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iiem
1953 4th Main 9th Cross New Thippasandra Bangalore, Karnataka – 560075
(080) 2529-2553 or (080) 48147141
info@iiem.com or ask@iiem.com

www.iiem.com

www.iieminfo.com

Compiled By Mr. Sathish B R

WEEKLY E-NEWSLETTER
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UP SUGAR MILLS DEMAND STATUS QUO ON CANE PRICES

Sugar mills in Uttar Pradesh have urged the State government not to increase sugarcane prices tobe given to the farmers as it would hit them.This is even as the State is likely to register a record sugar output of around 10 million tonnes in the forthcoming season starting next month.Last year, the outgoing Samajwadi Party had hiked the State advised price (SAP) by Rs. 25 and fixed it at Rs. 305/quintal.While the millers are seeking a status quo on the SAP, growers — at a recently held cane price fixation meeting by the Cane Commisioner — had demanded the SAP to be raised to Rs. 400 a quintal for the forthcoming season, a source said.Among the millers' demands were: not to increase the sugarcane prices, choice of paying the sugarcane prices in two instalments and capping the commission to co-operative societies to Rs. 2/quintal against Rs. 7.65 presently.The Central government in April this year set the fair and remunerative price of sugarcane at Rs. 255 per quintal for the forthcoming season beginning October against Rs. 230 last season.
B/L-27/9/2017

TELANGANA COTTON FARMERS TO FLAUNT ID CARDS WITH QR CODE
Cotton farmers in Telangana will soon be getting identity cards with a QR (Quick Response) code from the next procurement season.These ID cards will be accepted at the procurement centres of the Cotton Corporation of India (CCI) when the farmers go there for selling their produce.A QR code captures unique information of an individual that can be read electronically by imaging devices like cameras and smartphones.The decision has been taken at a review meeting held here on Monday."This will enable timely procurement of cotton in a transparent manner. This will help farmers avoid middlemen in the procurement process," an official statement has said.The farmers will get the cards by October 10 so that they can use the cards from this season itself.The officials are building a database of cotton farmers in the State.
B/L-28/9/2017

SPICES EXPORTS JUMP 35% IN FIRST QUARTER

Boosted by large shipments of chilli, spices exports grew 35 per cent in quantitative terms in the first quarter of FY18 and rose to Rs. 4,589.14 crore during the period.The total export of spices rose to 3,06,990 tonnes in terms of quantity in the April-June period as compared to 2,27,938 tonnes in the first quarter of FY17.Chilli became the most exported spice in the April-June period with the shipment of 1,33,000 tonnes, fetching Rs. 1,198 crore. It has been the Indian spice in most demand and has fulfilled the increasing international appetite for quality spices.Garlic risesThe Board's efforts to promote garlic have resulted in a substantial increase in its exports, Spices Board Chairman A Jayathilak said.Garlic has registered the maximum growth in terms of quantity and value. It contributed substantially to the overall exports during the period, rising 107 per cent in value terms and 169 per cent in quantity.

B/L-29/9/2017

NILGIRIS PLANTERS SEEK ACTION AGAINST TEA ADULTERATION

Nilgiri planters have urged the Tea Board and district administration to take severe action against rampant adulteration of tea in the picnic spots of the district."Some unscrupulous retailers are selling packet teas in the market without conforming to law. This is a serious challenge faced by the industry in marketing quality teas. It is common to see Nilgiris adulterated teas being sold at various picnic spots in the district to unwary tourists," Mohamed Iqbal, Chairman, Nilgiri Planters' Association (NPA) said in his presidential address at the 126th NPA Annual General Meeting."We appeal to the authorities concerned for strict enforcement of relevant laws and to keep a constant vigil on spurious teas marketed rampantly," he added.

B/L-30/9/2017

PULSES TRADE NEEDS REGULATION, MONITORING

For the second year in a row, the country is poised to harvest a large crop of kharif pulses, with the output estimated at 87 lakh tonnes (lt).Although below last kharif's record production of 94 lt, this year's crop size is still considered large, especially compared with the previous five-year average of 56 lt. Planting was done on 141 lakh hectares, the second highest on record.A large inventory (a combination of indigenous and imported material) over and above the large harvest is already pressuring farmgate prices. This is despite the position that quantitative restriction on tur/ arhar, urad and moong is in place and export of these pulses has now been opened up.Prices are unlikely to rise anywhere close to the minimum support price (MSP) fixed for these pulses anytime soon. The MSP for tur/arhar is Rs. 5,450 a quintal, but market rates are about 20 per cent lower. The MSP for many of the pulses has been hiked perhaps with the good intention of supporting growers but with limited understanding of the global and Indian pulse market dynamics.Clearly, MSP has ceased to be an instrument to motivate growers and to influence cropping patterns.

B/L-02/10/2017

CENTRE PERMITS LETTERS OF UNDERTAKING FOR EXPORTS

In a move that could bring some relief to exporters, the Centre allowed them to furnish a letter of undertaking instead of a bank guarantee to export goods. Under the Goods and Services Tax (GST), exporters can get an exemption from paying Integrated GST by submitting a bond or a letter of undertaking. Many small exporters and industry bodies approached the Centre seeking relaxation of the rules, citing difficulty in furnishing bonds. “Small exporters have brought to the notice of the government the difficulties in furnishing bond with requisite bank guarantee,” the Finance Ministry said. “To facilitate exports under GST, it has been decided the facility of furnishing Letter of Undertaking, in place of a bond, for exporting goods or services or both shall be allowed to exporters and no bank guarantee will be required. “The issue of cash blockage is expected to be partially addressed by this measure,” according to an official statement. Exporters have been airing grievances with the government saying delays in refunds of input tax credit claims were resulting in working capital to the tune of about Rs 65,000 crore getting blocked. The Centre responded saying there was no blockage for two-thirds of this amount, and the wait for the balance was commensurate to that witnessed during the pre-GST regime. “This is much needed simplification which will help in reducing transaction time and cost of exporters,” said President, Federation of Indian Export Organizations said in a statement following the decision. “Micro and small exporters will be immensely benefited as they were struggling to get bank guarantee unless (they) furnish collateral to the bank which affects their liquidity and thus flow of working capital impacting production.” In a move that could bring some relief to exporters, the government has allowed exporters to furnish a letter of undertaking instead of a bank guarantee in order to export goods. Under the Goods and Services Tax (GST) regime, exporters can get an exemption from paying Integrated GST by submitting a bond or a letter of undertaking. Many small exporters and industry bodies have approached the government for a relaxation of these rules, citing difficulty in obtaining the bonds. "Small exporters have brought to the notice of the Government the difficulties in furnishing bond with requisite bank guarantee," the finance ministry said on Saturday. "To facilitate exports under GST, it has been decided that the facility of furnishing Letter of Undertaking, in place of a bond, for exporting goods or services or both shall be allowed to exporters and no bank guarantee will be required."

MERCHANT EXPORTERS SEND SOS TO FINANCE MINISTRY, SEEK TIMELY REFUNDS

Merchant exporters, reeling under a severe cash-crunch due to inordinate refund delays arising out of glitches at the GST network, urged the finance ministry to restore the exemptions they enjoyed earlier and also to speed up the refund process as they are forced to borrow to pay taxes now. Exporters under their umbrella body Federation of Indian Exporters Organizations (FIEO) met the finance ministry honchos and raised several issues arising from the new tax regime GST. The meeting assumes importance as exporters, especially small merchant exporters have been hit very badly following delays in tax refunds, forcing them to even stop taking fresh orders. The association warned that exports of tiles, handicrafts, textiles, agri-commodities may witness decline as such sectors are dominated by merchant exporters. "Merchant exporters account for over 30 per cent of total exports who usually work on thin margins of 2-4 per cent. GST has made their costing haywire, particularly for products having higher GST rates, as they've to pay GST and seek refund with a time lag," Fieo said in a statement. Many of these exporters have stopped entering into new contracts which will adversely impact exports in next quarter, it explained. Before the GST rollout, exporters had exemptions from Central and state taxes and now they want the same exemption continued against the electronic bond under the GST. Exporters are also seeking exemption from IGST against advance authorisation/EPCG and EOU scheme. These instruments earlier gave them exemptions from all Customs duties including CVD, SAD which are replaced by IGST on imports under GST from July 1 when the new tax regime was rolled out. Further, exporters also expect a revised refund procedure for an interim period. While there may be a few cases of this nature, it will allow testing of the new software for exports refund so that glitches, if any, may be addressed before the system is put to use by filing of refund applications from a large number of exporters. Exporters are also seeking duty drawbacks as they are paying basic Customs duty on the inputs. The micro and small exporters are particularly hit under GST as they have to borrow money to pay GST now. The credit availability and more so the cost of credit is adversely impacting them, the statement said, and urged government to consider introduction of e-wallet based on preceding year's exports and an average GST rate.

SHARE OF EXPORT IN GDP AT 14-YEAR LOW OF 19.4% SAILING THROUGH TROUBLED WATERS

The share of export in India's gross domestic product (GDP) declined to a 14-year low during the first quarter (Q1) of the current financial year (FY,18). Growth in export of goods and services has remained below overall economic growth since FY'15. Exports were up only 1.2 per cent at constant prices during the first quarter of FY18, against 5.7 per cent year-on-year (YoY) growth in GDP during the period. In value terms, India's exports has been stagnant at around ~24 lakh crore (at 2011-12 prices) in the past three years, against 24 per cent cumulative growth in GDP during the period. Export of goods and services accounted for 19.4 per cent of India's GDP at constant prices during April-June 2017 period, down from 20 per cent during FY'17 and 20.2 per cent during the corresponding quarter a year ago. At its peak, exports accounted for a little over a quarter of India's GDP during the financial year 2013-14. On the eve of economic reforms in 1991, exports accounted for just seven per cent of the country's GDP. "Acceleration in export growth was a key component of India's faster GDP growth during the post-1991 period. Exports have now crashed, pulling down India's overall GDP growth. Merchandise exports that used to be around \$27 billion per month three years ago are now down to around \$23 billion a month, creating an equivalent hole in the economy," says managing director, Equinomics Research & Advisory. After liberalisation in 1991, exports have Export share in India's GDP (% YoY) grew at twice the pace of underlying growth in the country's GDP for a significant period. For example, exports (at constant prices) grew at an average annualised rate of 13 per cent between FY91 and FY'14, against 6.5 per cent annualised growth in GDP during the period. India's exports are struggling despite a strong rebound in global trade. The World Trade Organization (WTO) has raised its forecast for 2017 trade expansion, following an acceleration in global trade growth in the first half of the year. Global merchandise trade volume is now estimated to grow by 3.6 per cent, against a previous estimate of 2.4 per cent. In comparison, the volume of global merchandise trade was up only 1.3 per cent in 2016. Stronger growth in the current calendar year is attributed to a resurgence of Asian trade flows and a recovery in North America's import demand. Goods exports from Asian countries are expected to grow by 6.4 per cent in the current calendar year, a sharp rebound from 1.8 per cent YoY growth last year. Similarly, global services exports were up 2.6 per cent during the first quarter of 2017 calendar year, against 0.4 per cent growth last year, according to the data from the WTO. Services, including software services, are one of India's biggest exports, valued at around $161 billion in the 2016 calendar year. India's inability to participate in the global trade boom is largely attributed to the country's export basket becoming increasingly uncompetitive due to a steady appreciation of the rupee, besides the economic disruption caused by demonetisation and the goods and services tax (GST).

FREE TRADE TALKS WITH EFTA GROUPING HIT IPR, SERVICES WALL

India's proposed free trade agreement with EFTA — a bloc comprising Switzerland, Norway, Iceland and Liechtenstein — has hit a rough patch, with the group of four insisting on stringent commitments in intellectual property rights without ceding ground in the matter of liberalising visas for professionals. "In the latest round of negotiations in New Delhi recently, both sides did not budge from their demands on IPR and services and there was not much movement in these two areas," a government official said. India and EFTA (European Free Trade Association) started negotiating a free trade pact in October 2008, shortly after India started FTA talks with the European Union. The four EFTA countries are not part of the European Union. The talks resumed in Geneva last year after a gap of three years. Indian negotiators said the EFTA countries, especially Switzerland, were very aggressive on IPR. "They are not satisfied with India being compliant with the provision of the World Trade Organization's TRIPS Agreement on intellectual property and want India to go beyond. That is very difficult for India," the official said. A number of Swiss pharmaceutical multinational companies, including Novartis and Roche, have been aggressively fighting for their patent rights in India over the past few years. In fact, Novartis had dragged the Indian government to court to seek more extensive patent protection in the country than granted by India's patent laws. The Court ruled against the company and upheld the clause known as Section 3(d), which prevents pharmaceutical companies from seeking patent protection on medicines that are cosmetically different from their older versions on which patents have expired. “One of the primary demands of EFTA countries is that India should drop Section 3(d). But India has to protect its generic companies, which supply cheap medicines to the poor not only in India but other regions, too, including Africa and Latin America. India can’t afford to agree to provisions that could lead to ever-greening of patents,” the official said. The other areas covered by the proposed FTA include market access in goods, services, investments and public procurement. “In services, India’s interest is in procuring more visas for its professionals and signing of mutual recognition agreements between professional bodies for easier movement of workers. “But the EFTA countries are not eager to move in this area,” the official said. In goods, both sides are willing to offer substantial market access, but India wants to move ahead only after getting something substantial in services. “India is a big market that the EFTA countries could benefit from if import duties are lowered. We are hopeful that in the next negotiating round, the bloc would make a better offer in services,” the official said. The trade gap is heavily in favour of the EFTA countries, with total two-way trade at $19 billion in 2016-17 and India’s exports at less than $2 billion.

INDIA TO UPGRADE ITS EXISTING FREE TRADE PACT WITH SOUTH KOREA

India has decided to upgrade its existing trade pact with South Korea, despite the domestic industry expressing concerns over the agreement disproportionately favouring that country. This follows Commerce and Industry Minister’s visit to Seoul last week to review the Comprehensive Economic Partnership Agreement (CEPA), which was signed between the two countries in 2009. Both countries have decided to finalise the CEPA upgrade negotiations at the earliest, possibly before the end of 2018. The issue of gold imports from Korea will also be discussed within the larger framework of the CEPA, a senior official said on condition of anonymity. The Directorate General of Foreign Trade (DGFT) notified last month the withdrawal of the zero-duty import facility for gold, silver, and their coins and articles. The facility was allegedly being misused for importing duty-free gold from Korea since July. Any move by India to widen the CEPA runs the risk of further angering domestic exporters, who claim the pact has disproportionately helped Korean exporters. For example, while India imported $12.58 billion worth of goods from Korea in 2016-17, its exports to the east Asian nation totalled only $4.24 billion. This ratio of inbound to outbound trade has only strengthened with time. However, a focus on enhancing market access and strengthening the rules of origin will be the key to India's position as it aims to improve the chances of Indian exporters, a commerce ministry official said. India will be cautious in broadening the terms of the deal at a time most of our existing bilateral trade engagements have been questioned for their efficacy in promoting exports, a commerce department official indicated recently. The Korean deputy minister for trade, industry and energy, had also batted for broadening the agreement, saying that headroom for growth was still available. "The CEPA has increased bilateral trade volumes by 50 per cent," it said, adding that the list of items covered can be increased further and the rules of origin should be strengthened. Commerce Minister raised India's concerns with nations looking to bypass the World Trade Organization while creating trade norms, at the 7th Asia-Europe Meeting in Seoul recently . Minister also underlined the importance of pushing services trade as a prime mover of global growth. Established in 1996, the grouping is a platform for non-binding discussion on economic and trade issues. It currently has 51 nations from the European Union and South Asia. India stuck to its position on treating development issues as a priority in trade talks and said e-commerce cannot be seen only as a tool for market access by developed nations, a senior official said.

GST 'A MAJOR ROADBLOCK' TO INDIABHUTAN TRADE TIES

Indo-Bhutanese trade has been hit because of infrastructural constraints at the Jaigaon Land Custom Station, particularly after the implementation of GST. According to a senior CGST official, the volume of trade between India and Bhutan through Jaigaon has dropped since July. After the roll out of GST, clearances are required online, unlike the earlier system when it was manual. Located in the Alipurduar district of West Bengal, Jaigaon is the most important border trading point with Bhutan, as it caters to around 90 per cent of the bilateral trade. During FY-16, exports from India touched $469 million, while imports were at $281 million. According to the July-August 2017 newsletter put out by the Bhutan Chamber of Commerce & Industry, as many as 350 Bhutanese trucks were held up for over a week across the Phuentsholing border (on the Bhutan side) due to inadequate custom facilitation at the Jaigaon Land Custom Station. Though the number of stranded trucks at present is down to 100 with a waiting period of two-to-three days, the situation is far from normal.

EXPORTERS REGISTER 600 TONNES OF PULSES AFTER LIFT OF EXPORT BAN

The government, which has been accused of doing little to ameliorate agrarian distress, can now claim some success. The decision to lift the 10-year ban on pulses export has resulted in as much as 600 tonnes registered in just 10 days. “The way traders have responded to the lifting of the ban, export will certainly go up in the coming days as the new crop arrival has also started,” a government official said. The opening of the export window will help lift the domestic prices of pulses to some extent, he added. Sources said, nearly 600 tonnes are registered with Agricultural and Processed Food Products Export Development Authority (APEDA) so far. Out of that, one consignment of about 500 tonnes is meant for Nepal. The other destinations where the Indian pulses have found a market include the Gulf countries and Canada.

The government on September 10 lifted the ban on export of tur, urad and moong dals, restricted since 2006, to ensure better prices for farmers who have started harvesting the new crop. CAR EXPORTS UP ONLY 2.6% IN 5 MONTHS Indian car exports, which expanded by 16 per cent in the last financial year, grew at a low single digit of 2.62 per cent during the AprilAugust period, thanks to a decline seen by leading exporters like Hyundai and Nissan. Both are seeing a double-digit decline in shipments. Data from the Society of Indian Automobile Manufacturers show that export of passenger vehicles (cars, utility vehicles and vans) from India expanded just 2.62 per cent during the April-August period of the current financial year to 303,801 units. In the corresponding period of FY’17, exports had grown 13.47 per cent to 296,148 vehicles. For the whole of FY’17, the country did a record export of 758,830 units. Exports had grown 12 per cent during the April-July period this year. However, a sharp decline of 25 per cent in August has softened the growth rate to a low single digit. Almost all leading players like Ford, Hyundai, Volkswagen and Nissan posted a double-digit decline in shipments last month.

TEA EXPORTS UP 4.6% DURING JAN-JULY

Tea exports from India grew 4.57 per cent during January-July of 2017, compared to the same period last year, on the back of increased purchases from Kazakhstan, Iran, the UAE, and Egypt. However, the shipment of tea to countries such as Russia, the UK, and Germany stagnated in the first six months. Although unit prices — both in terms of the dollar and the rupee — remained almost flat, the increased export volume at 121.13 million kg (mkg) led to an upturn of 7.16 per cent in forex earnings, which totalled $360.65 million during the period. According to exporters, there have been three unique trends in the export market this year. First, the average selling price of Darjeeling tea, available in limited quantity, has risen 50- 100 per cent both in auction as well as private sales, resulting in better price realisation.

SPICES EXPORT RISES 35% IN FIRST QUARTER

The total export of spices rose to 3,06,990 tonnes in terms of quantity during the period from 2,27, 938 tonnes a year ago. Chilli became the most exported spice during April–June 2017 with the shipment of 1,33,000 tonnes. “Chilli has been the most demanded Indian spice and has fulfilled the increasing international demand for quality spices in global markets. Moreover, Board’s efforts to promote garlic have resulted in substantial increase in its exports,” said Spices Board chairman. Garlic has registered the maximum growth in terms of quantity and value. It contributed substantially to the overall exports during the period, rising 169 per cent in quantity. Fennel registered a growth of 92 per cent in quantity. The exports of other seed spices such as mustard, aniseed and dill seed grew by 83 per cent in quantity. Increased demand for processed and value added spices resulted in an increase in the exports of curry powder and pastes, along with spice oils and oleoresins, accounting for a significant part in the spices export basket of the first quarter of the current fiscal, said a Spices Board release.

GEMS & JEWELLERY EXPORT DROPS 8% IN APRIL-AUGUST

Gems and jewellery export contracted 8.12 per cent to USD 13.5 billion during AprilAugust this year, data from the Gems and Jewellery Export Promotion Council (GJEPC) showed.

This compares with USD 14.7 billion in the same period last year. The labourintensive sector contributes about 14 per cent to the country's overall export. The drop in shipments is mainly due to negative growth in export of gold jewellery, gold medallions and coins and rough diamonds. Gold jewellery shipments during the period declined about 8 per cent to USD 1.30 billion.

Similarly, export of gold medallions and coins and rough diamonds contracted by 18 per cent and 5 per cent, respectively. However, silver jewellery export went up to USD 2 billion in April-August 2017-18, from USD 1.67 billion a year ago. Export of cut and polished diamonds reported a growth of just 0.51 per cent. India's main export destinations are Europe, Japan, China and the US. According to GJEPC, the sector is facing issues related to compliance of the Goods and Services tax (GST). It had demanded exemption from Integrated GST (IGST) on procurement of precious metals from nominated agencies for the purpose of manufacturing and export of jewellery. According to the data, import of rough diamonds rose by 8.84 per cent to USD 7.7 billion in April-August. Import of gold bars, however, slid 38.5 per cent to USD 1.26 billion.

BANKING/TAXATION/ CUSTOMS

TRADERS POSITIVE ABOUT GST BUT NEED HAND-HOLDING, SAYS PRIME MINISTER

With industry still uncertain about many aspects of the Goods and Services Tax (GST), Prime Minister asked Chief Secretaries to rope in district administration to help small traders. "The Prime Minister urged the Chief Secretaries to use the district administration, so that small traders are facilitated to access and adopt the new system (GST)," said an official release after the 22nd PRAGATI meeting. The Prime Minister said traders across the country are positive and are accepting GST but need hand-holding to resolve their problems. PM also stressed that small businesses must register with the GST Network, to take advantage of business opportunities. "The common man and the trader must benefit from this path-breaking decision," it said. The Prime Minister had also raised the issue at the Rajaswa Gyan Sangam earlier this month. Since then, the Central Board of Excise and Customs is also working on a strategy to bring exempt businesses with an annual turnover of less than ₹20 lakh under GST through a simpler compliance mechanism and more awareness. Nearly one crore businesses have now registered for GST as against the initial target of about 70 lakh to 80 lakh assessees. Meanwhile, the Prime Minister also called for sustained efforts to boost digital payments and work towards a less cash society. The Prime Minister also reviewed the progress towards handling and resolution of grievances related to the banking sector. PM also reviewed the progress of nine infrastructure projects in the railway, road, power, coal and gas pipeline sectors, spread over several States including Telangana, Karnataka, West Bengal, Manipur, Mizoram, Kerala, Tamil Nadu, Chhattisgarh, Jharkhand and Delhi. The India Myanmar Friendship Bridge was also reviewed. "These projects are cumulatively worth over ₹ 37000 crore," said the release.

GST IMPLEMENTATION: WORKING WITH MINISTRIES TO RESOLVE EXPORTERS' ISSUES, SAYS COMMERCE MINISTER

The commerce ministry is working closely with other departments to resolve exporters' problems, including those related to the GST, Union minister said. "Commerce Ministry is working very closely with other ministries to address problems faced by exporters. Discussed with (Finance Minister) again for GST and exports," the commerce and industry minister said in a tweet. Exporters body Federation of Indian Export Organisations (FIEO) has raised issues related to blockage of working capital and timely refunds of GST. The country's exports recorded a double digit growth of 10.29 per cent after a gap of three months to $23.81 billion in August, mainly on account of rise in shipments of chemicals, petroleum and engineering products.

NOD FOR PACTS BY EXIM BANK UNDER BRICS MECHANISM

Exim Bank can now enter into bilateral agreement for co-financing with large developmental institutions to ensure lending in single currency. This follows a decision by the Union Cabinet giving its approval to the signing of the Interbank Local Currency Credit Line Agreement and Cooperation Memorandum Relating to Credit Ratings by Exim Bank with participating member banks under BRICS Interbank Cooperation Mechanism. The move follows expiry of an initial Master Agreement in March. The agreement was on extending credit facility in local currency under the BRICS Interbank Cooperation Mechanism. It is understood that some of the member banks (like CDB and VEB; CDB and BNDES) have entered into bilateral agreements for local currency financing under the Master Agreement signed in 2012. Although the current conditions are not conducive to usage, it was useful to keep the same alive as an enabling feature in case a suitable opportunity materialises in future. As both the agreement and the MoU are umbrella pacts, and are non-binding in nature, the Board of Directors of Exim Bank have been authorised to negotiate and conclude any individual contracts and commitments within their framework, it added. The agreements will promote multilateral interaction within the area of mutual interest which will deepen political and economic relations with BRICS nations. Signing of the agreement will position Exim Bank in the international platform along with large development finance institutions, like CDS, VEB and BNDES. According to an official release, at an appropriate time, Exim Bank, leveraging this umbrella agreement, could enter into bilateral agreement with any of these member institutions to raise resources for its business. As and when an opportunity arises for cofinancing in commercial terms, by any two member institutions (say India and South Africa), lending in single currency by both the institutions would also be possible. Exim Bank finances, facilitates and promotes India's international trade. It provides competitive finance at various stages of the business cycle covering import of technology, export product development, export production and export credit at pre-shipment and post-shipment stages and investments overseas.

ECONOMY

FITCH LOWERS INDIA'S GROWTH FORECAST TO 6.9%

Fitch Ratings has lowered India's economic growth forecast for the current fiscal to 6.9 per cent from 7.4 per cent after the GDP growth "unexpectedly faltered" in the April-June quarter. The credit rating agency said however that it expects the economic activity to accelerate in the second half of the fiscal year with the waning impact of one-off events including the demonetisation shock in late 2016 and the GST rollout in July, which had dampened growth in the short term. "The large stock of non-performing loans on bank balance sheets could, however, dampen the outlook for credit growth and business investment," Fitch Ratings in its latest Global Economic Outlook (GEO). The Asian Development Bank (ADB) had last month slashed India's GDP growth forecast for the current fiscal to 7 per cent from 7.4 per cent owing to weakness in private consumption, manufacturing output and business investment. India had posted a 7.1 per cent growth in in 2016-17. ADB pencilled in 7.4 per cent for 2018-19, down from the earlier forecast of 7.6 per cent in July. Fitch Ratings said the global economy has improved markedly this year and is on course to recording its fastest expansion since 2010. India's GDP growth at 5.7 per cent in the first quarter (April-June), down from 6.1 per cent in the previous year, is "the lowest outturn since early 2013, and GDP has now been cooling for five consecutive quarters", it said. Economic activity in the quarter, it said, may have been disrupted by firms running down inventory ahead of the implementation of the Goods and Services Tax (GST) in July. The manufacturing sector lost steam in the quarter, growing at a meagre 1.2 per cent year-on-year. The primary sector also dampened growth, while construction and tertiary activity bounced back. On the expenditure side, net trade was a big drag on growth, with exports decelerating sharply (after an admittedly strong January-March print) and import growth remaining buoyant (at 13.4 per cent yoy). "In light of the poor 1H17 (first half of 2017) outturns, we have downgraded our forecast for FY17-18 (year-ending March 2018) to 6.9 per cent, a cut of 0.5 percentage points compared to the June GEO," Fitch said. Forecasting acceleration in activity in the second half of the current fiscal, it said consumption should drive the pick-up in growth. Investment is also expected to tick up in the quarters ahead, in part bolstered by ramped-up public sector infrastructure spending, Fitch said. The Reserve Bank of India (RBI) cut its policy rate to 6 per cent in August, resuming the monetary easing cycle initiated in early 2015. "However, monetary policy loosening has taken place in the context of rapidly falling inflation, implying that the RBI's policy stance as measured by the real policy rate has not been so accommodative," it added. The global economy has improved markedly this year but the current favourable mix of strong growth and highly- accommodative macro policies could be as good as it gets, it said.Global growth has been upgraded to 3.1 per cent in 2017 from 2.9 per cent in June, and 2018 growth has been upgraded to 3.2 per cent from 3.1 per cent.

INDIA IS WORLD'S 40TH MOST COMPETITIVE ECONOMY: WEF

India has been ranked as the 40th most competitive economy -- slipping one place from last year's ranking -- on the World Economic Forum's global competitiveness index, which is topped by Switzerland. On the list of 137 economies, Switzerland is followed by the US and Singapore in second and third places, respectively. In the latest Global Competitiveness Report released today, India has slipped from the 39th position to 40th while neighbouring China is ranked at 27th. "India stabilises this year after its big leap forward of the previous two years," the report said, adding that the score has improved across most pillars of competitiveness. These include infrastructure (66th rank), higher education and training (75) and technological readiness (107), reflecting recent public investments in these areas, it added. According to the report, India's performance also improved in ICT (information and communications technologies) indicators, particularly Internet bandwidth per user, mobile phone and broadband subscriptions, and Internet access in schools. However, the WEF said the private sector still considers corruption to be the most problematic factor for doing business in India. "A big concern for India is the disconnect between its innovative strength (29) and its technological readiness (up 3 to 107): as long as this gap remains large, India will not be able to fully leverage its technological strengths across the wider economy," it noted. Among the BRICS, China and Russia (38) are placed above India. South Africa and Brazil are placed at 61st and 80th spots, respectively. In South Asia, India has garnered the highest ranking, followed by Bhutan (85th rank), Sri Lanka (85), Nepal (88), Bangladesh (99) and Pakistan (115). "Improving ICT infrastructure and use remain among the biggest challenges for the region: in the past decade, technological readiness stagnated the most in South Asia," WEF said.

Other countries in the top 10 are the Netherlands (4th rank), Germany (5), Hong Kong SAR (6), Sweden (7), United Kingdom (8), Japan (9) and Finland (10). The Global Competitiveness Index (GCI) is prepared on the basis of country-level data covering 12 categories or pillars of competitiveness. Institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation are the 12 pillars. According to WEF's Executive Opinion Survey 2017, corruption is the most problematic factor for doing business in India. The second biggest bottleneck is 'access to financing', followed by 'tax rates', 'inadequate supply of infrastructure', 'poor work ethics in national labour force' and 'inadequately educated work force', among others.

-FIEO

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IEM was set up in 1994, with its corporate office at Bangalore. The institute has been established with a mission to impart training to entrepreneurs wishing to start export ventures and executives intending to make a career in export management.Head quartered at Bangalore, IIEM acts primarily as a promotional and operational institution to help students, new entrants in exports, existing businessmen and managers in export organisations.In the 22 years since inception, more than 40,000 students have enrolled for various Export Management courses at IIEM.The course material is designed to widen the knowledge base of young managers and to equip them with necessary skills to meet the challenges of globally competitive environment. It is meant for professionals and students working in the field of management who have no formal education in the field of business.