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EXPORT-IMPORT-NEWS

INDIA'S SOYABEAN OUTPUT TO FALL 17 PER CENT: SOPA

In its first production estimate for kharif 2017, the Soybean Processors Association of India (SOPA) estimated India's soyabean output at 91.45-lakh tonnes, which is about 17 per cent lower than the revised estimate for kharif 2016 at 109.92-lakh tonnes.The fall in the acreage and reduced yield conditions has added to the decline in output.

Soyabean acreage in the country stood at 101.5-lakh hectares, against 109.7-lakh hectares reported last year, down 7.5 per cent. For the current year, SOPA estimates yield at 901 kg per hectare, against 1,002 kg per hectare reported in 2016.The acreage in Madhya Pradesh declined from 54-lakh hectares to 50-lakh hectares, with yield estimated to be lower at 905 kg per hectare against 1,020 kg per hectare reported last year.

However, Madhya Pradesh will continue to be the largest soyabean producer with 45.35-lakh tonnes of estimated production for the current year.
B/L-16.10.17

PALM OIL WILL CONSOLIDATE RISE

Malaysian palm oil futures ended marginally higher, supported by overnight strength in soya oil on the Chicago Board of Trade (CBOT) and other related oils on China's Dalian Commodity Exchange.CPO active month January futures are moving on expected lines. Ideally, prices are expected to test MYR 2,805/20 per tonne in the coming sessions, where strong resistance kicks in.

A further upside from there doesn't look likely in the immediate future, but the broader picture is conducive for an upward move to 2,905 or even higher to 3,045-50.Only a fall and close below 2,645-50 could hint at weakness again targeting 2,610-15, from where it could once start a fresh upward move. But, despite the corrective declines from time to time, the bullish trend still remains intact.The present downward move from the recent highs looks like a corrective decline within a rising trend. Dips to 2,745 are expected to hold support in the coming week.
The favoured view still expects that while the price holds above 2,605-10 it could eventually inch higher, to the targets mentioned above, in the coming sessions.
B/L-17.10.17

‘FOREIGN INVESTMENT DEALS WORTH $10 B ALREADY DONE IN FOOD PROCESSING SECTOR’

Speaking at a curtain raiser for the global mega food event World Food India (WFI), to be held from November 3-5 in New Delhi, Badal said she was confident that partnering with global industry would transform the food economy and double farmers’ income, as announced by Prime Minister Narendra Modi, as well as reduce post-harvest losses.Without disclosing further details of the $10-billion deals, Badal said: “This is just the start. We have beaten the target for the next 2-3 years. All I can disclose at this point is that the deals are in areas such as cold chains, food processing, dairy, marine etc.

”When asked about FDI in non-food items, such as personal care products, the Minister said she was “very hopeful and positive”, even though the Department of Industry and Policy Promotion was the decision-making body.WFI will provide a platform to over 200 companies from 30 countries, 18 ministerial and business delegations and about 50 global CEOs, from Nestle, Cargill, Kellogs, Mondelez, Tesco, Amway and Walmart, among others. B/L-18.10.17

DEMAND FOR FROZEN SHRIMP, SQUID BOOSTS MARINE-PRODUCT EXPORTS

Spurred by a soaring demand for frozen shrimp and frozen squid in international markets, the domestic marine products industry exported 2,51,735 tonnes of seafood, valued at Rs. 9,066.06 crore ($1.42 billion), in April-June 2017 compared to 2,01,223 tonnes and $1.17 billion, respectively, a year earlier.The US and South-East Asia retained their positions as major importers, followed by the European Union and Japan, while demand from China saw a healthy surge during the period.

B/L-19.10.17

BASMATI FARMERS IN PUNJAB & HARYANA RAKE IT IN

Low inventory and a fall in taxes on account of GST, coupled with rising exports, havwe helped basmati farmers in Punjab and Haryana to command a better price for their produce this season.“Even though the area under basmati rice was nearly 10 per cent less as compared to the last kharif season, the yield was better as more farmers decided to sow high-yielding varieties such as 1509 this time around,” said All India Rice Exporters Association President Vijay Setia.Basmati acreage down“As a result, arrivals in the mandis are good.

Farmers are getting a good price this time around. This was because there were low carry-forward stocks and also because buyers were more aggressive as there was a misplaced perception the yield would be less as the total acreage under basmati rice cultivation was relatively low," he said.

According to a survey by the Agricultural and Processed Food Products Export Development Authority (Apeda), basmati rice area in Haryana has come down 9.39 per cent to 6,52,000 hectares in the 2017 kharif season from 7,19,600 hectares in 2016.Similarly, there was an 8.84 per cent reduction in the basmati area in Punjab, with the area coming down to 5,61,200 hectares. B/L-20.10.17

PALM OIL WILL TEST RESISTANCE

Malaysian palm oil futures ended higher tracking gains in soya oil and other edible oil contracts on the Dalian Commodity Exchange. Prices on the Chicago Board of Trade rose higher after last week's retreat. However, rising production and stocks could weigh on prices.

CPO active month January futures are moving on expected lines. The bigger picture continues to display bullish tendencies and we still expect prices to eventually rise.

Prices are expected to test MYR 2,805-20 per tonne, where strong resistances kick in. Further upside to 2,550-65 also looks possible now.

Only a fall and close below 2,675 could hint at weakness again targeting 2,610-15 levels, from where it could once start a fresh up move. Dips to 2,745 followed by 2,705-10 are expected to hold support in the coming week.The favoured view still expects while prices hold above MYR 2,675, it could eventually inch up towards targets mentioned above in the coming sessions.
B/L-21.10.17

95 INDIAN FIRMS SAY HUMAN RIGHTS, AN IMPORTANT ISSUE'

In one of its "most extensive" global surveys on corporate responsibility (CR) in 2017, global audit, tax and advisory firm KPMG found human rights an important issue in CR and sustainability disclosures, with 95 Indian companies acknowledging this, which was well above the global average.

Commenting on regulation driving human rights reporting in India, Santhosh Jayaram, Partner, Sustainability Services, KPMG in

India, said: “The recent ratification by India of International Labour Organisation Conventions 138 and 182 clearly indicates the importance of human rights to the country. From a corporate reporting point of view, the Business Responsibility Report (BRR), an annual disclosure mandated by the Securities and Exchange Board of India (SEBI), requires the top 500 listed companies to report on nine core principles, one of which focuses on human rights.
B/L-23.10.17

TRADE NEWS

EXPORT LOGS 6-MONTH HIGH GROWTH OF 25.6% IN SEPTEMBER

India's export soared by 25.67 per cent to USD 28.61 billion in September, logging its highest growth in last six months on the back of expansion in shipments of chemicals, petroleum and engineering products, official data released said. This is the highest export growth rate since March 2017 when shipments grew by 27.5 per cent. Import too rose by 18.09 per cent to USD 37.6 billion in September from USD 31.83 billion in the year-ago month, according to the data released by the commerce ministry.

Trade balance stood almost flat at USD 8.98 billion in September 2017 against USD 9 billion in September 2016. Commerce minister in a tweet said, "India s growth story is back! Exports grow by 25.6% in September 2017 as compared to September 2016."

During September 2017, all the top ten commodity groups of export exhibited positive growth over September 2016 comprising 82.14 per cent share in total exports, he tweeted further. The trade data showed a decline of 5 per cent in gold import at USD 1.71 billion in September 2017.

Oil and non-oil imports grew by 18.47 per cent and 17.98 per cent to USD 8.18 billion and USD 29.4 billion, respectively in the month. Cumulative exports during April-September 2017-18 increased by 11.52 per cent to USD 147.18 billion, while imports grew by 25.08 per cent to USD 219.31 billion, leaving a trade deficit of USD 72.12 billion. "In continuation with positive growth exhibited by exports for the last thirteen months, exports during September 2017 have shown growth of 25.67 per cent in dollar terms," the commerce ministry said in a statement. Commenting on the data, exporters body FIEO said that the growth rate would further increase in the coming months as the government has addressed their concerns related with the Goods and Services Tax (GST).

"Though global uncertainties, rupee volatility and protectionism are still some of the major hurdles to our current growth in exports," Federation of Indian Export Organisations (FIEO) President said in a statement. FIEO Chief also expressed hope that the country's exports would touch USD 310 billion by the end of the current fiscal. In September, petroleum, engineering and chemicals exports grew by 37 per cent, 44.24 per cent and 46 per cent, respectively. However, sectors which recorded negative growth includes handicrafts, iron ore, and fruit and vegetables.

COMMERCE MINISTRY TO REVISIT $900 BN EXPORTS TARGET BY FY'20

The Commerce Ministry said it will revisit the $900 billion exports target by 2019-20 as the country's shipments are not able to show healthy growth rate in the first three years. After holding over three-hour long meeting with exporters, Commerce Secretary said that certainly there is a need to revisit the export target because in the external world nobody calculated for the global commodity prices and currency fluctuations. "Ministry is certainly not going to aim for the same target because we have not been able to show that growth rate in the first three years," Commerce Secretary said. On April 1, 2015, the government announced a slew of incentives and new institutional mechanisms as part of the new Foreign Trade Policy (2015-2020) to nearly double country's goods and services exports to $900 billion by 2019-2020.

India exports goods worth around $300 billion per fiscal year, while services exports amounted to around $150 billion annually. On whether the ministry would come out with the mid-term review of the foreign trade policy, Commerce Secretary said Commerce and Industry Minister would take a call after returning from Morocco, where he is going for a WTO (World Trade Organisation) meeting. "Whether Ministry will issue a formal statement of intent (on the policy), the minister has to take a view on that," Secretary said. However, Commerce Secretary added that the mid-term review is on and some got addressed through the Goods and Services Tax (GST).

EXPORTERS TO GET GST REFUND IN BANK ACCOUNT FILED WITH CUSTOMS

The government has decided to give GST refund to exporters in the bank accounts they have filed with the customs department and not in those they have mentioned in the GST registration forms.

The Central Board of Excise and Customs (CBEC) said it has asked exporters to align their bank account details declared to the customs with that of GST regime. Under the GST rules, refund is to be credited in the bank account mentioned in the registration particulars. Besides, exporters have been declaring details of bank account to customs authorities for the purpose of drawback etc. The CBEC said that there is a possibility that bank account details available with the customs department do not match with those declared in the GST registration form. "In order to ensure smooth processing and payment of refund of IGST paid on exported goods, it has been decided that said refund amount shall be credited to the bank account of the exporter registered with customs even if it is different from the bank account of the applicant mentioned in his registration particulars," the CBEC said. It also advised exporters to either change the bank account declared to customs to align it with their GST registration particulars or add the account declared with Customs in their GST registration details for smooth transfer of refund.

Revenue Secretary had earlier this week said that the government will clear pending GST refunds of exporters by November-end. Over July-August, an estimated Rs 67,000 crore has accumulated as the Integrated GST (IGST), of which only about Rs 5,000-10,000 crore will be due as refunds to exporters. For claiming the refunds, exporters have to fill Table 6A while filing

GSTR-1 for July, August and September.

The Goods and Services Tax (GST), the amalgamation of over a dozen indirect taxes like excise duty and VAT, does not provide for any exemption, and so exporters are required to first pay Integrated-GST (IGST) on manufactured goods and claim refunds after exporting them. This had put severe liquidity crunch, particularly on aggregators. To ease their problems, the GST Council last week decided a package for them that includes extending the Advance Authorisation / Export Promotion Capital Goods (EPCG) / 100 per cent EOU (Export Oriented Unit) schemes to sourcing inputs from abroad as well as domestic suppliers till March 31, thus not requiring to pay IGST.

GST WILL CREATE PACE FOR INDUSTRIAL GROWTH: COMMERCE SECRETARY

Federation of Indian Export Organisations (FIEO) organized an interaction with Commerce Secretary of the union government at Ludhiana. The objective for the interaction was to address various issues faced by exporters and discuss midterm review of foreign trade Policy 2015-2020. During her address Commerce Secretary said, "The government is working constantly for the progressive business needs of the country. Regulatory framework is followed by the government agencies to positively impact the business operations in favourable conditions, which is the prime role and objective of government. Issues raised & discussed by the Industry members during the interaction will surely be looked upon" Commenting on the GST imposed on exports, commerce secretary said , "With the recent GST implementation, the government is trying to create a pace for the industrial growth. Department of Revenue is now in line with the government at Center level, so as to act as a single governing agency and benefit the industry. Fresh notifications regarding the GST, are being worked out for implementation at the earliest. Exporting community needs to widen their scope and bridge their gaps through the support of Export Promotion Councils.

Both the, Central and State Governments will work in active collaboration with each other, in order to materialize the future plans of export promotion by states" Convener, FIEO Punjab State Committee, while sharing his views said that "With the implementation of GST, the exporters have come across various difficulties and exporters are happy that

Government has considered FIEO's requests on priority. FIEO compliment Commerce Secretary for her whole hearted support to address the exporter's issues which resulted in announcement made by GST council earlier this month".

CENTRE WORKING ON WAYS TO SPEED UP REFUND PROCESS FOR EXPORTERS'

The Centre is working on ways to further fasttrack the refund process for exporters, post rollout of GST. According to Union Minister of State for Commerce and Industry, Food and Public Distribution and Consumers Affairs, feedback from exporters has also been sought on how refunds can be sped up so that their working capital requirements do not face problems. In a recent development, the GST Council has already decided to provide pending exporters' refunds in 15 days. For exports till March 31, the previous GST exemptions such as advance authorisation will continue. "We are working on further reducing the time for refunds.

Other mechanisms to fast-track or ease the returns process are also being explored," Union Minister of State for Commerce and Industry said. To a specific question on whether e-wallets or running accounts might be explored, the Minister said: "Options are being worked out. Let us comment when things finalise." The minister further pointed out that largescale reforms like GST will often lead to hiccups in initial days. "People and businesses will take time to understand and adapt. But it (GST) will be beneficial in the long run.

Rise in export data for September shows that after initial hiccups of GST rollout is stabilising." Batting strongly for demonetisation, Minister said "'idle currency" that was being run through a parallel economy has now come into the banking system.

TAKING INDIA-US TRADE TO $500 BILLION NOT A DISTANT DREAM: FINANCE MINISTER

The goal of increasing the annual trade between the US and India to $500 billion is not a "distant dream" given the opportunities that New Delhi offers to American companies, particularly in aviation and defence sectors, Finance Minister has said. Finance Minister said the relationship between India and the US had evolved into a very strong partnership in the last few years and goals like 'Mission-500' outline and reemphasise the objective of the partnership.

"If one sees the opportunities that the defence and aviation sector in itself offers, increasing annual bilateral trade to $500 billion is not a distant dream," Minister said at Washington audience when asked if the $500 billion bilateral trade target was achievable. According to the United States Trade Representative (USTR) figures, India was US' ninth-largest trading partner with the total twoway trade of $67.7 billion last year.

It is loaded in favour of India, which runs a surplus of $24 billion. Finance Minister said a lot of US companies had made investments in India and now a lot of Indian companies feel comfortable in making investments in America. Minister said one of the suggestions which was mooted in the meeting with US Commerce Secretary was that the two countries must get back governmental participation in private sector conferences. For the first a different concept is taking place in November when a large number of American businesses are travelling to India for the Global Entrepreneurship (GES), it said, adding that the exercise will probably be repeated in the US next year.

"This would provide a great opportunity for Indian businesses ," Minister said. Minister said over the next decade or so India's aviation sector is all set for a huge expansion. "US companies are a natural investor in that particular sector," it said. "India has taken a huge initiative in the defence sector and India wants these companies in partnership with Indian companies to set up manufacturing facilities in India itself," Finance Minister said. Responding to a question on land and labour reforms, Minister said they were not an immediate problem to the reform process started by the government in these two sectors. "India has allowed the State Governments to make whatever necessary changes they want to make in land acquisition laws," it said.

FRESH TALKS ON FREE TRADE PACT WITH EU TO GIVE EQUAL WEIGHT TO GOODS, SERVICES, INVESTMENT

India and the European Union (EU) are set to begin talks soon on re-starting stalled negotiations for a free trade pact but New Delhi will not favour pre-conditions, such as prioritising an investment agreement that the 29-member bloc had earlier insisted upon. “It was very clearly decided at the India-EU Summit earlier this month that it would be a comprehensive agreement. So, there is no question of giving investments preference over goods and services. But all issues related to investment protection would definitely get addressed," a government official said. The proposed bilateral free trade pact — officially known as the broad-based trade and investment agreement (BTIA) — launched in 2007, got stalled due to differences over issues such as market openings in India for items like wines and spirits and automobiles and EU's hesitation in granting India data secure status. The BTIA, which includes market access for goods, services and investments, is also important for India because of the increased market openings it hopes to get for its service professionals.

However, when the two sides seemed ready to get back to the negotiating table last year, India's refusal to renew bilateral investment treaties with individual EU countries that lapsed by April 2017 upset the EU, and it did not respond to India's requests for dates to restart talks on BTIA. "The EU was insistent that the issue related to the BITs be sorted out before re-launching the BTIA. But New Delhi has held on to its position that the investment agreement that would be negotiated to protect investments from the EU countries would be part of an over-all BTIA that includes goods and services," the official said.

New Delhi wants to renegotiate all its past BITs on the basis of a new model BIT drafted by the Finance Ministry that aims to bring down litigation against the government. While it would be negotiating the pacts bilaterally with most countries, in the case of the EU countries, it would be a comprehensive pact for all 29 nations and a part of the proposed BTIA, the official added.

The ice was broken at the India-EU Summit in New Delhi where both sides decided to start talks on relaunching negotiations for a comprehensive BTIA. The dates are yet to be confirmed, but there are indications from the EU that it might by as early as next month, the official said. The EU is India's number one trading partner with exports growing from €24.2 billion in 2006 to €37.8 billion in 2016, according to European Commission figures.

INDIA-MAURITIUS TO RESTART FTA TALKS SOON

India and Mauritius are set to revive talks for a free trade agreement (FTA), following a revision of the bilateral tax treaty last year that gave India the right to impose the capital gains tax on investments routed through the island nation.

More than economic significance, the trade talks are of strategic importance to strengthen New Delhi's presence in the Indian Ocean region to counter China's mega investment plans through its one-belt-one-road (OBOR) initiative.

"Economically, India does not see much benefit as it is a small country with a population of a million people. What can they produce and what can they supply to India? Similarly, what can India supply to them?" a government official said, adding that the FTA, called the Comprehensive Economic Cooperation and Partnership Agreement, was more of a friendly gesture. Nevertheless, Indian negotiators are going to pitch for the facilitation of services trade in the pact, with a focus on tourism, hotel industry and financial services.

The official-level talks started last week, and the next round of discussions will be in Port Louis by the end of November. Mauritius is a major sugar producer, manufacturing 4,00,000 tonnes of sugar per annum.

Besides, it has a significant marine economy. India's exports to Mauritius grew 3 per cent in 2016-17 and made up 0.3 per cent of its overall outbound shipments at $881 million. Imports from Mauritius were insignificant at $18.4 million in 2016-17, accounting for 0.0048 per cent of India's total purchases. However, Mauritius is the single largest source of foreign direct investment (FDI) to India.

FDI inflows from Mauritius to India stood at $15.7 billion in 2016-17, making up 34 per cent of total FDI inflows to India. The FDI flow may have slowed after the amendment of the double taxation avoidance treaty in April.

Another official added that New Delhi may give more to Mauritius in tariff reduction. "With Mauritius we will be a little liberal," it said. For India, the pact will be of geopolitical and strategic significance to improve its presence in the Indian Ocean in view of China's aggressive push in the region.

"One has to keep in mind that China is influencing Mauritius and other countries in the region to a large extent by extending lines of credits and other investment instruments. India should also economically strengthen its interest," said Director General & CEO, Federation of Indian Exports Organisation (FIEO).

FIEO added that as for economic partnership, there could be products supplied by India to Mauritius, since it had a huge tourism sector.

"Right now, products in Mauritius mainly come from Dubai. India could look at that space. Besides, in services, we could look at joint ventures in tourism and adventure tourism," DG & CEO, FIEO said. India extended a line of credit worth $500 million to finance civilian infrastructure projects in Mauritius. New Delhi is also supporting the National Coast Guard of Mauritius in enhancing its capacity.

China is planning to invest billions of dollar to build infrastructure, including ports, railways, power grids, etc, across Asia, Africa and Europe through the Indian Ocean as part of its OBOR project. India's exports to Mauritius in 2016-17 were $881 million which was a tiny fraction of the country's total exports during the year pegged at $275.85 billion. It imported goods worth just $18 million from the country compared total imports of $384 million during the fiscal.

INDO-BHUTAN TRADE INFRASTRUCTURE TO HAVE LARGE SCALE UPGRADATION

To ensure seamless trade of Bhutan with India and other third parties, India is further widening its door for Bhutan. Development and upgradation of new IndoBhutan cross border trade routes are expected to give a quantum jump to the commercial strata of economically backward Himalayan foothills region in northern West Bengal.

According to senior officials in Bhutan Ministry of Economic Affairs, Indian commerce Ministry has informed Bhutan that planned LCS at Loksan and Nagrakata are being upgraded to permanent instead of keeping them seasonal. In addition, other permanent LCS will be established at places including Birpara, Rangapani, Upper Khogla in Bengal adjoining foothills. This decision follows an agreement of two countries to open up 16 other new trade routes. "Open international border between the two country facilitates opportunity for lakhs of Indians to get directly or indirectly involved into Bhutan's trade activities. Hence, growth in cross border trade will boost the number of these beneficiaries here," said a veteran trader operating predominantly in IndoBhutan border markets.

Apart from the trade with its largest trade partner India, being land locked, Bhutan is dependent on Indian passage for its third country trade. Though rupee value wise the indo-Bhutan trade figure is not too high against India's total exim value, but Bhutan's external trade as a whole is too important for thousands of Indian citizens in border areas. According to Bhutan Customs statistics for the year 2016, with external trade volume worth Rs 7237.6 crore, Bhutan's trade with India remained of Rs 5932.8 crore with Rs 2432.4 balance of trade in favour of India. These figures are without electricity, Bhutan's largest tradable commodity.

INDIA'S COFFEE EXPORTS UP 9.36% IN 2016-17 MARKETING YEAR

Coffee exports from India, Asia s third-largest producer and exporter of coffee, rose by 9.36 per cent to 3,76,873 tonne in the marketing year that ended September 2017, buoyed by higher global prices, according to state-run Coffee Board. The country's coffee shipments stood at 3,44,613 tonne in the 2015-16 marketing year. "Two factors contributed for higher shipments in 2016-17.

Firstly, there was enough domestic supply to meet the export demand as the domestic output was record in 2015- 16. Also, global prices were better," a senior Board official said . As a result, coffee exports remained robust both in terms of volume and value in 2016-17, it said.

According to the Board data, the export value realisation rose 7.31 per cent to Rs 1,64,284 per tonne of coffee in 2016 -17 from Rs 1,53,089 tonnne in the year-ago period. Total coffee exports in value terms rose to Rs 6,191.43 crore from Rs 5,275 crore in the said period, it added. The domestic supply was adequate as the output was record 3.48 lakh tonne in the 2015-16 crop year.

OILMEAL EXPORTS UP 85% IN APRILSEPT

Oilmeal exports in the first half of the current financial year grew by 85.35 per cent to 11.01 lakh tonnes (lt) aided by better domestic output and global prices. The shipments stood at 5.94 lt during the corresponding period last year.

The Solvent Extractors Association of India, the apex trade body for the vegoil industry, said oilmeal exports have revived to some extent this year owing to higher output last year on account of good rains after two straight years of drought.

BANKING/GST

WORKING ON A PLAN TO REBUILD CAPACITY OF BANKING SECTOR: FINANCE MINISTER

Finance Minister has said the Indian government is working on a plan to rebuild the capacity of the banking sector so that it could support growth. Finance Minister, who is on a week-long visit to the US to attend the annual meetings of the International Monetary Fund and the World Bank, also said that reforming the banking system is the top agenda of the government. "India inherited a banking system whose monies were lying in non-performing assets...are unable to service the debt. We are faced with a catch-22 situation as to how do we improve the capacity of the banks so that they can support growth," Minister said.

So, all these factors together adversely impacted the private sector, the minister said. Finance Minister , however, also noted that bigger enterprises did not suffer, because they approached the bond market and foreign funding which were available at much cheaper rates. They did not had to go to th Indian banks. It is small and medium-sized enterprises that need the support of the banking system, it said, noting that SMEs are huge job creators.

"That's where the problem really is as far as the private sector is concerned," Minister said. "Expansion of private sector is taking place. The last quarter, which was otherwise not encouraging, indicated that the investment graph itself has turned positive. A lot of investment is taking place," it said. While India grew as India's economy grew at a fast pace between 8 and 9 per cent, the expansion of the private sector was "limitless".

This was accompanied by an immediate slowdown in the global economy as a result of which major segments of Indian economy got impacted — steel, infrastructure which was due to poor management, power mainly because of corruption, Minister said.

RBI SURVEY: COUNTRY'S ECONOMY IN PESSIMISTIC ZONE, JOB CUTS BIG WORRY

Reserve Bank of India (RBI) has recently conducted a raft of surveys. These surveys show that current perceptions of people on the general economic situation remained in the pessimistic zone for four successive quarters, with the outlook worsening. These surveys, which are in sync with the RBI's position in its monetary policy review on October 4, have indicated that more people see consumer confidence declining, business sentiment in manufacturing dipping, inflation on the rise and growth sliding. The RBI Monetary Policy Review had slashed growth forecast from 7.3 per cent to 6.7 per cent for fiscal 2017-18. The RBI survey said that as much as 43.7 per cent of respondents believed current perception about employment has "worsened", which is much higher than the 31.4 per cent in November 2016.

The Indian Express has reported last week that several companies, including L&T, banks, telecom firms and tech companies, have cut jobs in the last 12 months. According to the RBI survey, respondents' pessimism on the price level has also accentuated in the recent period. However, their outlook on inflation softened in the last two rounds. On June 8, 28 forecasters surveyed by the Reserve Bank had predicted the economy will gradually consolidate growth in the current fiscal. As per the survey result posted on the RBI website, real GDP (gross domestic product) and real GVA (gross value added) were expected to grow by 7.4 per cent and 7.2 per cent, respectively, in 2017-18 and consolidate further by 40 basis points (bps) and 50 bps, respectively in the following year. The RBI has been conducting the Survey of Professional Forecasters (SPF) since September 2007.

FOREIGN EXCHANGE RESERVES IN INDIA FALL TO $398 BN, RBI DATA SHOWS

India's foreign exchange reserves dropped by $862.20 million as on October 6 to $398.794 billion, data from the RBI show. Foreign currency assets, which form a key component of reserves, fell by $1.391 billion from the previous week to $373.795 billion. FCAs are maintained in major currencies like US dollar, euro, pound sterling, Japanese yen etc. Movement in the FCA occur mainly on account of purchase and sale of foreign exchange by the RBI, income arising out of the deployment of foreign exchange reserves, external aid receipts of the government and revaluation of assets. Gold reserves, however, came as a saviour as it increased by $548.60 million to $21.24 billion. Special drawing rights (SDR) from the International Monetary Fund fell by $7.9 million from the previous week to $1.49 billion. SDR is an international reserve asset created by the IMF and allocated to its members in proportion of their quota at the IMF. The Reserve Position in the

IMF fell by $11.9 million to $2.26 billion.

BASEL-III NORMS: BANKS NEED A BREATHER, SAYS SBI REPORT Backing the Finance Ministry's pitch to defer implementation of Basel-III norms beyond March 2019, State Bank of India, in a research report, said an extended timeline to meet the capital needs would give banks a much-needed breather to lend more while they grapple with several issues, including asset quality.

The Basel-III norms are a set of reform measures aimed at improving the banking sector's ability to absorb shocks arising from financial and economic stress. Under Reserve Bank of India directions, the Basel-III capital regulation has been implemented in India from April 1, 2013, in phases, and it has to be fully implemented by March-end 2019.

Considering the huge capital requirement (an additional ₹1.1 lakh crore, excluding the announced capital infusion by the government) to meet Basel-III norms, the Finance Ministry, according to SBI's research report Eco wrap, has already pitched for deferring the implementation of the norms. This will help banks meet their capital needs, increase credit flow to productive sectors, and clean-up their balance sheets. 'Need time to absorb changes' Pointing to the two ongoing international mandates — Basel III and IFRS — knocking at India's doors, the report underscored that the impact of these two reforms on banking is quite significant. "Report believes that the Indian banking sector needs some time to assimilate the impact of the past three structural changes (demonetisation, Goods & Service Tax and Real Estate Regulation Act) before facing the new ones. "Even as we acknowledge the positive impact of such reforms, we are convinced that perhaps the Indian banking sector deserves a small interregnum so as to meaningfully concentrate on issues related to asset quality and credit growth," the report said.

The report said IFRS, a global accounting standard, which is to be implemented in the banking sector from April 1, 2018, will have a major impact on banks' balance-sheets, especially on provisions, investments, financial instruments, regulatory compliance, IT systems, and tax calculations.

ECONOMY

ADDL. & JOINT SECRETARIES OF MINISTRIES GIVE 40 SUGGESTIONS IN INTERACTION WITH PRIME MINISTER

A centralised revenue authority, e-health card for diagnostic tests, converting Kisan credit card into a regular one, and putting in place a core banking type treasury system in states are among 40 suggestions that joint secretaries and additional secretaries of various ministries have made to Prime Minister. The prime minister has given his own views on some issues raised, which would be incorporated in the action plan being developed on the basis of the interactions, officials said.

“Concerned ministries and departments can examine these suggestions to see how they can be taken forward,” said a government official. A centralised revenue authority to administratively handle all revenue sources can facilitate cross-sharing of information so as to help avoid tax evasion and improve compliance, officials said.

Setting up such an authority on the lines of Mauritius has become more feasible with the launch of goods and services tax (GST), it was pointed out at the interaction Between the PM and bureaucrats. Cabinet secretary has written to all ministries departments to consider the measures that seek to improve governance and delivery of government departments. NITI Aayog is coordinating the entire process and will also follow up on the suggestions, officials said.

Boost to electronic manufacturing, doing away with L1 system of procurement in cases where quality also needs to be considered, integrated legal division to reduce government as litigant, and reforms in urban building permission are some of the other ideas put forward. PM himself mooted an idea of ‘Sweet revolution’ to promote beekeeping in a big way, tree plantation on land boundaries, focus on 100 lowest faring districts in a mission mode, using India’s electronics prowess for health equipment and devices and annual validation of all circulars and guidelines to simplify rules.

Top bureaucrats also felt converting Kisan credit card into a regular one would encourage digital transactions among a huge section of population across the country. Another suggestion was to involve heads of missions abroad to attract investments for critical projects.

PM has been holding brainstorming sessions with government officials to identify steps to improve governance and delivery. His idea is that exchange of ideas can lead to better decision making with people in focus. A host of suggestions concern improving administrative process in the government to boost efficiency.

Officers have also told the PM that they often do not take decisions for fear of failure and one way to avoid that is to also talk about attempts and failures and not just successes. The department of financial services will make a concept note on states moving to core banking after officers said treasuries are 'den of corruption' in many states. PM said speed of decision making is important and routine measures like making minutes of the meeting should not take more than 48 hours. PM also called for special urgency in case of cabinet notes and interministerial consultations to minimise delays.

PMEAC IDENTIFIES 10 KEY AREAS, ADVISES THE GOVERNMENT TO STICK TO FISCAL ROAD MAP

The newly formed Prime Minister's Economic Advisory Council (PMEAC) acknowledged a slowdown in the economy but felt the fiscal consolidation process should not be stymied. Addressing reporters after the first meeting of the council, its chairman said: "There is a consensus (among members)… that the fiscal consolidation exercise should not be deviated from."The council seemed to subtly hint any stimulus package that would dent fiscal discipline to prop up growth may not be wise at this point. However, between April and August, the government has already touched almost 96% of the full-year fiscal deficit target. This has severely squeezed the Centre's ability to offer any worthwhile stimulus without fiscal expansion, especially when uncertainties continue over tax collection following the rollout of the goods and services tax and non-tax revenues are subdued.

The Centre has targeted trimming the fiscal deficit to 3% in FY'19. The Centre's ability to provide a stimulus to the economy is also constrained by the farm loan waivers announced by many states. The council has identified 10 priority areas to boost economic growth and employment over the next six months, with greater last-mile connectivity.

The themes are: Economic growth, employment and job creation, informal sector and integration, fiscal framework, monetary policy, public expenditure, institutions of economic governance, agriculture and animal husbandry, patterns of consumption and production, and social sector. The council will deliberate on the reasons for the economic slowdown and come up with suggestions.

Asked to elaborate on the nature of PMEAC's focus on monetary policy when the monetary policy committee (MPC) of the Reserve Bank of India is already fixing the interest rates, PMEAC said it will focus on monetary policy more from a "structural point of view" (such as the efficacy of such a policy) rather than asking the MPC to fix the key rates at certain levels. Seeking to dismiss any insinuation of the PMEAC undermining the role of the MPC, economist Surjit Bhalla, a member of the council, said even each of the 10 areas selected by the PMEAC has an administrative ministry or department. PMEAC, Chairman added that the panel would hold consultations with a broad range of stakeholders within and outside the government to firm up reports to be submitted with the prime minister.

It made it clear that while consultations with the finance and various other ministries and departments will be done, the council won't push its recommendations to be included in the Budget, as that is not its job. Commenting on the International Monetary Fund's downward revision of India growth forecast to 6.7% for FY18 from 7.2% predicted earlier, Roy said the multilateral body has been found to be wrong 80% of time in its projections.

The council also recognised the need for effective tracking of key economic parameters, through possible mechanisms for instituting an Economy Track Monitor, using lead indicators and triggers for action.

It also agreed that specific issue papers will be brought out by members to address key concerns and linkages will be established with key national institutions.

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ARTICLES

INDIA'S EXPORTS TO BANGLADESH BOUNCE BACK, RECORD 13% GROWTH IN FY17

KOLKATA, OCTOBER 22:
After a subdued show for two consecutive years, India's exports to Bangladesh reported a robust growth in 2016-17. The growth is attributed to a significant rise in export of equipment and high-value machinery for project implementation in Bangladesh.

According to the Commerce Ministry, exports to Bangladesh touched $6.8 billion in the fiscal year ending March 2017, recording 13 per cent growth. Total bilateral trade had hit an all-time high of $7.5 billion, up 11 per cent.

Bangladesh is the ninth largest importer of Indian goods. According to the Ministry, Indian exports increased by a modest 4.6 per cent ($6.4 billion) in 2014-15 and dropped by 6.4 per cent ($6.03 billion) in 2015-16.

Data confusion
There is, however, difference in trade data between India and Bangladesh. This is due to difference in accounting period (Bangladesh follows July to June Accounting year) and difference in estimates between Bangladesh's Bureau of Statistics and the central bank.

According to the Bureau of Statistics, Indian exports dipped in the two preceding years before reporting 16 per cent growth to $5.7 billion (converted from Bangladeshi Taka) during the 11-month period from July 2016 to May 2017.

All statistics, however, show Bangladesh witnessed a marginal dip in exports in 2016-17, after a five-year long growth spell between 2011-12 and 2015-16. While Indian exports meet 11-12 per cent of Bangladesh's total import needs, India shares less than two per cent of Bangladesh's export basket, which primarily includes ready-made garments.

According to Selim Raihan, Executive Director of South Asian Network on Economic Modelling (SANEM) and a professor of Dhaka University, India and Bangladesh are yet to optimise trade potential vis-a-vis the significant bilateral cooperation.

One of the major reasons behind is the poor and costly trade logistics.

Nearly half of the total trade (in value terms) is routed through Petrapole-Benapole land border by costly road transport. The non-containerised road cargo undergoes repeated loading and unloading operations at the border.

To add to the woes, the border infrastructure is far from adequate especially on the Bangladeshi side leading to congestion. In a recent study, SANEM indicated that Indian export consignments wait for 17-20 days to complete the customs procedure at the Bangladeshi gate of Benapole.

Poor trade logistics is reducing the price competitiveness of both Indian and Bangladeshi exports. According to Raihan, capacity augmentation at Petrapole-Benapole can increase bilateral trade significantly.

New initiatives

Indian observers believe conversion of road traffic to less costly rail, containerisation of cargo and multi-modal transport can reduce the trade logistics costs.

India recently approved ₹40 crore, in the third line of credit worth $4.5 billion to Dhaka, to help Bangladesh build a transhipment facility at Ishwardi that connects Gede-Darshana rail-link. It will help increase rail cargo by road. A parallel effort is on by both the countries to run container trains between Kolkata and Dhaka.

But the most promising news is from shipping sector. Though India and Bangladesh opened direct shipping last year; the cargo volume didn’t grow to the expected levels due to congestion at Chittagong port in Bangladesh.

In a recent trend, Bangladeshi shipping lines started moving containerised cargo from Kolkata to the inland river port at Pangaon, barely 20 km from Dhaka. The port is equipped with container handling facility. Indian authorities are bullish that popularising this route can reduce trade costs significantly.

The Hindu

TOXICITY, THE BANE OF OUR FOOD EXPORTS

Thanks to a large production base for agriculture commodities, India is among the top 10 WTO members in exports of agriculture commodities. The country has a surplus in food product exports. India’s key export markets include the US, the EU, Asean, Saarc countries and West Asia.

While there is a strong commitment from the Government to promote exports of fresh and processed food products, and a strong willingness on part of the exporters and farmers to export, of late, Indian exports of food products are facing rejections and bans in key markets on grounds of lack of compliance with food safety and health standards.

Products such as mangoes, table grapes, okra, peanuts, curry leaves, chillies, shrimps, prawns, and tamarind have faced rejections and even bans in markets such as the US, Vietnam, EU, Saudi Arabia, Japan and Bhutan due to issues such as presence of higher than approved levels of chemical residues, and pest and bacterial infestation. In the short run, such rejections and bans can led to financial losses while in the long run, exporters and farmers can lose market share to exporters from other countries, that are able to meet the food safety and health standards of importing countries.

The why of it

A recent study by us (ICRIER Working Paper: 345) showed that Indian agriculture produce face more rejections in key export markets compared to products from other developing countries. Let's examine one of the largest export markets — the EU, which provides a robust system of reporting the reasons for interception/rejection/withholding of consignments from exporting countries through its risk communication portals — Rapid Alert System for Food and Feed (RASFF) for higher-than-approved levels of chemicals in the produce and European Union Notification System for Plant Health Interceptions (EUROPHYT) for pest infestation.

As shown in the table, between April 1, 2005 and May 31, 2017, Indian exports faced more border rejections compared to exports from countries such as Brazil, and the number of border rejections in proportion to the notifications is highest for India.

Although China has larger number of notifications than India, its volume of exports to the EU is much higher than India's. Moreover, severe consequences of these notifications such as destruction of consignment were also the highest in the case of India.

Losing edge

Similarly, according to the EUROPHYT portal's notifications, between 2005 and 2017 (May 31, 2017), Indian exports faced 1,324 interceptions as compared to 452 for Brazil, 602 for China, 114 for Turkey and 922 for Vietnam. A majority of interceptions for India were raised in the years 2012 and 2013, and these pertained to eggplant, mangoes, snake gourd, bitter gourd and taro (arabi), among others. This led to a ban in entry of mangoes and these vegetables.

While the ban was later lifted, Indian exporters lost their market share in products such as eggplant to exporters from countries such as Kenya. Thus, Indian exports are definitely at a disadvantageous position vis-à-vis their competitors from other developing countries in the EU market. In the US too, 1,698 cases of product refusals from India have been reported by the Food and Drug Administration in its Import Refusal Report from 2014 to May 2017, which is also considered to be very high.

While Indian export control and export promotion bodies are trying to implement traceability, laboratory testing and other measures such as hot water treatment for mangoes to reduce the incidence of rejections, some of these are only temporary solutions and may cause product spoilage. To meet food safety and health standards, India needs to implement Good Agriculture Practices and minimise the use of harmful chemicals in the fields. It is important to focus on food quality and standards in the domestic market, so that products are produced and processed adhering to international food safety requirements.

Raise the bar

Countries such as Cambodia have used international funding and joint capacity building projects to upgrade domestic standards and implement sustainable agriculture practices for products such as rice. The Government has also supported exports through right policies. For example, recently Cambodia's farm ministry announced a ban on all imports and agricultural pesticides containing tricyclazole, after the EU proposed to lower the maximum residue levels. Such proactive measures by the Government have helped the country become a key exporter of rice.

In spite of being a large producer of milk, India is not able to export milk products and ready-to-eat meals such as palak paneer and ethnic sweets. This 'Make in India' initiative is not happening as animals are not reared in proper, hygienic conditions with chemical free feed. India is a 'high risk' country in cattle foot-and-mouth disease.

The Government is yet to implement a traceability system for milk and processing conditions are below international norms. In a modern, globalised world, export control reduces the country's ranking in ease of doing business while traceability improves its acceptability in key markets. Therefore, India should move away from export control to a more scientific system focusing on food safety and health. Such as system can be implemented by FSSAI working closely with the Ministry of Agriculture and Farmer's Welfare.

Further, with growing consciousness about food safety and health standards even in the domestic market, India needs to focus on food safety and nutritious diet for its own consumers and this will enable to upgrade food safety and health standards from farm to the market.

USEFUL LINKS

https://iieminfo.com/

IIEM 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.