want the EU to give us at least two years more to settle the matter," said Vijay Setia, President, All India Rice Exporters Association (AIREA).

B/L-8.7.17

INDIA-VIETNAM SHOULD ACHIEVE $15 BILLION TRADE TARGET BY 2020: PRESIDENT OF INDIA

President of India said India and Vietnam should take steps to achieve USD 15 billion bilateral trade target by 2020.
President said this while speaking to the Vietnamese Deputy Prime Minister and Foreign Minister, who called on him at the Rashtrapati Bhavan.

"The status of present bilateral trade between India and Vietnam is satisfactory. However, the two countries should work together to achieve the target of USD 15 billion bilateral trade by 2020," the President said. In 2016- 17, the two way trade between the countries stood at USD 10.14 billion.

President of India said many Indian companies were keen to invest in Vietnam for the development and prosperity of their people.

The President said the two countries traditionally share warm and cordial relations, based on mutual respect and goodwill.

The fruitful partnership has grown in recent years, President said, adding that President as "confident" that it would continue to strengthen in the years to come.

The Vietnamese deputy PM reciprocated the President's sentiments and said Vietnam is keen to work with India in taking their mutual relationship to greater heights.

INDIA, ISRAEL LAUNCH 5-YR TECH FUND TO FURTHER BUSINESS TIES

India and Israel launched a five-year technology fund, reminiscent of a fund that boosted the Jewish state's ties with US over four decades, and agreed to holds talks for an investment protection treaty in a bid to boost trade and business ties.

A joint statement, issued during Prime Minister’s unprecedented visit to Israel, identified start-ups as among areas for boosting bilateral ties.

The two nations agreed to put $4 million a year for five years into the Israel India Innovation Initiative Fund, or I4F, said the statement issued after PM’s talks with his Israeli counterpart.

The MoU, between the Indian Department of Science and Technology and the National Authority for Technological Innovation of Israel, "will play a seminal role in enabling Indian and Israeli enterprises to undertake joint R&D projects leading to development of innovative technologies and products that have potential for commercial application," it said.

Besides getting Israeli technology firms to invest in India, the fund aims to spur Indian firms to open development centres in the Jewish state and invest in their technology ecosystem.

Indian PM and Israel" PM underlined the need to boost bilateral cooperation in innovation and entrepreneurship and called for greater collaboration in the field of start-ups," it said.

The Israel-US Binational Industrial Research and Development Fund, the model for I4F, has invested in almost 1,000 projects since 1977, helping generate USD 10 billion in indirect and direct revenue.

"The two prime ministers agreed that negotiations would be conducted on an agreement for the protection of investments in order to encourage bilateral investments from both sides," the joint statement said.

Indo-Israel trade has grown from about USD 200 million in 1992, when they established diplomatic ties, to nearly USD 4.2 billion last year.

"The two prime ministers noted the importance of realising the full potential of bilateral trade and investment. They tasked the India-Israel CEO forum to come up with early recommendations in this regard," the statement said.

Recognising the importance of facilitating movement of business-person, India and Israel underlined their expectation that the granting of multiple entry visas to business people for up to five years will encourage greater economic and commercial exchanges.

INDIA HAS MOST LIBERAL POLICIES FOR FOREIGN INVESTMENT IN TEXTILE SECTOR: PRIME MINISTER

Prime Minister inaugurated the first of its kind Textile India 2017 summit at Helipad Grounds Exhibition Centre at Gandhinagar recently.

PM said the Central government was undertaking several initiatives to support the textiles sector as the time has come to concentrate on textile exports in a big way.

Gujarat Chief Minister, Andhra Pradesh Chief Minister, Union Textiles Minister and Minister of State for Textiles, along with other dignitaries, were also present.

“Textile India 2017 seeks to bring together global leaders in the value chain of Indian textile industry.

The journey of farm to fibre, fibre to fabric and fashion to foreign has now started. We will reach new heights, new glory with the start of this journey,” said Union Textiles Minister.

India is now described as the bright spot in the global economy, said Prime Minster. “India has emerged as one of the most attractive global investment destinations that has been made possible by a series of sustainable policy initiatives. More than 7,000 reforms have been implemented for ease of doing business and also processes have been simplified and made transparent,” PM said.

The PM said over 1,200 outdated laws have been abolished in the last few years.

“These are just a few examples and consequently India has moved up by 32 places in last few years in global competitiveness index of world economic forum which is the highest for any country. India is third among the top 10 FDI destinations,” PM said.

India has one of the most liberal policies for foreign investment in textile and apparel sector, allowing 100 per cent FDI. PM said, “Our textile industry is infused with skill, trade, scale.

India has the most liberal investment policy for in the textile sector. The textile industry plays a pivotal role in Indian economy.

It has abundant supply of raw materials like cotton, jute, silk and manmade fibre.

This provides us the distinct advantage of backward integration which many other countries do not have. The resulting higher demand of products offers huge domestic market.”

Prime Minister added, “Besides, India has strong weaving, knitting and apparel manufacturing capacity.

Domestic market for apparel & lifestyle products currently estimated at US $85 billion is expected to reach US $160 billion by 2025.”

India is the second largest exporter of textile that exports to more than 100 countries.

“Indian tourists buy garments abroad only to realise later that it was made in India,” PM quipped.

RCEP WITH ASEAN COUNTRIES OFFERS IMMENSE POSSIBILITIES: GOVERNMENT

India said the proposed Regional Comprehensive Economic Partnership (RCEP) with ASEAN countries will offer immense possibilities, accounting for about 40 per cent of world trade.

External Affairs Minister said the next round of RCEP meeting will be held in Hyderabad later this month.

The RCEP is a proposed free trade agreement (FTA) between the 10-member states of the Association of Southeast Asian Nations (ASEAN) (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam) and the six states with which ASEAN has existing free trade agreements (Australia, China, India, Japan, South Korea and New Zealand).

Minister said the ASEAN-India FTA has given a major boost to trade in goods and services and its review meeting in Cebu in the Philippines next week will explore means to further enhance our trade and investments flows.

"India is also actively engaged in negotiations on the regional comprehensive economic partnership.

India look forward to a positive outcome of the next round of negotiations that will commence in Hyderabad later this month.

"When finalised, RCEP offers immense possibilities as the largest regional trading arrangement, accounting for about 40 per cent of world trade," Minister said at Delhi

Dialogue, an annual forum aimed at enhancing India's interaction with the ASEAN countries.

Speaking on occasion, Myanmar's Minister in the Ministry of the Office of the State Counsellor, said that the RCEP will significantly enhance the trade volumes between the member countries.

INDIA, JORDAN DISCUSS WAYS TO BOOST TRADE, INVESTMENT

India and Jordan discussed ways to increase cooperation in diverse areas like customs, taxation and visa to promote trade and investments between the two countries.

The discussions were held during the 10th India- Jordan Trade and Economic Joint Committee (TEJC) meeting.

The meeting was co-chaired by Commerce and Industry Minister and Yarub Qudah from the Arab Kingdom's side.

The two leaders also inked a revised economic and trade cooperation agreement, the commerce ministry said in a statement.

The agreement aims at "boosting and diversifying bilateral trade relations, in addition to promote economic, trade and investment cooperation based on the principle of equity, non-discrimination".

The two countries emphasised the need for diversification of bilateral trade and deepening their engagements for greater cooperation in investments.

"The two sides also reaffirmed their mutual interest and discussed the roadmap for cooperation in various fields such as fertilizer, customs, Double Taxation Avoidance Agreement, visa and consular issues, pharmaceuticals and MSME," it said.

Discussions were also held on ways to increase ties in sectors like maritime, air and rail transport, renewable energy, smart grid development, IT, higher education and vocational training.

The two-way trade between the countries stood at USD 1.35 billion in 2016-17.

GST TEETHING PROBLEMS IMPACT INDO-BANGLA TRADE

The teething problems in Goods and Services software infrastructure is hurting Indo-Bangla trade at Petrapole and other land borders.

“We are facing problems since July 1. The infrastructure of GST is not adequate and not working smoothly though trouble shooting efforts are being taken.

Due to this cross border truck movement is very slow,” Calcutta Customs House Agents Association president said.

“We are trying to get shipping bills or bills of entry for imports but lot of errors are taking place slowing the process of clearance.

There is no proper guidance,” it said. Against an average of 350 trucks crossing Petropole to Bangladesh earlier, it has been reduced to 100 trucks now.

Trade worth more than Rs 15000 crore takes place through Petrapole. The problem at Gojadanga land border at Basirhat is more than at Petrapole, while there are reports of hurdles at Mahadipur land port in Malda district due to the new GST software.

The system-related hurdle has added to the woes of the exporters at the border.

“The intregated check post built at Petrapole could not be harnessed at its full capacity due to lack of proper road of just 300 m in the Bangladesh end and now due to lack of storing capacity.

Choked roads are preventing trade movement,” Chakraborty said.

A lot of Indo-Bangla trade is in perishable goods and damage to them is not ruled out if GST system is not geared up, it added.

GOVERNMENT SEEKS TO CLEAR WAY AS EXPORTS TRIP ON RULES

The government has stepped in to try and resolve procedural confusion over customs norms under the goods and services tax regime that has seen exports worth millions of dollars remain stuck in factories.

The government has issued one set of clarifications, but exporters say they still aren’t sure about things.

The government reviewed the situation and more clarifications are expected soon to get shipments moving again, an official said.

GST took effect on July

1. "Goods are stuck at the factory gate," said Director-General & CEO of the Federation of Indian Export Organisations (FIEO).

The problem relates largely to processes for exporters to claim credit for input taxes paid, the documents they have to furnish for the same, and the use of input tax credit to pay integrated GST (IGST) levied on exports.

Exporters have to furnish a bond or letter of undertaking (LUT) for customs officials to release export consignments.

These documents are equivalent to a pledge that input taxes have been paid.

LITTLE CLARITY AT FIELD LEVEL

Clearance of exports goods has got stuck as input tax credit is not available to pay IGST levied on exports and the procedure of exemption from IGST against bonds is not yet clear at the field level, said one exporter.

It's also not clear how exporters are to submit these bonds.

The government had allowed manual submission as electronic submission was not working smoothly, partly because of a change in format under GST.

To simplify matters, the government had allowed deputy and assistant commissioners to issue bonds, and not just commissioners, who are mostly located at a distance from exporters. Moreover, exporters are being asked to furnish separate bonds and LUTs for each consignment, which is leading to confusion and more paperwork at both ends.

"While some clarifications have been provided, it is not made clear which category of exporters will give LUT and who will give bond," DG & CEO, FIEO said.

Moreover, exporters now have to deal with state tax authorities who are not yet aware of export procedures and therefore not willing to endorse documents. There is also a lack of clarity over the value of currency in which the export invoice is to be made.

GST norms stipulate that foreign exchange conversions should be according to the Reserve Bank of India reference rate but the free on board (FOB) value of exports is based on the rupee value as per the exchange rate notified by customs department for drawback purposes.

Exporters want this anomaly rectified. They also want clarity on whether IGST on exports should be paid in FOB or cost and freight.

Even services exporters are facing roadblocks, previously not having had to submit any letters but now required to do so.

"Exporters are reluctant to export as getting certificate from GST authorities only adds to transaction time and cost," FIEO said in a representation to the finance ministry.

ON FIEO'S INITIATIVE, NODAL OFFICERS APPOINTED BOTH AT DGFT AND CBEC TO LOOK INTO THE CONCERNS OF EXPORTERS

FIEO President along with DG & CEO, FIEO met the Hon'ble Commerce and Industry Minister and other senior officials of the Department of Commerce and DGFT to discuss various important issues faced by the exporting community in the new GST regime.

During the meeting with the minister and the senior government officials of the Ministry of Commerce, major issues that were raised by FIEO President included issue with regard to composite drawback rates, which adds to the transaction cost and time, under the pre-GST regime exporters were allowed for self declaration of the composite drawback rates, should be continued with the same facility in the current GST regime also. FIEO Chief also highlighted that there is no clarification on eligibility of exporters for bond with bank guarantee and letter of undertaking (LUT) and most importantly appointing of a Nodal officer both at the Ministry of Commerce and Ministry of Finance level as single contact point for the whole exporting fraternity to look into the immediate and urgent issues faced by exporters.

The Department of Commerce working swiftly on the request of the Federation of Indian Export Organisations (FIEO) has notified the appointment of Shri Satya Srinivas, JS (Customs) in CBEC as nodal point in CBEC and Shri Ajay Srivastava, Jt DGFT as nodal point in DGFT which shows the responsiveness of the Government.

As this is the first week that has passed, since the implementation of GST, it is extremely important to understand the procedures that have been notified for exporters, added FIEO Chief.

Also, it is important to assess the challenges which exporters have come across during this week at ground level.

FIEO
Chief however reiterated that this is a revolutionary reform which shall definitely bear fruit in the long run but as a general practice with every new system, we may have to face some glitches initially till the time we get versed with the new system. At the same time, FIEO President is of the view that exporters should also highlight the areas where Government can take corrective measures so that transaction cost and time should not increase in this new regime impacting country's exports.

CBEC RELAXES NORMS ON BONDS UNDER GST TO HELP EXPORTS TAKE OFF

In a significant relief for exporters who have been facing difficulties under the new tax regime, the Finance Ministry has now relaxed rules for Goods and Services Tax and has said that exports can continue under existing bonds and letters of undertaking till July 31.

Exporters can now submit bonds or LUTs in the revised format for GST by the end of the month.

"Various communications have been received from the field formations and exporters that difficulties are being faced in complying with the procedure prescribed for making exports of goods and services without payment of integrated tax with respect to furnishing of bonds or LUT," said the Central Board of Excise and Customs (CBEC) in a recent circular.

Under rule 96A of Central GST, exporters have to furnish a bond or LUT in Form GST RFD-11 instead of payment of integrated GST to release their consignments.

The CBEC has clarified that exporters can submit a running bond instead of a consignment-wise bond, which would cover the amount of tax involved in the export as estimated by the exporter.

Further, the bank guarantee should not exceed 15 per cent of the bond amount and jurisdictional Commissioner can make a relaxation based on the track record of the exporter.

12-MONTH VALIDITY

The CBEC has also said that the LUT will be valid for a period of 12 months.

The CBEC has notified persons who are eligible to submit an LUT instead of a bond. These are status holders under the Foreign Trade Policy 2015- 2020 or those who have received foreign inward remittances of over ₹1 crore in the preceding year.

Urging Central tax officers to help exporters, the CBEC further said that exporters can submit the bond or LUT to the jurisdictional Deputy or Assistant Commissioner having jurisdiction over the principal place of business of the exporter.

"The exporter is at liberty to furnish the bond or LUT before Central Tax Authority or State Tax Authority till the administrative mechanism for assigning of taxpayers to respective authority is implemented," it has said. The existing practice of sealing containers with a bottle seal will also continue till September 1, it said.

"These clarifications bring much needed relief for the exporters with regard to export without payment of IGST… Now, the assessees can continue exports without payment of IGST under the relaxed procedure," said PwC in a note.

The relaxations by the CBEC come after reports that exports were stuck at the factory gate due to a lack of procedural clarity on submitting the bond or LUT.

The other option of payment of IGST (which is levied on exports and is refundable later) would have created cash flow problems.

While the Commerce Ministry and CBEC were trying to ensure a smooth roll out for exporters, there were worries that the lack of clarity could also impact exports in the coming month.

BUFFALO MEAT EXPORTS: AFTER STEEP FALL, EXPORTS RISE SLOWLY

After the shutting down of Uttar Pradesh's illegal abattoirs in March 2017, the country's buffalo meat exports had fallen in April but have since picked up gradually.

In volume as well as value terms, exports dipped just 1.7% in May compared with the corresponding month a year ago, while the fall was sharper at 10% in April. In April-May, exports of the item, the second-largest element in India's

Farm-and-processed-foods exports basket, stood at 1.76 lakh tonnes or Rs 3,417 crore, down 6% from the year-ago period.

In dollar terms, the decline in exports in the first two months of the current financial year was just 4.3%. In the last fiscal, India exported buffalo meat worth of Rs 26,303 crore. In 2014-15, this item for the first time became the largest in the agricultural exports basket, surpassing basmati rice.

In 2015-16, buffalo meat exports amounted to Rs 26,684 crore against the shipment of Rs 22,719 crore worth of basmati rice.

In the current fiscal the exports-oriented buffalo meat industry was anticipating an upswing in shipments as the world's biggest beef exporter, Brazil, had faced a crisis following allegations of contaminated shipments that led many potential importers to stop shipments from the South American nation.

Vietnam, Malaysia, Indonesia, Saudi Arabia and the United Arab Emirates are the key destinations of India's buffalo meat exporters.

TOUGH EU NORMS ON INDIA'S BASMATI RICE TO SHIFT TRADE TO PAKISTAN

Ahead of the visit of an Indian delegation to the EU to resolve the basmati rice issue, grain exporters body AIREA said tough norms by the European Commission will hit the exports badly as the trade worth over Rs 1,700 crore could shift to Pakistan.

The European Commission has recently brought down in basmati rice the maximum residue limit (MRL) level for Tricyclazole, a fungicide used by farmers against a disease, to 0.01 mg per kg from the next year. This was done for all countries.

"The EU has virtually imposed ban on import of Indian basmati rice by reducing 100-fold the import tolerance level of 'Tricyclazole'.

It is not possible to bring down the pesticide level all of a sudden to nearly zero," All India Rice Exporters' Association (AIREA) President said.

The Indian government team is scheduled to visit Brussels, Belgium, on July 12 to discuss the matter.

Two aromatic basmati rice varieties -- PB1 and 1401 -- are maximum exported to the EU.

The shipments of these varieties with Tricyclazole MRL at 0.03 mg per kg were accepted so far from India.

At least, two crop cycles are required to effect the desired change. Moreover, there is no scientific evidence that it is harmful on human health, AIREA said, adding that meanwhile farmers are being educated to use the fungicide in a judicious manner.

If the government does not take up the issue with the EU, basmati rice exporters said: "Our business worth over Rs 1,700 crore will shift to Pakistan, which also exports aromatic rice to the EU.

The new EU norms are unjust and one sided and not in the interest of farmers."

Pakistan exports 'Super' variety of aromatic rice and it does not use Tricyclazole on its crop and is looking at the opportunity to ship more from January 2018, it added.

India, the world's top rice exporter, shipped 3.5 lakh tonnes valuing Rs 1,744 crore of basmati rice to the EU in 2016-17.

The country's basmati rice exports to the EU comprise 10 per cent of the total 40 lakh tonnes undertaken annually, as per the industry data.
The association has made representation to commerce and agriculture ministries and sought intervention of Prime Minister on the matter.

GEMS & JEWELLERY EXPORTS UP 11%

India’s gems and jewellery exports rose over 11 per cent to $6.78 billion during the first two months of the current fiscal, largely driven by demand in major markets like the US.

In April-May last year, the exports aggregated to $6.1 billion, according to the Gems and Jewellery Export Promotion Council.

The labour intensive sector contributes 14 per cent to the country’s overall exports.

The rise in shipments was mainly supported by exports of silver jewellery, and gold medallions and coins.

GST BIGGEST BUSINESS AND ECONOMIC REFORM OF INDIA: INDIAN PRIME MINISTER

Prime Minister asserted that GST was by far the biggest business and economic reform of India and that the country was moving towards the modern tax regime, which was transparent, stable and predictable. "Govt has resolved a number of regulatory and policy issues facing businesses and companies.

Govt has worked very sincerely for ease of doing business. Govt is positioning India as a global manufacturing hub. This is necessary for us to take advantage of youth energy. For this, India has launched Make in India," Prime Minister said while addressing the first joint meeting of Indo-Israel CEOs forum.

Inviting the Israeli industry to participate in 'Startup India' initiative, PM launched India- Israel StartUp Bridge to encourage startups of the two countries to work together to come up with innovative solutions for tackling challenges in agriculture, water and healthcare sectors.

"There is a lot of potential for India-Israel partnership and India is happy that startup bridge has been formally launched . Israel is known as startup nation. It has a unique sense and ecosystem for innovation and incubation.

Credit must go to the Israeli entrepreneurs," the PM noted. "The driving force is opportunities for the betterment of lives of people."

Prime Minister also hoped that CEOs and talents of India and Israel can together sow seeds of miracles.

Inaugurating the Innovation Bridge, both Indian and Israeli PMs asserted "Innovation is life". The CEOs of both sides concluded MoUs worth $5 billion on the sidelines of the conclave. The CEOs forum set a target to increase bilateral trade from the current $5 billion to $20 billion within five years.

The forum also set up six joint committees, covering startups, pharma and life sciences, homeland security, agriculture, energy and water sectors.

'GST ROLLOUT HAS NOT CAUSED ANY DISRUPTION': FINANCE MINISTER

Nearly a week after the introduction of the new indirect tax regime, Finance Minister said that the rollout of the Goods and Services Tax has been smooth, without causing much disruption.

"The economy has not been disrupted and we don't expect any disruption ahead," he said refuting critics who had thought that the GST rollout would impact trade and industry.

Despite concerns over a lack of preparedness by assessees, GST was implemented from July 1.

The Finance Ministry has been closely monitoring its rollout since then. "The whole country is now a single market after 70 years of Independence. GST will benefit the industry and also consumers.

Minister said, noting that there is now uniformity of taxes and rates amongst the Centre and States. "As many as 17 taxes and 23 cesses have been subsumed under GST," Minister said.

EXPORTERS CAN FURNISH BONDS MANUALLY INSTEAD OF IGST

The government has allowed exporters to furnish bond or letter of undertaking manually to facilitate exports post rollout of goods and services tax (GST).

The government has issued a clarification after the representations from the industry that their exports were getting stuck because they were unable to submit the documents on the portal.

These can now be furnished manually to the jurisdictional deputy/assistant commissioner.

The Central Goods and Services Tax Rules, 2017, mandate that any registered person availing the option to supply goods or services for export without payment of integrated tax needs to furnish, prior to export, a bond or a mletter of undertaking.

This bond or letter of undertaking is required to be furnished in Form GST RFD-11 on the common portal. The bond is required to be

given through the proper officer. That is, it has to be furnished to the jurisdictional commissioner, who could even be based far from the exporter’s location.

“Various communications have been received from the field formations and exporters on the issue of difficulties being faced while supplying the goods or services for export without payment of integrated tax and filing the Form GST RFD -11on the common portal (www.gst.gov.in), because of which exports are being held up,” said a clarification issued by the government.

INDIA GETS G20 PRAISE ON STARTUP FUNDING, DERIVATIVE REFORMS

Acknowledging steps being taken by India for sustainable and inclusive growth as well as support to global economy, the G20 has praised the initiatives in the country for promoting ease of doing business, startup funding and labour reforms.

In its Hamburg Action Plan, adopted at the G20 Summit of leaders from the world's 20 largest economies, the group also noted that "in the financial sector, India is popularising a number of derivative instruments in exchanges or electronic trading platforms" as part of measures to enhance resilience of its economy.

It further said India is facilitating external commercial borrowings (ECBs) by startups in order to encourage innovation and promote ease of doing business, as part of the efforts being taken by the G20 members this year for maintaining momentum on structural reforms and sustainable growth.

On steps being taken by G20 countries for promoting inclusive growth this year, the Action Plan said India is introducing labour market reforms to provide security to workers, increase female participation in the workforce and make doing business easier in the country.

The acknowledgement from the G20 Summit, which was attended by Indian Prime Minister among other world leaders, assumes significance in the wake of India trying hard to improve its global ranking for ease of doing business.

The World Bank ranked the country at a low 130th position last year, an improvement of just one position from the previous year.

The Indian government has said it wants India to be ranked in the top-50 nations in terms of ease of doing business. The next update to the ranking is expected later this year.

The areas where India ranks poorly as per the World Bank ranking include starting a business, dealing with construction permits, registering property, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

The country has implemented a spate of reforms in the recent months in areas like insolvency, taxation and starting a business and expects the rankings to improve substantially.

The acknowledgement of various reform measures by G20, whose members include 19 countries and the European Union, has come as the latest boost to hopes for better ranking for India in terms of ease of doing business.

Global institutions like the World Bank, IMF, WTO, OECD, ILO, WHO and the Financial Stability Board (FSB) are among the partners to the G20.

G20 member countries include the US, UK,Germany, India, Australia, Japan, Russia, Argentina, Brazil, Canada, China, France, Indonesia, Italy, South Korea, Mexico, Saudi Arabia, South Africa and Turkey.

The G20 Hamburg Action Plan, which sets out the group's strategy for achieving strong, sustainable, balanced and inclusive growth, also said that the closer partnership and action by G20 members will boost confidence and contribute to shared prosperity.

It said the Action Plan has been developed against a backdrop of improving growth and job prospects.

"The global economic recovery is progressing and gaining momentum. Investment has picked up, and trade and manufacturing are showing signs of recovery. However, the pace of this growth is still weaker than desirable, and downside risks remain.

"Weak productivity growth, income inequality and ageing populations represent challenges to growth in the longer term," the G20 Action Plan noted.

It included new policy actions to tackle challenges in economies, focusing on initiatives that foster inclusive growth, enhancing resilience and further the G20 efforts to implement structural reforms.

In the action plan, the G20 members resolved that they will continue to use all policy tools — monetary, fiscal and structural — individually and collectively to achieve the goal of strong,

SERVICES PMI RISES TO EIGHT-MONTH HIGH OF 53.1 IN JUNE

Led by a sharp upturn in new work, the Nikkei India Services PMI Business Activity Index
rose to an eight-month high of 53.1 in June. It stood at 52.2 in May.
A reading of over 50 indicates expansion while a number below that denotes contraction in activities.

"Business conditions in India's service sector continued to improve in June as a solid and accelerated upturn in new work resulted in a faster increase in activity," Nikkei said in a release, adding that the headline measure averaged 51.8 for the first quarter of the 2017 financial year, which is the highest quarterly figure since the second quarter of 2016.

Job creation was also maintained at May's 47- month record pace.
The best-performing sub-sector in June was financial intermediation, where growth rates surpassed those seen elsewhere.
Activity and incoming new work rose in four out of the six broad categories covered by the survey, except for hotels and restaurants and renting and business activities.

The Nikkei India Composite PMI Output Index also rose to an eight-month high of 52.7 in June from 52.5 in May.

"Growth of service sector activity and inflows of new business picked up as better demand conditions and marketing efforts bore fruit…

This suggests that GDP growth is likely to rebound from the sharp slowdown noted in the first three months of 2017," said economist at IHS Markit, and author of the report.

JUNE QUARTER RECORDS HIGHEST EVER FPI INFLOWS INTO INDIAN DEBT

Foreign portfolio investors (FPIs) poured a record $10.1 billion into the Indian debt segment in this quarter (April-June), the highest ever for any quarter on record since 2002.

This has surpassed the earlier record inflow of $9.2 billion witnessed in 2014 for the quarter ending in September (July-September). Also, the $14.57 billion inflow seen in the first half of this calendar year is the best beginning seen in any year since 2002. Additionally, the $3.9 billion inflow for the month of June is the highest ever since December 2011.

The year 2017 began on a weak note as FPIs were pulling out moey since the US Presidential elections held in November 2016.

The surprise victory of Donald Trump in the elections triggered the FPIs to pull out money from the Indian markets.

As a result, the Indian debt segment witnessed an outflow of $5.88 billion between November and December last year.
The selloff spilled over into the new year as well as the FPIs continued to sell $339 million in January this year.

After selling for four consecutive months, the FPIs turned net buyers of Indian debt in the month of February and they bought $887 million, thereby giving a slight breather.

The debt segment saw an inflow of $3.9 billion in March and it has been witnessing an average of inflow of $3.5 billion every month since then.

WTO

G20 SHOULD SUPPORT OPEN TRADE TO PROMOTE ECONOMIC GROWTH: WTO

The World Trade Organization (WTO) has asked the G20 group of nations including India and the US to take lead in promoting open trade globally for pushing economic growth and development. In its monitoring report on G20 trade measure, the Geneva - based multi-lateral body has also stated that trade restriction measures in G20 economies have risen at a moderate rate despite an uncertainty in global economy.

G20 is a group of developed and developing countries that also includes Australia, Brazil, China, France, UK and the European Union. A total of 42 new trade-restrictive measures were applied by G20 economies during the review period (mid-October 2016 to mid-May 2017), including new or increased tariffs, customs regulations and rules of origin restrictions, the report said.

This is an average of six measures per month – slightly higher than in 2016, it added.

It called on "G20 governments to show leadership in supporting open and mutually beneficial trade as a driver of economic growth and development".

WTO Director- General said there is a high level of economic and policy uncertainty, and "therefore we need to remain vigilant". Efforts should be stepped up to avoid implementing new traderestrictive measures and to reverse existing measures, WTO Chief said, adding that the member countries of the bloc should seek to continue improving the global trading environment, including by implementing the WTO's trade facilitation pact. However, it said that the economies have also implemented 42 measures that are aimed at facilitating trade during the review period, including the elimination or reduction of tariffs and the simplification of customs procedures.

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Articles

INDIAN FRUITS AND VEGETABLE EXPORTS RISE, DOMESTIC DEMAND ALSO ROBUST

India's fruit and vegetable exports are increasing even when the domestic demand is robust.

Prime Minister Narendra Modi had asked scientists to create new agricultural practices and varieties of crop that farmers could export to the Gulf countries. He had told this last year while addressing the platinum jubilee function of the Council of Scientific and Industrial Research.

The Gulf nations have come out as the main market for Indian fruit and vegetables. Other South Asian countries like Vietnam, Malaysia, Indonesia and some European nations such as Netherlands and the United Kingdom have also come out as top markets for Indian agro products.

Fruit and vegetable exports for FY17 were at Rs. 10,686 crores, while groundnuts added Rs. 5,454 crore in exports in comparison to FY16. Mangoes, grapes, potato, and onions were the mainly exported items. Besides this, the domestic demand has been strong. Many modern packing houses for sorting, grading, and packing of the quality fruit and vegetables have been set up in the country.

The guidelines for many agro commodities have been given to comply with maximum residue level (MRL) of pesticides. The framework has been set up to determine designation and quality development. Although sea routes are not being used exports have increased. Air shipment of fruit and vegetables to the European Union and many Asian countries is being done, increasing the transportation cost.

Sea protocol is being initiated with many countries as it will decrease transportation cost to one-third. Rules tell that fruit must be fresh, peel color should be intact and loss in weight must not happen. Fruit & pulp after ripening should be fresh and should have a normal taste.

Indian annual mango exports are presently at 700 tonne and once sea protocol is signed with countries like Japan, South Korea, the United States and the European Union will increase. Indian mango exporters have to give 'hot water treatment' to produce before exporting them to the European market compulsorily. National Plant Protection Organisation has made this compulsory for getting phytosanitary certificates.

For grape export, GrapeNet is an electronic service offered by APEDA for facilitating the testing and certification of the fruit to send it to the European Union. GrapeNet collects, stores and reports on the grapes supply chain in India and does comply with the rules.

Onion demand has been high in the South Asian countries, along with UAE. India is the second largest producer of groundnuts and exports of the commodity have been rising. Quality awareness has increased in growers and sorting and grading is becoming part of the process. Indian manufacturers make and sell edible peanuts of highest standards.

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INDIAN PEPPER EXPORTS FELL BY 37% IN 2016-17

Indian Pepper Exports fell by 37% in FY 2016-17 whereas the pepper imports saw a rise. As per sources from Spice Board, India had exported 28100 tonnes of pepper of value Rs.1730.42 crores in 2015-16 whereas in 2016-17 the export fell by 37% and reached to 17600 tonnes with a value of Rs.1141.89 crores. The fall in the value was 34%.

Kochi port imported 15644.19 tonnes of pepper in April16-February17 which was 7.9% higher than the same period in 2015-16. Total pepper imports of the country were at 19365 tonnes at Rs.1162.96 crores in 2015-16 and have been estimated to reach 18500 tonnes in 2016-17 as per sources.

India was in the top five importers and had bought 11,180 tonnes of pepper from Vietnam in 2016. As per industry, the fall in exports is because of Indian pepper prices being higher than pepper from other countries like Indonesia and Vietnam. The prices are higher due to a robust domestic demand and production growth being much slower than growing demand.

Nearly 90% of the Indian pepper exports are coming from re--export of the pepper that has been imported and given value additions like extraction, grinding and sterilization. 9,795.42 tonnes was imported via the Kochi port and the re--exporters accounted for 5,848.77 tonnes.

The farmers and traders told the prices of pepper have fallen by Rs. 21,000 per quintal in last one year as cheap pepper is being illegally shipped in from Vietnam via Sri Lanka. However, the government is trying different ways to prevent these illegal imports.

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INDIA BECOMING MORE ATTRACTIVE TO FOREIGN FIRMS: CHINESE DAILY

BEIJING: India is becoming more attractive to foreign firms but its path of reforms, including the implementation of the GST, will not be easy, an article in a state-run Chinese daily said today.

"As low-cost manufacturing is gradually moving away from China, it is now critical for India and even the world whether it can replace China as the next 'world's factory', an article in the Global Times said.

The Indian government has rolled out "aggressive reforms" aimed at unifying the country's market, which is very attractive in the eyes of international investors, even though there are huge challenges such as poor infrastructure and difficulties in policy implementation across different states, the article opined.

Referring to the commitment by Foxconn and Midea to invest in India, it said these investments are coming close on the heels of India's decision to implement the Goods and Tax (GST), the country's biggest tax reform since its independence in 1947.

"The new tax regime is expected to give a boost to the 'Make in India' initiative because it is aimed at unifying various state and central taxes into a single tax system, thus laying the foundation for a common national market and improving India's manufacturing competitiveness," the article said.

"In fact, since Prime Minister Narendra Modi launched the 'Make in India' initiative in September, 2014, the Indian government has been making aggressive efforts in unifying the country as a whole, with the aim of building it into an attractive manufacturing destination for global businesses," it said.

Economictimes

Usefull links

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World trade has expanded rapidly over the past decades. An important factor contributing to the growth in trade has been the periodic rounds of successful multilateral trade negotiations which have led to a considerable reduction in tariffs on goods crossing national borders.

Compiled By Mr. Sathish B R
Indian Institute of Export Management