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EXPORT-IMPORT-NEWS

GST HITS KERALA'S RUBBER SECTOR HARD

Amid falling prices, the ailing rubber sector seems to have hit a rough patch again. First, it was the currency crunch following demonetisation. Now, this major commercial crop, is facing the heat due to the confusion prevailing over Goods and Services Tax (GST).

The natural rubber sector has been in the grip of a crisis for the last four years, with the prices of this strategic raw material coming down below the cost of production. This has not only led to a drop in production, but also caused hardships for millions of small growers.

While rubber prices were at its lowest it was hit by demonetisation and GST, according to N Dharmaraj, former Upasi president. The impact of demonetisation was felt across the industry, but it was more pronounced in the non-tyre segment.

Though demonetisation and subsequent cash shortage diminished the demand for quite some time, the GST struck the sector hard, creating confusion and lack of clarity on many aspects.
B/L-20/11/17

KERALA'S FISHERIES SECTOR IN DEEP WATERS, POST DEMONETISATION, GST
With Kerala's fisheries sector — a forex spinner for the State — struggling to recover from the massive slump it witnessed in the wake of the demonetisation, the Goods and Service Tax (GST) regime has added to its woes.The introduction of GST has left the sector in dire straits, pushing up input costs and bringing down the margins.

The revenue erosion is happening at a time when the sector is already passing through a crisis with rising operational costs and dwindling catch.However, the rise in input costs contradicts the government's claims that GST has not impacted the agricultural sector, though fishing comes under its purview.

With a 600-km coast, the fisheries sector provides livelihood to over 14 million in the State, directly or indirectly.

B/L-21/11/17

SUGAR MILLS SEE BUMPER CROP, WANT CURBS ON STOCKING TO GO

The Indian Sugar Mills Association (ISMA) on Monday requested the Central government to relax stockholding limits it had imposed on traders as there were early indications of a bumper production in the current crushing season.

The stockholding limits are in force till December 31 this year. The industry body said that restriction on trader stocks at a time of higher production and lower offtake may hit the cash-flow situation of sugar producers. This, in turn, may impact the payments to be made to sugarcane farmers.As many as 313 mills in the country have produced 13.73 lakh tonnes (lt) of sugar in the first 45 days of the current season (October 2017-September 2018)against 7.67 lt by 222 mills during the corresponding period last year. “As expected, crushing for the sugar season 2017-18 has started earlier than previous seasons,” ISMA said in a release.Sugar mills in Uttar Pradesh and Maharashtra accounted for much of the increase in production so far. While UP sugar mills produced 5.67 lt of sugar as compared to the 1.93 lt same period last year, mills in Maharashtra produced 3.26 lt (1.92 lt). B/L-22/11/17

COTTON SEED OILCAKE RECOVERS FROM A VITAL LONG-TERM LOW

The Cotton Seed Oilcake futures contract on the National Commodity and Derivatives Exchange (NCDEX) hit a low of Rs. 1,365 a quintal in August and has reversed higher from there.It is currently trading at Rs. 1,590. A pick-up in the spot demand and the restricted supplies have supported the price recovery. This recovery rally, which began in August, is signalling the end of the long-term downtrend since September 2016. On the charts, there appears room for prices to move up further in the coming weeks.Before the latest up-move, prices were on a strong long-term downtrend. The prices had almost halved after hitting a high in September 2016.

The NCDEX – Cotton Seed Oilseed futures contract tumbled about 51 per cent after a high of Rs. 2,771/quintal in September 2016 to record a low of Rs. 1,365 in August this year. The reversal from this low is technically important as it has happened from a key long-term base level of Rs. 1,400.

The strong break above Rs. 1,550 earlier this month has strengthened the up-move that started in August. A cluster of supports in the Rs. 1,550-1,520 region nixes the possibility of the contract falling below Rs. 1,500 again. Near-term dips to the Rs. 1,550-1,520 support zone may find fresh buyers coming into the market.

As long as the contract trades above Rs. 1,520, a rally to Rs. 1,700 or Rs. 1,750 is likely in the coming weeks. **B/L-23/11/17**

BENGAL FARMERS SMELL OPPORTUNITY IN AROMATIC RICE

The uncertainty around production and prices of the common variety of paddy, Swarna, and the prospect of earning better income are driving farmers in Burdwan district of West Bengal to go in for the cultivation of gobindobhog, a premium variety of aromatic rice.

Gobindobhog, which got the GI (Geographical Indication) tag in August, is primarily cultivated in East Burdwan district in Raina 1, Raina 2 and Khanda ghosh blocks .According to Soumen Roy, Assistant Director of Agriculture, in Raina 1 block, the area under gobindobhog has increased by over 20 per cent this year to 43 hectares from 35 hectares in 2016-17."It has been increasing the last couple of years as farmers are getting better prices," Roy toldBusinessLine.

Forty-eight-year old SK Haque from Khandaghosh confirms that he grows only the special variety paddy on his 10- bigha (approximately 4-acre) plot."Even two years back, I used to grow the common variety on a portion of my field and cultivate gobindobhog on the remaining. But now I grow only gobindobhog," he said.And why should he not? Haque earns Rs. 2,000 a bag (of 60 kg) or close to Rs. 3,300 a quintal for gobindobhog compared with Rs. 800-900 a bag or Rs. 1,500 a quintal for Swarna.

Compared to 12-13 bags of Swarna from every bigha , a farmer gets about 10 bags of gobindobhog. The cultivation cost per bigha for Swarna is close to Rs. 6,000-7,000 while that for gobindobhog is Rs. 9,000-10,000. But the lower yield and the higher expense get more than offset by the remunerative price gobindobhog fetches, he explained. **B/L-24/11/17**

FLOOR PRICE FOR ONION EXPORT PEGGED AT $850/t

In a move aimed at preventing the shortage of onions in the local market and easing spiralling prices, the government has banned exports of onions below $850/tonne till the end of December."Exports of all varieties of onions will be allowed only on Letter of Credit subject to a minimum export price of $850 [freight on board] per tonne till December 31 2017," according to a notification from the Directorate General of Foreign Trade on Thursday.

This was $150 more than what the Food and Consumer Affairs Ministry had recommended to the Commerce Ministry.On Wednesday, Food Minister Ram Vilas Paswan said his ministry had sought the re-imposition of MEP, which was scrapped in December 2015, and recommended a floor price of $700/tonne.

The decision to restrict onion exports was taken because the price of this kitchen staple was rising.In most parts of the country, it is retailing at Rs. 50-65/kg due to supply crunch. Prices are expected to ease once kharif onions hit the market. But erratic rainfall, and a 30 per cent reduction in kharif onion acreage, has affected the arrivals, which have dwindled to nearly a third.

According to a trader in Maharashtra's Lasalgaon, the largest onion wholesale market in Asia, daily arrivals are 30,000-40,000 gunny bags (of 45-50 kg), against the normal of about 1-1.5 lakh bags. Import According to Paswan, the Food Ministry has already directed the State-owned MMTC to import 2,000 tonnes and has asked two other agencies – Nafed and Small Farmers Agri-business Consortium – to procure 10,000 tonnes and 2,000 tonnes locally.
B/L-25/11/17

TRADE NEWS

HIT BY GST, EXPORTS FALL 1.2% TO $23 BILLION IN OCT

Sharp fall in export of items such as readymade garments, gems and jewellery and leather products has resulted in a 1.2 per cent decline (year-on-year) in exports of goods in October to $23.09 billion. Exporters have blamed the implementation of the Goods and Services Tax (GST) that has "squeezed'' the working capital for exporters for the decline. This brings to an end a 13- month run of continuous increase in exports. Imports, on the other hand, increased 7.6 per cent during the month to $37.11 billion (₹2,41,562.31 crore) with coal, project goods, machinery and chemicals posting an increase. Import of gold and transport equipment, however, registered a decline. Trade deficit in October widened to $14 billion compared to a deficit of $11.13 billion in October 2016. "The fall in exports was expected as exporters, particularly the micro, small and medium enterprises, were facing liquidity problem to pay GST for four months in a row without getting any refund," said President, Federation of Indian Export Organisations (FIEO). FIEO Chief said that it was worrisome that labour-intensive sectors such as gems and jewellery, garments, handicrafts and leather products were the worst affected and the government needs to take remedial measures to prevent a further decline. While engineering goods, one of the top exports from India, continued to increase, there was a slowdown in pace. “The setback can be traced to disruptions due to roll out of the GST that resulted in squeezing of working capital for exporters. Total exports in the April-October 2017-18 increased 9.62 per cent to $170.28 billion. Total imports during the seven-month period increased 22.21 per cent to $256.43 billion. Overall trade deficit for April-October 2017-18 was $52.55 billion compared to $22.13 billion in April-October

2016-17. INDIA SERVICES EXPORT FLAT AT $14 BN IN SEPT, IMPORT GROWS

Services export of India remained flat at USD 13.73 billion in September year-on-year while import slightly picked up to USD 8.45 billion, showed RBI data. In September 2016, India had exported services worth USD 13.77 billion. The import grew 1.7 per cent from USD 8.30 billion last year. In August 2017, the services export was USD 13.7 billion while the import came in at USD 8.66 billion. Cumulatively, the services export during AprilSeptember read USD 80.33 billion. Import of services was valued at USD 46.74 billion in the first half of the fiscal, showed the data on India’s International Trade in Services released by the Reserve Bank of India (RBI). India is one of the major economies contributing to the world services export industry. The services sector contributes to about 55 per cent in India’s gross domestic product. The data for the latest month comes with a lag of 45 days. The data published by the RBI is provisional and undergoes revision when the Balance of Payments (BoP) data is released on a quarterly basis.

GST IMPACT: AFTER EXPORTS WITNESS WORST CONTRACTION IN 15 YEARS, COMMERCE MINISTRY PREPARES SLEW OF SOPS

As exports witnessed the worst contraction in 15 months in October, the commerce ministry intends to step up consultations with the finance ministry on issues relating to the goods and services tax (GST) regime, including the delay in duty refunds, that were widely blamed for the latest export debacle. A mechanism for faster refunds features prominently in the list of issues that the commerce ministry wants settled at the earliest, a senior official said. Allowing exporters to use a scrip they get under the critical Merchandise Export from India

Scheme (MEIS) to pay GST and treating supplies to export-oriented units from the domestic tariff area (DTA) as deemed exports are other key issues. “Ministry has already taken up the issues with the revenue department and the GST council. Govt will step up consultations and see how best govt can protect the interests of exporters,” the official said. The commerce ministry is of the view that if the GST council allows a virtual payment mechanism for exporters under the GST regime, it will be one of the most important concessions for them. This is because SMEs, who account for a bulk of the country’s exports, usually use working capital to pay the tax and then wait for the refunds. The ministry, therefore, favours a virtual payment system whereby the exporters will pay notional duty and get notional refunds later — something the GST Council is yet to approve as yet. Similarly, in the pre-GST period, exporters were allowed to utilise the MEIS scrip for the payment of a host of taxes– including excise duty, service tax, value-added tax and basic customs duty. However, with the introduction of the GST, the government has permitted the use of such scrip for the payment of only the basic customs duty. Exporters complain such a move amounts to an abrupt withdrawal of legitimate benefits announced under the Foreign Trade Policy (2015-20) to make goods exports globally-competitive and adversely affects their cash flow. For small and medium enterprises with limited access to credit, this remains a huge challenge. MEIS is the most important export promotion scheme under which the government provides exporters duty credit scrip at 2%, 3% or 5% of their export turnover, depending upon products and shipment destinations. The potential revenue forgone by the government on account of the scheme is estimated at Rs 22,000-23,500 crore a year.

WILL SOON COME OUT WITH MID-TERM REVIEW OF FTP, SAYS COMMERCE MINISTER

The mid-term review of the foreign trade policy (FTP), aimed at promoting exports, will be released soon, Commerce and Industry Minister said. Minister said the commerce ministry is working on country specific strategy for exports. “Very soon, Govt will come out with a mid-term review of our foreign trade policy,” Minister said at the inauguration of 37th India International Trade Fair (IITF). Minister said promotion of international trade would help boost the country’s economic growth. “Govt would like to increase the exports but also would not discourage imports. Govt will like to have an international trade as a thrust for developing India's GDP and economy," Commerce Minister added. The five-year foreign trade policy (2015-20) provides a framework for boosting exports of goods and services besides creation of employment and increasing value addition. The minister also informed that the redevelopment plan of the Pragati Maidan is underway and within two years, a world class facility will be developed for convention and exhibitions. Talking to reporters, Minister said the ministry is helping exporters in resolution of issues related with Goods and Services Tax (GST). Inaugurating the 'Startup India Standup India' pavilion, he said start-up India is a reality now and over 20,000 startups are there in India. The minister stated that govt has asked SIDBI officials to look at funding issues being faced by young entrepreneurs. "Ministry has told them that there should be no problems of funds," Minister said, adding that the ministry will soon be organising a round-table for starts-ups with the help of International Finance Corporation. "

COMMERCE MINISTER SIGNALS FOCUS ON NEW SECTORS TO BOOST MANUFACTURING, EXPORTS

Commerce and industry minister has signalled a shift in India's manufacturing and export strategy, with a focus on new emerging sectors such as genomic, while giving a thrust to export of goods that are not currently among the top 10 items shipped out of the country. Commerce Minister said that India has to put in place its own model as it seeks to increase the share of manufacturing in GDP from the current level of under 20% to increase employment and also help agriculture in segments such as food processing. It is not going to be easy to increase the share of manufacturing because services will always grow faster. Govt has to make sure that manufacturing has to keep pace with services growth," the minister said. Govt is working on the launch of 'Make in India 2.0' along with a similar scheme for services where the thrust will be on a greater presence in the global arena. The focus on new areas such as genomic, which will come with specific targets, will be in addition to steps to bolster existing strengths in the manufacturing sector. For instance, development of basic chemicals has been identified as a priority to cut reliance on imports from China. "It is more like backward integration for the industry." The success of the plan hinges on investment by the domestic industry, which he admitted was grappling with idle capacity as well as financial stress. Minister said exports could help use up the excess production capacity and added that there were indications that the strain on the balance sheet was easing as companies deleveraged. Although the government is looking to mop up investment to rev up the economy, Minister said there was no need to immediately review the FDI regime. On the export side, the minister said Ministry has flagged some of the issues, including some related to GST, with finance minister and indicated that his ministry has demanded more resources. This comes along with a move to get export promotion councils to chalk out business plans so that sectors beyond India's traditional focus areas of textiles, engineering and plantations are identified for greater thrust. While Minister is reviving focus on project exports through a boost to project financing — especially in West Africa — to take on competition from China, the minister acknowledged that India did not have deep pockets like its neighbour. Also, Korean companies have good brand equity, so the Japanese and others will be interested in buying from them. And, we will be able to use their technology and investment to export to other countries." Minister said that some of the push has paid off as countries such as China have agreed to look at India's sector-specific concerns with commerce secretary heading the task force from the Indian side.

INDIA, CANADA TO FAST-TRACK FREE TRADE PACT NEGOTIATIONS

Canada and India discussed ways to expeditiously conclude the free trade agreement and investment pact being negotiated at the Ministerial dialogue in New Delhi. Minister for Commerce and Industry and the Canadian Minister for International Trade directed the chief negotiators of the free trade pact to discuss and explore ways for early conclusion of the agreement, according to an official release. India highlighted the importance of services component under the proposed free trade pact formally known as the Comprehensive Economic Partnership Agreement (CEPA). "The Canadian side assured that they would look into the issues concerned, including movement of natural persons or workers and the kind of provisions could be built into the CEPA," the release said. Both sides also noted the exchange of wish lists on the services front and the Indian side reiterated that the architecture for services under CEPA is a vital focus area and response from Canada on positive elements has to be mutually beneficial. The Canadian side assured that it would look into the issues concerned, including movement of natural persons and the kind of provisions that could be built into the CEPA. Both Ministers also took note of the progress made under the Foreign Investment Promotion and Protection Agreement (FIPA) and expressed their hope for an early conclusion. While Canada is pressing for an earlier conclusion of the FIPA, India wants the CEPA to be also concluded simultaneously. The two countries agreed to explore collaboration in the area of export credit insurance through India's Export Credit Guarantee Corporation Ltd and Export Development Canada.

INDIA, EU HOLD DISCUSSIONS ON PROPOSED FREE TRADE AGREEMENT

Senior officials of India and European Union (EU) held discussions on the long-stalled free trade pact and expressed willingness to address issues in a time-bound manner, the department of commerce said. The chief negotiators of India and EU held discussions on the proposed free trade agreement, officially dubbed as Bilateral Trade and Investment Agreement (BTIA), the department said in a series of tweets. "Apart from the overall discussion on the way forward, respective leads engaged productively to address issues in their tracks. Both sides expressing their willingness to work in a time-bound manner," it added. The negotiations for the pact have been held up since May 2013 as both the sides are yet to bridge substantial gaps on crucial issues. Launched in June 2007, the negotiations for the proposed BTIA have witnessed many hurdles with both sides having major differences on key issues like intellectual property rights, duty cut in automobile and spirits, and liberal visa regime. The two sides have to iron out differences related to movement of professionals. Besides demanding significant duty cuts in automobiles, the EU wants tax reduction in wines, spirits and dairy products, and a strong intellectual property regime. On the other hand, India is asking for 'data secure nation' status to be granted by the EU. The country is among the nations not considered data secure by the EU. The matter is crucial as it will have a bearing on Indian IT companies wanting market access. Two-way trade between India and the EU dipped to USD 88.4 billion in 2015-16 from USD 98.5 billion in the previous fiscal.

INDIA, SINGAPORE DISCUSS WAYS TO STRENGTHEN TRADE TIES

India and Singapore discussed ways and actions to elevate bilateral relationship to a strategic level, an official release said. The issues regarding strengthening the bilateral ties were discussed during a meeting between visiting Indian Finance Minister and Singapore, Prime Minister. Both the leaders recalled the shared history of the countries, rooted in strong commercial, culture and people- to-people links. "They also discussed the meeting between the two Prime Ministers and elevation of IndiaSingapore Partnership to a strategic level and actions taken to translate their vision," the release said. They discussed at length the roll-out of the Goods and Services Tax in India, bilateral trade and investment, and the road map for enhancing economic and commercial ties. Indian Finance Minister delivered a keynote address at Morgan Stanley 16th Annual Asia Pacific Summit on "India: Structural Reforms and Growth Path Ahead". Finance Minister talked about the current state of India's economy, outlining the key reforms being implemented by the government with a view to positioning India as an attractive global investment destination. Finance Minister re-iterated India's commitment to increasing public expenditure on infrastructure and creating an environment for private participation to boost employment and provide impetus to overall economic growth.

GARMENT EXPORTS DIVE 41% IN OCTOBER ON GST WOES

With readymade garment exports plunging 40.7 per cent on a year-on-year (yoy) basis to Rs 5,398 crore in October, exporters have blamed the slump on financial crunch due to the delay in getting GST refunds and reduction in duty drawback rates under the new regime. The fall is one of the highest in percentage terms. Garment exports was the worst performing export category in October, data with the union commerce ministry showed. Garment exports fell 39.2 per cent y-o-y in dollar terms to $829.4 million during the month. "GST is the main reason for the fall in exports," said Tirupur Exporters' Association (TEA). "Exporters could not take advantage of positive trend in global trade due to serious cash crunch," said regional chairman, Federation of Indian Export Organisations (FIEO), southern region. Refund claims could not be settled due to system-related issues including the need for matching various heads of different returns in a majority of the cases, he said referring to the difficulties faced by the exporters in getting GST refunds for tax paid on exports during July and August. The duty drawback for cotton 'T-shirts' was reduced from 7.7 per cent to 2 per cent with the ceiling per piece being brought down from Rs 36 to Rs 9 with effect from October 1. With the advent of GST, exporters can claim drawback only for levy of customs. Though exporters can claim input tax credit for excise duties and service tax under GST, the refunds would be minuscule, industry officials said. Incidentally, readymade garment exports increased 4.5 per cent y-o-y in rupee terms to Rs 59120.7 crore in the first half (H1 or AprilSeptember) of 2017-18. Exports gained 8.9 per cent y-o-y in dollar terms to $9.2 billion during H1 of 2017-18.

SEAFOOD EXPORTS MAY CROSS $6 BILLION THIS YEAR

Indian seafood export is all set to cross $ 6 billion in the current year, backed by rising demand for shrimp in the wake of dwindling supplies from other Asian countries. The US leads the way for buyers during the Christmas and New Year season. "It is the peak season and there is increased demand. The prices are good too,'' said director of West Coast Fine Foods India. India is currently the top supplier of shrimps in the world, overtaking Ecuador, according to Globefish, the information and analysis wing on fisheries and aquaculture of the Food and Agriculture Organization (FAO) of the United Nations. The report said Indian farmed shrimp production had reached 5 lakh tonnes last year, with vannamei shrimp, the most preferred variety, touching 4.06 lakh tonnes. India exported $5.78 billion (?37,871crore) worth of marine products in 2016-17 with the US accounting for 30% share marginally ahead of southeast Asia. "There is a rising demand for shrimps of small and medium sizes. Unlike Europe, buyers in the US go for bulk purchases. It is possible to ship 100-200 containers,'' said Seafood Exporters Association of India. Among the Asian countries, China and Vietnam are the major buyers. "Earlier, Vietnam used to re-export a lot of Indian consignments to the US. Though they still import, we now compete with them for selling shrimps to US buyers by offering better quality material,'' said Seafood Exporters Association of India. Indian production of vannamei shrimp is predicted to go over 5 lakh tonnes in the current fiscal. With the increase in vannamei shrimp output in the past few years, seafood companies are scaling up their production facilities.

BASMATI RICE EXPORTS MAY DROP TO 3 YEAR LOW ON NEW EU RULE

India's basmati rice exports may drop to a three-year low this year as the European Union (EU) tightens a fungicide rule and local prices strengthen. Exports may decline as much as 5% to 3.79 million metric tons in the year that began on 1 April from a year earlier, said All India Rice Exporters Association. That would be the lowest since 2014-15, according to the association's data. According to the European Union's rule, the residue level of Tricyclazole fungicide in basmati rice should not exceed 0.01 parts per million from 1 January 2018, compared with 1 part per million currently, Association said. About 80% of India's basmati rice shipments include unpolished grains. The rest is sold after polishing, which significantly lowers fungicide residues. Rice companies are expected to focus on the domestic market after a surge in local prices following lower stockpiles and concerns that a drop in the crop area would lead to lower output, Association said. Basmati paddy output may fall 8% from a year earlier to 5.65 million tons in 2017-18, a decline for a third straight year and the lowest since at least 2009, according to the association. Farmers across the country have reduced planting 7.7% to 1.55 million hectares (3.8 million acres) from a year earlier to grow other agricultural crops, according to the association. Basmati rice exports totaled 2.12 million tons in the six month through 30 September, compared with 2.06 million tons a year earlier. Total rice exports climbed to 6.07 million tons from 5.43 million tons, according to the association's data.

GOVT LIFTS CURBS ON ALL PULSES EXPORTS

To enable farmers to get better prices, the Cabinet Committee on Economic Affairs (CCEA) has removed the curbs on export of all types of pulses. The Union Cabinet, which too met, allowed the constitution of a National Anti-Profiteering Authority (NAA) to enable the benefits of input tax credits and reduced GST rates to flow to consumers. While allowing exports, the CCEA empowered the Committee of Secretaries on pulses to review the export/import policy on the food crop and consider measures such as quantitative restrictions, prior registration and changes in import duties depending on domestic production/demand, domestic and international prices as well as trade volumes

ONION EXPORT JUMPS 56% IN APRIL-JULY, BUT INDIA NOW IMPORTING

India's onion export rose by 56% to 12.29 lakh tonnes in April-July this year, but the country has now gone in for import of the kitchen staple as retail prices have shot up to Rs 65- 70 per kg because of tight supplies. In value terms too, the onion export increased by 47.69% to Rs1,443.09 crore in the period under review, from Rs 977.84 crore a year ago, it said. Recently, the government allowed stateowned agencies like MMTC to import onion from countries like Egypt and China to increase availability and cool retail prices that have skyrocketed to Rs65-70 a kg level in many parts of the country.

BANKING/GST

GST HAS REDUCED BARRIERS BETWEEN STATES, SAYS PRESIDENT OF INDIA

President said that the introduction of Goods and Services Tax (GST) was a milestone and the new regime has reduced barriers between states, creating a more formal economy. Inaugurating the 37th India International Trade Fair (IITF) at Pragati Maidan, President said the country is recognised as a bright spot of the global economy and the world has acknowledged the change in its business environment. “Introduction of GST has been a milestone and it has broken down barriers between states. It has provided a boost to the creation of a common market and a more formal economy as well as a stronger manufacturing sector,” President said. Due to these efforts, President said, foreign direct investment (FDI) in the country increased to USD 60 billion in 2016-17 from USD 36 billion in 2013-14. The President also said that the focus of India’s economic reforms and policies is to eliminate poverty and enhance the prosperity of millions of ordinary families. “After all, trade must help common people. They are the ultimate stakeholders,” President added. Listing the government initiatives such as Make in India, Digital India, Start Up India, Skill India and Smart Cities, he said that these steps are an attempt to make economic reforms more meaningful to those at the grassroots. GST, which subsumed more than a dozen central and state levies like excise duty, service tax and VAT, was implemented from July 1. About the IITF, President said as many as 3,000 exhibitors including 222 foreign companies, domestic firms, public sector units and states are participating in the fair. This year, ‘Startup India Standup India’ is the theme of the fair. The ‘Partner Country’ is Vietnam and the Focus Country is Kyrgyz Republic. These countries, the President said, are important trade and strategic partners of India.

EXPORTERS CAN MANUALLY FILE GST REFUND CLAIMS, SAYS CBEC

The government has allowed exporters to manually file before tax officers claims for GST refunds as it looks to fast track clearance of dues to ease liquidity stress faced by them. Now exporters of services who paid IGST and those making zero rated supplies to SEZ units as well as those merchant exporters who want to claim refunds for input credit can approach their jurisdictional commissioner with their refund form.

"Due to the non-availability of the refund module on the common portal, it has been decided by the competent authority ... that the applications/documents/forms pertaining to refund claims on account of zero-rated supplies shall be filed and processed manually till further orders," the CBEC said in a circular.

The CBEC had last month started refunds for exporters of goods who have paid Integrated GST (IGST) and have claimed refund based on shipping bill by filling up Table 6A. Now businesses making zero rated supplies or those who have paid IGST on exports or want to claim input credit will have to fill Form RFD-01A and print and approach Chief Commissioner of Central Tax and the Commissioner of State Tax for refund claim. The provisional refund would be sanctioned by the tax officer within 7 days.

GSTN UTILITY FOR EXPORTERS TO CLAIM REFUNDS GETS ACTIVATED

Merchant exporters can start claiming tax refunds using the new utility that will be activated on the GST Network portal tonight, GSTN CEO said. With the new utility RFD-1A, a merchant exporter can claim refund of GST paid at the time of buying goods which he has exported in the relevant month. "GST RFD-1A for refund of input tax credit on export of goods and services and additional amount in cash ledger would go live on GSTN portal. The refund claims can be filled for July September and that would be matched with the corresponding GSTR-3B filed by the exporter. Earlier, GSTN had launched the utility for processing refund claims by manufacturing exporters who had paid Integrated GST (IGST) while exporting goods. GSTN CEO further said a new functionality has been introduced on the portal that enables businesses to engage and disengage a GST Practitioner (GSTP). As many as 46,000 people have applied for enrolling themselves as GST Practitioner and central tax officers are in the process of validating their applications. "The list of practitioners would be put up on the GSTN portal and businesses can search for a GSTP in their locality and send request. The practitioner can then decide to accept it or reject," GSTN CEO said. GSTN CEO added that once the business appoints a practitioner, any communication sent to the taxpayer would be automatically sent to the authorised GSTP as well. Besides, GSTN has come out with form REG- 09 for registration of non-resident taxable persons who engage in supply of goods or services occasionally, but have no fixed place of business in India. All foreign exhibitors participating in fairs like IITF who also want to sell their goods are required to register as non-resident taxpayer, GSTN CEO said.

ECONOMY

MOODY'S UPS INDIA RATING, SAYS REFORMS WILL SPUR SUSTAINABLE GROWTH

The US-based Moody's upgraded India's sovereign credit rating by a notch to 'Baa2' with a stable outlook citing improved growth prospects driven by economic and institutional reforms. The rating upgrade comes after a gap of 13 years – Moody's had last upgraded India's rating to 'Baa3' in 2004. In 2015, the rating outlook was changed to 'positive' from 'stable'. The 'Baa3' rating was the lowest investment grade — just a notch above 'junk' status. "The decision to upgrade the ratings is underpinned by Moody's expectation that continued progress on economic and institutional reforms will, over time, enhance India's high growth potential and its large and stable financing base for government debt and will likely contribute to a gradual decline in the general government debt burden over the medium term," Moody's said in a statement. Sovereign rating is a barometer of the country's investment climate. It gives investors insight into the level of risks associated with investing in a particular country and also includes political risks. For long, India was rated by other rating agencies at Baa3, the lowest investment grade and just a notch above the junk grade, which has now been upgraded a notch higher by Moody's. The Indian government has been pitching for an upgrade for quite some time now citing various reforms initiatives. The upgrade comes days after India climbed 30 places to rank 100th on the World Bank's Doing Business Report. The stock market and the rupee reacted positively with a sharp rally today. The global ratings agency, however, cautioned that high debt burden remains a constraint on the country's credit profile. "Moody's believes that the reforms put in place have reduced the risk of a sharp increase in debt, even in potential downside scenarios," it said. Moody's Investors Service upgraded the

Government of India's local and foreign currency issuer ratings to 'Baa2' from 'Baa3' and changed the outlook on the rating to stable from positive, the statement said. Stating that reforms will foster sustainable growth prospects, the US-based agency said the government is mid-way through a wide-ranging programme of economic and institutional reforms. "While a number of important reforms remain at the design phase, Moody's believes that those implemented to-date will advance the government's objective of improving the business climate, enhancing productivity, stimulating foreign and domestic investment, and ultimately fostering strong and sustainable growth," Moody's said. The reforms programme will thus complement the existing "shock-absorbance capacity" provided by India's strong growth potential and improving global competitiveness, it added. Reforms like the Goods and Services Tax (GST) will promote productivity by removing barriers to inter-state trade. Also, improvements to the monetary policy framework, measures to address the overhang of non-performing loans (NPLs) in the banking system and those like demonetisation, the Aadhaar system of biometric accounts, and targeted delivery of benefits through the Direct Benefit Transfer (DBT) system are intended to reduce informality in the economy. Other important measures which have yet to reach fruition include planned land and labour market reforms, which rely to a great extent on cooperation with and between the states, it said. "Most of these measures will take time for their impact to be seen, and some such as the GST and demonetisation have undermined growth over the near term," it added. Moody's expects GDP growth to moderate to 6.7 per cent in the fiscal year ending in March 2018. However, as disruption fades, assisted by recent government measures to support SMEs and exporters with GST compliance, real GDP growth will rise to 7.5 per cent next fiscal, with similarly robust levels of growth from 2018-19 onwards. "Longer term, India's growth potential is significantly higher than most other Baa-rated sovereigns," Moody's noted.

PRIME MINISTER INVITES ASEAN COUNTRIES TO RAMP UP INVESTMENT IN INDIA

Showcasing economic reform initiatives of Indian government, Prime Minister invited the ASEAN countries to ramp up their investment in India and said the task of transforming the country is proceeding at an "unprecedented scale". Addressing the ASEAN Business

Forum, the Prime Minister said India's 'Act East policy' puts the 10-member bloc at the centre of the country's engagement adding that most sectors of the Indian economy were made open for foreign investment. "Task of transforming India is proceeding at an unprecedented scale. We are working day and night towards easy, effective and transparent governance," PM said. The Prime Minister said the focus of Indian government has been to make India a global manufacturing hub and that efforts are on to make the youngsters job creators. "Keeping our emphasis on 'Minimum Government, Maximum Governance', about 1,200 outdated laws have been repealed in the last three years. India has simplified processes to start companies and for other clearances," PM said. Talking about the initiatives to introduce technology, PM said digital transactions have increased significantly and that technology is being used to reach out to people. PM said large sections of India's population did not have access to banking services and added that the Jan Dhan Yojana changed that in a matter of months and transformed the lives of millions. The trade ties between India and ASEAN are on an upswing and both sides want to further boost the trade and investment cooperation. The ASEAN region along with India together comprises combined population of 1.85 billion people, which is one fourth of the global population and their combined GDP has been estimated at over USD 3.8 trillion. Investment from ASEAN to India has been over USD 70 billion in the last 17 years accounting for more than 17 per cent of India's total FDI. India's investment in ASEAN during the same period has been more than USD 40 billion.

US, INDIA RELATIONS CAN RISE BEYOND BILATERAL TIES: PRIME MINISTER

Prime Minister said US President that both countries can rise beyond bilateral ties and work jointly for the future of Asia, reflecting their growing convergence on strategic issues in the Indo-Pacific region. During their wide-ranging talks, which took place on the sidelines of the Association of Southeast Asian Nations (Asean) summit in the Philippines, Indian Prime Minister assured US President that India will try to "live up to the expectations" of the US and the world and also thanked the US President for speaking "highly" about India during his trips. The meeting came a day after officials of India, the US, Japan and Australia held their talks to give shape to the much talked about quadrilateral alliance to keep the strategically important Indo-Pacific region free, open and inclusive. “The cooperation between India and US can rise beyond bilateral cooperation and both countries can work for the future of Asia and the world... We are moving ahead together on many issues,” Indian PM said US President in the opening remarks. The US has been pitching for greater Indo-US cooperation in the strategically key IndoPacific region where China has been ramping up its military presence. “Wherever US President has gone and wherever he got an opportunity to talk about India, US President spoke very highly about India. US President expressed optimism about India and US is assuring that the expectation the world has, the expectation the US has, India has been trying to live up to that expectation and will continue to do it,” said Indian PM . Briefing reporters later, Foreign Secretary described the meeting as “co-ordial, constructive and very comfortable” conversation on bilateral, regional and global issues. He said the meeting was mainly focused on economic issues including trade and investment. The two sides discussed how to grow the economic ties and improve market access to each other. He said the two leaders also discussed matters relating to defence cooperation, counter-terrorism, proliferation, the Korean crisis and situation in the West Asia, and the Gulf. In the meeting, US President described Indian Prime Minister as a “friend”. US President had praised India’s “astounding” growth after it opened up its economy and also lauded Indian Prime Minister, saying Indian PM has been working successfully to bring the vast country and its people together.

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TRADERS SAY DELAY OF BILLIONS IN TAX REFUNDS SLOWS INDIA EXPORTS

New Delhi: India's exporters are a worried lot.Four months after India's biggest tax overhaul, traders are still waiting for Rs500 billion ($7.7 billion) they say the government owes them in refunds, leaving them short of operating capital as overseas sales suffer."It's an alarming situation," said A. Sakthivel, regional chairman of the Federation of Indian Exporters Organisation in southern India. "Our working capital is stuck, we're losing revenues and now we're having to let workers go." More than 10,000 workers have lost their jobs in the Tirupur export hub that employs half a million in the state of Tamil Nadu, according to Sakthivel.

India's exports dipped for the first time in 15 months this October, falling 1.1% to $23.1 billion, even as the government tinkered with ways to simplify the hurriedly implemented nationwide goods and services tax (GST). While last month's trade deficit widened the most in three years to $14 billion, exports are expected to fall further in November if prices of crude oil, India's biggest import, continue to climb, traders say. The decline in exports combined with the slowing of India's $2.3 trillion economy contrasts with the accelerating global economy. With elections due in key states over the next few months, including Prime Minister Narendra Modi's home state of Gujarat—India's second-most industrialized state with annual exports worth $60 billion—his government faces the twin challenges of restoring business and saving informal sector jobs. Nitin D. Wakankar, a spokesman in the commerce ministry, didn't respond to calls seeking comment. Small, unorganized businesses—especially in traditionally dominant textiles and jewellery sectors—have witnessed the worst supply chain disruptions since July, exporters say. Two-thirds of India's exports basket comprises traditional product groups, including gems and jewellery, pharmaceuticals, textiles, engineering goods, food and fuel. In spite of extended deadlines for tax filing and large-scale reviews that eased rates for merchant exporters, the flow of cash refunds remains slow, according to traders.

Although exports are likely to stabilize after the GST-driven distortions subside, the traditional product mix will hinder the country's ability to participate in the ongoing trade upturn, according to Radhika Rao, Singapore-based economist at DBS Bank. "Idiosyncratic drags from GST-related uncertainty and the effect of duty drawback" have added to trade headwinds, Rao wrote in a report on 22 November.

The government's efforts to address exporters' concerns will begin to show results shortly, according to Ajay Sahai, director general of the Federation of Indian Export Organisations. But in the meantime, many of the smaller exporters had to stop accepting fresh orders for lack of funds after paying taxes, he said. The liquidity crunch has worsened with banks unwilling to lend exporters for GST payouts while they wait for refunds. Having to borrow more was further hurting profitability, said Ganesh Kumar Gupta, Mumbai-based chairman of Akaash Textiles Pvt. Ltd and Vijay Silk House Group. "GST will help the whole nation but the system is just not working," Gupta said. "We'd rather the government kept exporters out of the GST completely." **LIVEMINT**

RUSSIA'S CHOPPERS MADE IN INDIA MAY BE EXPORTED

NEW DELHI: In what could give a major boost to Make in India and a leg up to India's defence exports Russian made Kamov Ka-226T military helicopters assembled in India could be exported to third countries in future.

Under the Indo-Russian bilateral deal for 200 Kamov helicopters the first 60 will be manufactured in Russia & delivered to India and the remaining 140 will be assembled in India. Subsequently plans are in pipeline for additional Kamov helicopters in India and export to third countries, according to senior officials. A Indo-Russian joint venture has been set up to implement the project of the Ka-226T production in India.

Further on, the JV will decide on the rate of production and the volume of deliveries and will look for new clients, officials indicated. 'We have an order for 200 helicopters: the first 60 rotocraft will be manufactured in Russia and the subsequent 140 will be assembled in India at an increasing rate of local production. Further on, the sides may make a decision that the Ka-226Ts may be also assembled in India for third countries," Rostec Corporation Director for International Cooperation and Regional Policy

Viktor Kladov was quoted as saying by Russian news agency TASS earlier this week. “The joint venture has no limitations. They have a firm order from the Indian government but after fulfilling it they may supply these products to third countries and I hope that the market will be good, interesting and big," Kladov said.

The Indo-Russian agreement on cooperation in helicopter production was signed in 2015. In October 2016, the sides signed an agreement on establishing a joint venture on the Ka-226T production. The Russian-Indian joint venture on the production of Ka-226T helicopters was established in India in May 2017. The JV was founded by India’s Hindustan Aeronautics Limited, Russian Helicopters Group and Russia’s state arms seller Rosoboronexport.

India and Russia are working on Request for Proposal (RFP) for Kamov helicopters. About a week ago, a meeting was held between India and Russia for the RFP. The RFP is likely to be issued within three to four months with deliberations between the army, IAF and MOD. The Indian army will get about 130 to 140 of these helicopters to replace its ageing Cheetahs, while the Indian Air Force will get the remaining. Russia is also planning to build a Maintenance, Repair and Overhaul (MRO) plant for the Kamov helicopters in India.

The Indo-Russian Inter Governmental Agreement also mentions that the helicopters will be exported from India to third countries. “But this will only happen after the first 200 helicopters are delivered to India. So it will take another eight to nine years to be able to export these platforms,” explained officials.

Recently in what was a shot in arm for BrahMos jointly developed by India and Russia – Brazil, Kazakhstan and Indonesia showed interest to buy the missiles at the Dubai air show. The interest has primarily been in the air version of the Brahmos missile. The agreement between India and Russia for development of the advanced BrahMos system allows the use of the missile in both countries’ armed forces and export to other friendly countries. And on Wednesday the BrahMos supersonic cruise missile was tested onboard Indian Air Force's (IAF) Sukhoi 30-MKI aircraft off the Bay of Bengal.

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