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Weekly E-Bulletin

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August 2nd week Newsletter

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WEEKLY E-BULLETIN
AUGUST-2017

MCX-NICKEL UPTREND INTACT, GAINING MOMENTUM

he uptrend in the Nickel futures contract on the Multi Commodity Exchange (MCX) has gained momentum over the past week. After consolidating in a sideways range between Rs. 645 and Rs. 665 a kg for about a week, the contract has risen sharply, breaking above Rs. 665 on Tuesday.

The contract has surged 4.7 in the past week and is currently trading at Rs. 690.The uptrend that has been in place since June is intact. Support is in the band between Rs. 675 and Rs. 672. Intermediate dips to this support zone may find fresh buyers coming into the market.

A test of the psychological resistance at Rs. 700 is likely in the near term.

A strong break above this hurdle can take the contract higher to Rs. 715 and Rs. 720.Short-term traders can make use of dips to go long at Rs. 680. A stop-loss can be placed at Rs. 665 for the target of Rs. 710. Revise the stop-loss to Rs. 690 as soon as the contract rises to Rs. 700. The aforementioned rally will be negated if the MCX-Nickel futures contract declines below Rs. 670. **B/L-10/08/2017**

TUR, ARHAR GROWERS NEED GOVT SUPPORT

Months after heavy financial damage was inflicted on tur/arhar (pigeon pea) growers following a collapse in farm-gate prices below the minimum support price, New Delhi has begun to take cognizance of the problem. Import of tur/arhar has been shifted to the restricted category with a ceiling of two lakh tonnes.

Quotas will be issued. Government import commitments under bilateral agreements/ an MoU (with Mozambique) are exempt though.

But a lot more needs to be done. It is important that imports are well regulated.

There is already a large inventory within the country with government agencies and the private sector. Moreover, the next harvest of pigeon pea is only 4-6 weeks away.

As of August 2, tur/arhar has been planted on 37.5 lakh hectares, down from 45.2 lakh ha this time last year.
B/L-11/08/2017

TEA DRINKERS MAY SOON HAVE MORE OPTIONS FOR THEIR MORNING CUPPA

Bulk tea producers are looking to enter the packet tea business to improve profitability and de-risk portfolios.

Two of India's largest producers of bulk tea — market leader, McLeod Russel India and the second-largest producer, Amalgamated Plantations (APPL) — are said to be exploring a possible entry into the segment.

According to industry experts, packet tea accounts for roughly 50 per cent of the country's total tea consumption, pegged at one billion kg.

The segment is currently dominated by brands such as Tata Tea (a product of Tata Global Beverages Ltd), Brooke Bond (Hindustan Unilever Ltd) and Wagh Bakri Tea.

India's annual tea consumption has been growing at 2.5–3 per cent. Growth in the rural economy and demand for packaged products is also increasing. Hence, a rise in conversion from loose to packet tea is on the anvil, experts feel.
B/L-12/08/2017

OILSEEDS, COARSE CEREALS SEE SLUMP IN SOWING AS PRICES, RAINFALL WEIGH

owing of oilseeds and coarse cereals witnessed a slump even though the total area under cultivation went up marginally to 943.45 lakh hectares (ha) this week as compared to the corresponding period last year, an official release said on Friday.

The total cultivated area during the same period last year was 936.95 lakh ha.Farmers chose to plant oilseeds over a smaller area as the prices of soybean and groundnut were down, while deficient rains in Karnataka brought down the area under ragi and maize cultivation.

The total area under oilseeds so far is 154.29 lakh ha as compared to the previous year's 171.15 lakh ha.

Coarse cereals, on the other hand, were marginally down at 167.50 lakh ha from 169.98 lakh ha in the corresponding week last year.The area under groundnut and soybean was over 13 per cent and 9 per cent lower, respectively, compared to last year.

B/L-13/08/2017

TEA PRICES DECLINE IN KOCHI

Tea prices witnessed a declining trend at the Kochi auctions in the wake of subdued demand, both from blenders and upcountry buyers.The market for good liquoring teas barely remained steady and was sometimes dearer. As the sale progressed, prices were irregular and sometimes lower.

Medium and plainer, browner teas were lower and witnessed a lot of withdrawals, the auctioneers Forbes, Ewart & Figgis said.In Sale No 32, the quantity on offer in CTC dust was 11,55,000 kg. Exporters operated with lower limits.In orthodox dust, primary grades were barely steady and others were lower. The quantity on offer was 12,500 kg and exporters continued to be the mainstay.

In the Cochin CTC dust quotation, good varieties fetched prices between **Rs.** 107-155, mediums quoted **Rs.** 75-130 and plain grades realised **Rs.** 62-73.

B/L-14/08/2017

VEGETABLE OIL IMPORTS SURGE 34 PER CENT IN JULY

India's vegetable oil imports reported a sharp increase of 34 per cent for the month of July 2017 at 1,524,724 tonnes compared to 1,140,685 tonnes in the same month last year.

However, overall vegetable oil imports for the first nine months of the current oil year (November 2016 – October 2017) stood at 11,388,296 tonnes as compared to 10,903,728 tonnes last year, showing a 4-per cent increase.

According to data compiled by the Solvent Extractors' Association of India (SEA), total edible oil imports stood at 11,101,095 tonnes for the nine-month period, which is higher by close to 3 per cent year-on-year.

During the November 2016-July 2017 period, import of refined oil (RBD Palmolein) sharply increased to 2,197,455 tonnes from 1,984,069 tonnes in the same period last year, Also, import of crude oil increased to 8,903,640 tonnes from 8,803,813

tonnes during the same period of last year.
B/L-15/08/2017

VOLATILE TREND AHEAD OF FESTIVAL SEASON SPICES UP JEERA

Jeera prices have surged over Rs. 1,000 per quintal in the past two months on short supplies and higher demand as the festival season is set to begin. While supplies are still short, trade sources indicated further volatility ahead for the commodity. However, at the National Commodity and Derivatives Exchange (NCDEX), jeera for immediate month delivery fell on Monday to close at Rs. 19,005 per quintal, down Rs. 135 from the previous close. Spices trader Bhavesh Patel from BT Enterprises in Unjha stated that lower availability of the commodity with stockists has pushed up the prices. “In the international market, too, the supply was thin, thereby leading to an increase in Indian jeera demand overseas. This has jacked up the prices in the past month,” said Patel, adding that the trend may continue till the September-October festival season.
B/L-16/08/2017

GOVERNMENT BANS EXPORT OF GOLD ITEMS ABOVE 22-CARAT PURITY

NEW DELHI: The government has banned exports of gold jewellery, medallions and other articles above 22- carat purity in a bid to check round tripping of the precious metal.

In a notification, the Directorate General of Foreign Trade (DGFT) has said certain provisions of the foreign trade policy (2015-20) are "amended to allow export of gold jewellery (plain or studded) and articles containing gold of 8 carats and above up to a maximum limit of 22 carats only

From domestic tariff area and export-oriented units, electronics hardware technology parks, software technology parks and bio technology parks".

This means that export of gold jewellery, medallions and other articles of the precious metal above 22 carat purity is not permitted by any exporter, including from these parks, which are meant for sector-specific shipments.
Economic Times

EXPORTS NEED TO GROW AT 26.5% ANNUALLY FOR INDIA TO GRAB 5% SHARE OF THE WORLD TRADE - SURVEY SUGGESTS TARIFF CUTS, PRUNING EXPORT SCHEMES

Exports need to grow at 26.5% annually for the next five years for India to reach a 'respectable' 5% share in the world trade from the existing 1.7% it has been struck at since 2011, according to the second part of the Economic Survey for 2016-17.

This could be achieved only through reforms in trade policy by diversifying exports, rationalizing tariffs and developing world class export infrastructure, it added. Making a case for lowering average applied tariff, the Survey stated that there is scope for reduction by selectively bringing down tariffs across many lines, while retaining higher tariffs for sensitive and important items.

On a bold note, it further proposed that bound tariffs(ceilings) committed to at the World Trade Organisations could be reduced which can help India to take a more Proactive role in multilateral and bilateral negotiations. India's negotiating team at the WTO, at present, is focused on getting a fair deal in the area of agriculture subsidies and protecting sensitive items against import surges and has not shown any interest in negotiating tariff reduction.

TRADE POLICY

Highlighting the importance of the forthcoming review of the country's Foreign Trade Policy next month, the Survey said that the review exercise is particularly important in the light of recent international developments and special efforts are needed to not only review but accelerate India's exports.

India's exports grew 4.7% in 2016-17 after two years of continuous decline. In a suggestion that the exporters might not treat with enthusiasm, the Survey proposed that some export promotion schemes could be phased out if tariffs are reduced to realized or near realized levels, while others could be streamlined as many duties have been subsumed under GST.

The Duty drawback rates (refunds given to exports in lieu of input duties paid) can also be revised downwards and the revenue saved could be used for export marketing efforts. To increase exports, the Survey made a case for a demand based export basket diversification rather than a mere supply based strategy.

It also stressed that world class export infrastructure and logistics, especially port- related, need to be developed on a war-footing. For greater States' participation in exports, devolution of funds to States need to be linked with their export effort, it suggested.

GREEN SHOOTS

On a positive note, the Survey said that some green shoots have started to appear on the trade horizon with World trade growth projected at 3.8% and 3.9% in 2017 and 2018, India's exports continuing to be in positive territory for the fourth consecutive month in May and in double digits in AprilMay 2017.

All external sector indicators like reserves cover for imports, external debt to GDP ratio, foreign exchange reserve cover for external debt and debt servicing ratio, too, are in the comfort zone.

It, however, cautioned that rising trade deficits on the domestic front and rising protectionist tendencies on the global front are things to watch in the short-term.

On currency fluctuation, the Survey pointed out that while the rupee has been one of the most stable currencies among EMES the appreciation of the real effective exchange rate (REER) indicates that India's exports have become slightly less competitive.

Lauding the government's move to bring FDI in most sectors under automatic approval route, except a small negative list, the Survey said that it resulted in FDI equity inflow of $43.4 billion in 2016-17, which is not only an increase of 8% over the previous year, but also the highest ever equity inflow.

IGST EXEMPTION: SMALL EXPORTERS FACE UNCERTAINTY

Small exporters continue to face problems in securing exemption from paying Integrated Goods & Services Tax (IGST) on their shipments as Customs officials use their discretion to decide which exporter needs to furnish bank guarantees — instead of only a bond — in the absence of detailed guidelines on the matter. Althought the Commerce Ministry is in discussions with the GST Council on the matter to see if the issue can be resolved through broad guidelines to check the discretionary powers of Customs officials, exporters are unhappy with the piece-meal redressal.

"Problems should be addressed at one go. On bank guarantees and bonds, the government has issued at least four instructions and things are still not smooth. Exporters don't even know the time-line prescribed for acceptance of bond/LUT, and so accountability cannot be enforced when there is a delay," pointed out Director General & CEO, FIEO. Commerce Ministry officials are trying to sort out the problem.

"The problems of status holders and other large exporters have largely been sorted out, with the Centre deciding to accept Letters of Undertaking (LUTs) instead of bank guarantees.

We are in talks with the GST Council to see if some specific guidelines could be issued for small exporters to sort out their problem," the official said. According to the Central Goods and Services Tax Rules, 2017, exporters of goods without payment of integrated tax are required to furnish only an LUT instead of a bank guarantee if they are status-holders as specified in the Foreign Trade Policy or have sizeable inward remittances.

The instruction adds that smaller exporters with a good track record will have to furnish a bond on a non-judicial stamp paper while those whose export record is not good will have to furnish a bank guarantee. Since it is the GST commissioner who gets to decide whether the small exporters' track record is good or not, there is a lot of discretion involved.

"There are excellent officials who are taking a broad view and asking for only bonds. But there are others who insist on bank guarantees as well, causing distress to exporters," DG & CEO, FIEO said. Furnishing of bonds supported by a bank guarantee blocks the working capital of exporters as they have to make a margin money deposit against the guarantee.

A MONTH ON, EXPORTERS FLOOD GST CELL WITH REFUND QUERIES

More than a month after the government set up a cell in the commerce ministry to make exporters familiar with the recently introduced Goods and Services Tax, it is still flooded with queries, mostly related to refunds and blocking of working capital. "Govt gets more than 50 GST queries on Twitter every day, almost a hundred emails and phone calls at various centres," said an official. The main concern of exporters is working capital getting locked up due to GST.

According to industry estimates, over Rs 1.85 lakh crore belonging to exporters will get stuck with the government due to GST every year. Prior to the implementation of GST, exporters used to get exemption from duties. Now, they have to pay the duty first and then seek a refund, a process that ties up a portion of their working capital with the government and pushes up manufacturing costs. Exporters have to arrange money for inputs, manufacturing and payment of duties and taxes. "Members have informed us that it would be impossible for them to export in August and September as per this refund time schedule.

We request the finance ministry to make GSTN (Goods and Services Tax Network) operative for processing returns and refunds," EEPC India, the apex body for engineering exports, said in a communication to the finance and commerce ministries. GSTN will operate a uniform interface for taxpayers and a common and shared IT infrastructure between the Centre and the states. The portal will provide an IT backbone for the smooth functioning of the GST regime so that the nation can be leveraged as one market with minimal indirect tax compliance costs. The liquidity problem will reduce the competitiveness of exporters by 2% due to the interest burden on them, according to Director General & CEO, Federation of Indian Export Organisations (FIEO).

Other issues flagged include paying IGST or taking exemption under Letter of Undertaking or bond, which increases compliance costs. Integrated GST (IGST) is collected by the Centre on the interstate supply of goods and services and is also applicable to imports.

"Govt is in consultation with the finance ministry and have recommended some ways of resolving the issue," the official said, adding that the government tries to resolve exporters' queries in a day or two.

RUPEE RISE CAN HURT MANUFACTURING, EXPORT PUSH, WARNS DBS

Singaporean lender DBS said it "suspects" that there has been a change in the stance by the authorities to let the rupee appreciate more, but warned that it can hurt manufacturing and exports.

The competitiveness-related worries can be mitigated by other factors, it added. "As the rupee strengthens, one question is whether the authorities' stance towards the currency has changed. We suspect it has," the note, which comes amid a 6.8 per cent rise in the rupee this year, said. It said that both domestic and global factors are resulting in the rupee rise, but pointed out the differences in the official response this time around. In the past, a strong appreciation in the rupee used to result in a "talk-down" to contain the gains, which is absent now, with officials saying this reflects the economy's improving prospects and positive reforms. "Gains are being perceived as a sign of strength rather than a challenge to competitiveness," it said, adding that chief economic advisor is in a minority, which has been flagging risks of currency appreciation.

"A competitive currency would have added to the country's allure as a manufacturing destination. This is particularly crucial under the 'Make in India' umbrella," the report added. The RBI, the note said, has been "more tolerant" of the rupee strength and has focused its interventions to minimise volatility, rather than defending a particular level.

The rupee strength on real/nominal effective exchange basis is not seen as a constraining factor, it said. Flagging the risks of the appreciation, it said a strong currency is a "threat" and it may hurt manufacturing and exports. "Service exports are more vulnerable, given the limited scope of imports-dependency. A strong rupee is negative for exports and poses a threat to IT exports, eating into profit margins." The note said generally, the impact on exports shows with a lag of three to four quarters. In what can be a positive, it said, the import content of exports grew to 25 per cent in 2010-11 from under 10 per cent in the 1990s. However, sectors like gems & jewellery with low import dependency and higher labour intensity are more sensitive to rupee movements. It said there are positives from a stronger currency, like it being positive for inflation, citing RBI estimate that says a 5 per cent rupee rise leads to a 0.10- 0.15 per cent decline in the headline inflation. Imports will also be cheaper, which is a positive for consumers' purchasing power. On the factors that can mitigate, it said strength in global demand matters and additionally, commodity prices have also helped this year. "Factors that improve productivity and thus lower costs of manufacturing/ exports are also important – labour costs, logistical constraints, quality considerations, ease of doing business, tax systems and the regulatory environment," it said, adding work is happening on all these. Giving its outlook, the note said the appreciation may continue on the back of a weak dollar and domestic positives.

It also warned that an inflows-driven rally in the currency also runs the risk of reversal should the risk sentiment weaken unexpectedly.

It can be noted that in 2013, the rupee was one of the worst performing currencies in the world following the 'taper tantrums' by the US Fed which led to massive outflows from the country and the rupee falling to a life-time low of Rs 68.85 to a dollar in August that year.

BUFFALO MEAT EXPORT DIPS 3.4% TO USD 3.92 BN IN FY'17

Buffalo meat export fell by 3.4 per cent to USD 3.92 billion last fiscal due to devaluation of currency in Brazil, Parliament was informed. However, the export rose marginally in quantity terms at 13.30 lakh tonnes last fiscal from 13.14 lakh tonnes in 2015- 16 financial year. According to the data tabled by Commerce and Industry Minister in the Rajya Sabha, the country exported 13.14 lakh tonnes of buffalo meat for USD 4.06 billion in 2015-16.

In 2014-15, buffalo meat export stood at 15.03 lakh tonnes for USD 4.78 billion. "Export of meat has been slightly on decline due to impact of devaluation of currency in Brazil making the exports from India less competitive in 2016-17," Minister said in a written reply.

FARM EXPORTS DECLINE TO $34 BN

India's agricultural exports have declined to $33.87 billion in 2016-17 from $43.23 billion in 2013-14, Parliament was informed. The primary reasons for decline in export of agricultural commodities are low commodity prices in the international market, "which has made our exports uncompetitive," Commerce and Industry Minister said in a written reply to the Rajya Sabha. However, import of agricultural commodities (including plantation and marine products) in 2016-17 rose to $25.09 billion from $15.03 billion in 2013-14.

OILMEAL EXPORTS JUMP 54% DURING APRIL-JULY

Triggered by a sharp surge in soyameal exports, India's overall oilmeal exports reported an increase of 54 per cent at 638,468 tonnes during April-July 2017 against 413,341 tonnes reported in the same period last year. According to data compiled by the Soyabean Processors Association of India (SOPA), the country's soyabean meal exports stood at 4.69 lakh tonnes compared with 1.19 lakh tonnes in the same period previous year, showing a surge of 292 per cent on year-onyear basis. According to the Solvent Extractors' Association of India (SEA), "In the last three months, export of oilmeals improved compared to the previous year, thanks to good monsoon, better oilseeds production and price parity. In percentage terms, exports showed improvement, but still they were lower compared to earlier years." It may be also noted that India faced drought years during 2014-15 and 2015-16.

During this period, production of oilseeds was hit and the exports of oilmeals were dropped to the lowest level. However with good monsoon last year, exports revived to some extent, SEA added. SOPA, however maintained that during the current oil year (October-September 2016- 17), total soyameal exports during October 2016 to July 2017 stood at 16.46 lakh tonnes against 3.48 lakh tonnes during the same period last year, showing an increase of 372.72 per cent.

Banking&Taxation

GOVT NOTIFIES TIMELINE FOR FILING OF TAX RETURNS UNDER GST

The government has notified the timeline for furnishing final tax returns for July and August under the Goods and Services Tax (GST) regime. The GST Council, chaired by Finance Minister and comprising state counterparts, had in June allowed businesses extended timeline for filing final GST returns in forms GSTR-1, GSTR-2 and GSTR-3 for July and August. In the interim period, businesses have to file GSTR-3B which is a summary of self assessed tax liabilities with consolidated details of outward supplies and input credit. The Central Board of Excise and Customs (CBEC) has now notified the dates for filing the GST returns forms. As per the notification, outward supplies in Form GSTR-1 for the month of July will have to be filed between September 1-5. For August, it has to be filed between September 16-20.

The original date for filing GSTR-1 was 10th of next month. Details of inward supplies in Form GSTR-2 for July will have to be filed between September 6-10. For August, the date is September 21-25. The original date for filing of GSTR-2 was 15th of next month.

Form GSTR-3 for July will now have to be filed between September 11-15 and for August the date is September 26-30. The original date for filing GSTR-3, which is the monthly return on the basis of finalisation of details of outward supplies and inward supplies along with the payment of amount of tax, was 20th of next month. As regards GSTR-3B, the GST Network portal has started the facility for filing of July returns from August 5. The last date for filing the GSTR-3B for July 2017 is August 20, while the same for the month of August 2017 is

September 20. Over 71.30 lakh excise, service tax and VAT payers have migrated to the GSTN portal and over 15 lakh new assessees have registered on the platform. GST, which has subsumed over 17 different levies, has kicked in from July 1.

‘CASUAL TAXPAYER’ REGISTRATION GOES LIVE ON GSTN PORTAL GST

Network said it has started the facility for registration of casual taxpayers – those who conduct businesses occasionally. A casual taxpayer is a person who occasionally undertakes business transactions in a state/ Union Territory where he/she has no place of business. Goods & Services Tax Network (GSTN) Chairman said that the registration as ‘casual taxpayer’ will be valid for 90 days. The tax payer will also have the option to extend the registration duration once for a maximum of 90 days before the expiry of the initial period for which registration was granted. “A taxpayer must go for registration as casual taxpayer at least 5 working days prior to the commencement of business,” it said.

Rather than registering as regular taxpayer and being required to file ‘nil’ returns during off-business months, casual taxpayers can enrol for a limited period of time, GSTN said in a statement. After a taxpayer has opted to register as a ‘casual taxpayer’, a challan has to be generated after giving estimated values of supplies and tax and cess liability during the period of registration.

The taxpayer has to make advance tax payment using the payment modes available at the GST portal, thereby completing the second stage of registration, it added.

“In case such a taxpayer has deposited advance tax but does not wish to continue the business, the taxpayer can apply for a refund at the time of filing application for surrender of registration,” GSTN said, adding a casual taxpayer is not allowed to opt for the composition scheme.

Composition scheme allows businesses to pay taxes at a concessional rate and makes tax compliance easy. the Goods and

Services Tax was rolled out from July 1 and the process of the first return filing in form GSTR–3B for the month for July has already started on the GSTN portal.

GST IMPACT ON MOTOR VEHICLES: COUNCIL OKAYS HIKE IN CESS ON SUVS, LUXURY CARS FROM 15 TO 25%

Goods and Services Tax (GST) Council, in its 20th meeting, authorised the Union government to move legislative amendments to increase ceiling of cess on motor vehicles to 25 per cent from present 15 per cent, the Finance Ministry informed. The official Twitter handle of the ministry also stated that GST Council will take the decision on when to raise the actual cess on motor vehicle in due course of time.

"GST Council in its 20th Meeting considered the issue that total tax incidence on motor vehicles after GST has come down. It recommended that Central Govt may move legislative amendments to increase max ceiling of cess on motor vehicles to 25% from present 15%," the Finance ministry tweeted. "However, the decision on when to raise the actual cess leviable on the motor vehicles will be taken by the GST Council in due course," it added. As per council's earlier decision, large motor vehicles including SUVs, mid-segment cars, large cars, hybrid cars and even hybrid motor vehicles had a cess of 15 per cent in addition to the GST rate of 28 per cent. Also the small petrol cars had a cess of 1 per cent, while the cess for small diesel cars was at 3 per cent. The finance ministry had recently said that after introduction of GST, the total tax on motor vehicles (GST plus compensation cess) has come down vis-a-vis the total incidence in pre-GST regime. The GST Fitment Committee, which is accountable for calculating the tax rates on various goods and services, during its recent meeting felt the total tax incidence in GST seems to have come down vis-a-vis pre-GST total tax figure. The highest pre-GST tax incidence on motor vehicles worked out to be around 52-54.72 per cent, to which 2.5 per cent was added on account of CST, Octroi etc.

ECONOMY

PRIME MINISTER SEEKS TO INCLUDE VIEWS OF YOUNG BLOOD IN POLICYMAKING

Prime Minister will interact with young entrepreneurs, including startup founders and CEOs, later this month to get their views on policymaking in the first such exercise in the country. The NITI Aayog has shortlisted 150 names each to participate in two meetings that the PM will chair: first on August 17 with young entrepreneurs and the next on August 22 with young CEOs. The participants have been selected from all over the country and across sectors. The idea is to incorporate fresh and innovating thinking into policy making. "For further accelerating the growth process as well as realising the vision of Sabka Saath, Sabka Vikaas, it is imperative that the dynamism, resources and innovative spirit of the leaders in private sector is focussed towards the emerging opportunities and challenges in the Indian economy," NITI Aayog CEO said in a letter to those shortlisted for the events.

"NITI is organising an interactive session between the prime minister and a group of highly motivated, dynamic, young and progressive entrepreneurs of private sector who have demonstrated a passion for transforming India and are emerging as champions of change for the country," Niti Aayog said. The 150 shortlisted young entrepreneurs would be segregated into six thematic groups: New India 2022, Digital India, Emerging a Sustainable Tomorrow, Health and Nutrition, Education and Skill Development, and Soft Power. Likewise, the young CEOs would deliberate on six subjects: New India by 2022, Make in India, Cities of Tomorrow, World Class Infrastructure, Doubling Farmers' Income and Financial Sector Reforms. The event is likely to see the private sector committing on job creation, income enhancement and technology disruption and innovation while seeking government support on ease of doing business and governance and policy. Each group would brainstorm through the morning, generating an action plan on its respective theme. This would cover topics such as the desired policy interventions by central and state governments, private sector contributions and disruptive tech that could guarantee inclusive development. The plans would then be presented before the PM and some of those could find their way into government policies.

99 FDI PROPOSALS PENDING: COMMERCE MINISTER

There are a total of 99 foreign direct investment (FDI) proposals pending in various ministries and departments, with almost half of them being examined by the Department of Industrial Policy & Promotion (DIPP) which is responsible for clearances in the retail sector. In a written reply to the Rajya Sabha, Commerce and Industry Minister said the work of granting approval for foreign investment in 11 notified sectors/activities under FDI policy has now been entrusted to the concerned administrative ministries or departments. While 48 such proposals were awaiting approval in the DIPP, there are 14 proposals pending with the Department of Pharmaceuticals, 13 proposals with the Department of Economic Affairs, eight proposals with the Department of Telecommunication and five proposals with the Ministry of Home Affairs. Following the dismantling of the Foreign Investment Promotion Board, as per the Standard Operating Procedure for clearing FDI proposals, the DIPP has been allocated responsibility for clearances to single brand, multi-brand and food product retail trading. It is also to clear FDI proposals by NRIs. Applications relating to issue of equity shares under the FDI policy under the Government route for import of capital goods/machinery/equipment (excluding second-hand machinery) and also those relating to issue of equity shares for preoperative/pre-incorporation expenses are to be cleared by the DIPP.

FARM SECTOR GETS 354.77-CR FDI IN APRIL-MAY

India's farm sector received foreign direct investment (FDI) worth ₹354.77 crore during April-May this year, Parliament was informed. The data in this regard was placed before the Lok Sabha by Minister of State for Agriculture. As per the data, the country had received total ₹515.49 crore FDI in the agriculture sector during the 2016-17 fiscal, as against ₹553.14 crore in the previous year. In 2014- 15, the FDI in the farm sector stood at ₹365.31 crore, the Minister said in a written statement.

GEMS & JEWELLERY Q1 EXPORTS RISE 4%

Gems and jewellery exports grew by about 4 per cent to USD 9.17 billion during the first quarter of the current fiscal, driven largely by demand in major markets like the US. In the April-June quarter of last financial year, the sector's exports aggregated to USD 8.84 billion, according to the data from Gems and Jewellery Export Promotion Council (GJEPC). The labour intensive sector contributes about 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. Silver jewellery exports increased to USD 1.71 billion during April-June 2017-18, from USD 958.65 million a year ago. Similarly, shipments of gold medallions and coins registered a growth of about 42 per cent to USD 1.51 billion during the period under review. Gold jewellery shipments recorded a meagre growth of 1.78 per cent during the first three months of the current financial year. Exports of cut and polished diamonds, coloured gem stones and rough diamonds also reported positive growth. India's main export destinations include Europe, Japan, China and the US. According to the GJEPC data, imports of rough diamonds rose by 17 per cent to USD 5.4 billion in April-June 2017. Imports of gold bars, however, dipped by about 57.43 per cent to USD 569.12 million.

{From 5th Page to 18th page news were taken by FIEO news}

ARTICLES

GST: MORE CLARIFICATIONS FROM CBEC ON LETTER OF UNDERTAKING FOR EXPORTS

The Central Board of Excise and Customs had issued circulars 2/2/2017-GST and 4/4/2017-GST to clarify the issues relating to furnishing of bonds/letter of undertaking (LUT) for exports without payment of IGST. Considering the large number of representations, the CBEC issued circular 5/5/2017-GST on August 11, 2017, clarifying as follows:

Eligibility to export under LUT: Any registered person, who has received a minimum foreign exchange inward remittance of 10 percent of export turnover in the preceding financial year is eligible for submitting LUT, provided that the amount of foreign inward remittance should be minimum Rs 1 crore. A status holder as specified in paragraph 3.20 and 3.21 of the Foreign Trade Policy 2015-2020 can submit an LUT.

Form for submission of bond/LUT: Bonds are furnished on non-judicial stamp paper, while LUTs are generally submitted on a letterhead containing signature and seal of the authorised person.

Time for acceptance of bond/LUT: The bond/LUT should be accepted by the authorities within a period of three working days from the date of submission of bond/LUT along with complete documentation.

Procurements by merchant exporters under form CT 1: The facility of procurement of goods without payment of excise duty under form CT 1 by merchant exporters is no longer available. The merchant exporters have to procure the goods on payment of GST.

Supplies to export oriented units: Supplies to EOUs do not enjoy any benefit of zero rating and are subject to tax similar to any other taxable supply.

Acceptance of LUT in case of payment in Indian Rupees for supplies made to Nepal, Bhutan, and special economic zones: Acceptance of LUT instead of a bond for supplies of goods to Nepal or Bhutan or SEZ developer or SEZ unit will be permissible irrespective of whether the payments are made in Indian currency or convertible foreign exchange as long as they are in accordance with applicable Reserve Bank of India guidelines. However, the supply of services to Nepal or Bhutan will be deemed to be an export of services only if payment for such services is received in convertible foreign exchange.

Submission of bank guarantee along with bond: Circular 4/4/2017 provided that in the case of submission of a bond, the bank guarantee should not normally exceed 15 percent of the bond amount and the commissioner may waive off the requirement to furnish a bank guarantee, considering the facts of each case. Some of the cases, where the commissioner can waive off bank guarantee are as under: a) in the case of an exporter registered with a recognised export promotion council, if he submits a self-attested copy of the proof of registration with a recognised Export Promotion Council; or b) if the condition of receipt of 10 percent foreign inward remittance, subject to a minimum of Rs 1 crore (as mentioned above), is not fulfilled by a registered person in one state but the condition is fulfilled for the entity as a whole (including registrations in all states).

Jurisdiction for submission of bond/LUT: The bond/LUT submitted by an exporter will be accepted by the DC/AC having jurisdiction over his principal place of business. The exporter can submit a bond/LUT to the central tax authority or the state tax authority, till the administrative mechanism for assigning taxpayers to respective authority is implemented. However, the central tax officers will facilitate all exporters, whether or not they were registered with the Central Government in the earlier regime.

Documents for LUT: Documents submitted as proof of fulfilling the conditions of LUT shall be accepted unless there is evidence to the contrary. Further, the self-declaration of documents should be accepted unless there is specific information otherwise and verification, if any, may be done on post facto basis. For status holders, a self-attested copy of the proof of status should suffice.

Time of applicability of the circulars: Applicability of all the instructions and clarifications issued relating to submission of bond/LUT in previous circulars as well as present circulars are applicable for exports on or after July 1, 2017.

Bloomberg

EXPORT REVIVAL

Amidst the general lack of optimism on industrial growth, what has generally gone unnoticed is the quiet improvement in India's merchandise export performance. This began in 2016-17 and has continued into this fiscal, with merchandise trade growth up 8.9 per cent in April-July 2017, even as July posted a growth of 4 per cent. While there can be no denying that a growth rate of 5.3 per cent in value terms in 2016-17 comes after two consecutive years of negative growth (minus 15.5 per cent in 2015-16), pointing to a 'base effect', it is surprising that improvement should have taken place amidst sluggish trends in world trade. Further, it seems to have bucked the demonetisation effect. A plausible factor at work here is the execution of earlier orders. What seems to have helped lift exports is the uptick in commodity prices, reflected in the turnaround in petroleum and ore and minerals exports. Engineering goods and gems and jewellery, which account for 38 per cent of India's exports, recorded growth rates of nearly 11 per cent each, against minus 17.2 per cent and minus 4.8 per cent, respectively, in 2015-16. With agriculture and marine products exports also showing a sharp jump, after a degrowth in 2015-16, it would seem that the export turnaround in 2016-17 has been broadbased, even as labour-intensive sectors such as textiles and leather, besides drugs and pharma, registered negative growth. The growth has been geographically dispersed as well, with exports to Europe, the US and China up by 5.5 per cent, 5 per cent and 13.1 per cent, respectively, in 2016-17.

It is surprising that exports have performed well despite the rupee remaining firm right through the year. This raises larger questions about whether policymakers at times focus too much on the currency alone as a determinant of exports. India's efforts at improving export and import procedures may have helped, a factor that has helped it improve its 'ease of doing business' ranking. It is important to focus on logistics, product development and quality as well.

While it certainly helps India's cause that world trade growth (of goods and services) is expected to touch 4 per cent this year and 3.9 per cent in 2018, against 2.3 per cent in 2016 and 2.5 per cent in 2015, there are worries on the services trade front. Services exports were down 0.3 per cent in dollar terms this June, as against a positive growth of 4 per cent in May 2017. In 2016-17, net invisibles receipts fell 10 per cent, owing to, as Economic Survey 2016-17 puts it, "a decline in net receipts of software, insurance and pension services, charges for use of intellectual property rights..."

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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.