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EXPORT-IMPORT-NEWS

LIMITED SUPPLIES LIFT PEPPER

Availability of imported pepper in consuming and producing areas at Rs. 430 a kg coupled with continued withdrawal of sellers has pushed up the spot prices further on Monday.On the terminal market, 17 tonnes were traded at Rs. 435-440 a kg. Harvesting of new pepper is expected to start in a fortnight, trade sources said.Spot prices increased by Rs. 400 a quintal to Rs. 42,100 (ungarbled) and Rs. 44,100 (garbled). Export prices are at $7,425 a tonne c&f for Europe and $7,675 for the US.
B/L-19/12/17

STRONG DEMAND INFUSES AROMA IN SMALL CARDAMOM

Small cardamom prices continued to show a firmer trend in recent days on strong demand at auctions held in Kerala and Tamil Nadu.Total arrivals were up at 707 tonnes last week from 593 tonnes the previous week. The individual auction average has moved up to Rs. 906.32 a kg from Rs. 881.17 last week.In the upcountry markets, a likely squeeze in availability and empty inventories have aided the price rise, said PC Punnoose, General Manager, CPMC. At the auction held today in Bodinayakannur by Cardamom Planters Association (CPA), the individual auction average rose by to Rs. 929.02 a kg from Rs. 861.14 in the previous week. A total of 37 tonnes of cardamom arrived and almost the entire quantity was traded. The maximum price stood at Rs. 1,134 a kg.Prices of graded varieties (Rs. /kg): 8mm green bold Rs. 1,200; 7-8 mm: 980; 6-7 mm 925. Good bulk was being traded at Rs. 960- Rs. 1,000.
B/L- 20/12/17

PALM OIL WILL TEST SUPPORTS, RISE

Malaysian palm oil futures fell on Monday, after rebounding from the multi-month lows made last Friday and recording its biggest daily gains in nearly five months. Seasonally falling output and upcoming Chinese New Year demand is expected to put a floor to prices in the coming weeks. But, exports have been benign so far and that has dented the sentiment of the market badly.CPO active month March edged lower after a smart pull-back in the previous session. As mentioned earlier, the picture still looks mixed with a mild bearish bias in the short-term, but still does not show any major change in the big picture which is still friendly.The upward retracement from MYR 2,420/tonne to MYR 2,560/tonne has been impressive with decent volumes, making us believe a possible intermediate bottom is in place. However, it needs to clear the near-term resistance at 2,560 levels. Such a rise could see prices edging higher towards 2,635-50 levels where stronger resistances kick in.Dips to 2,485-90 is expected to hold supports in the coming week.The favoured view still expects while prices hold above supports in the broader picture, it could eventually inch higher in the coming sessions. The downside from here looks limited.

B/L- 21/12/17

BENGALURU TO HOST SEVENTH INTERNATIONAL COFFEE FEST

The seventh edition of the India International Coffee Festival (IICF) will be held in Bengaluru from January 16-19.The four-day IICF 2018, being organised by the India Coffee Trust and State-run Coffee Board to promote the Indian coffees globally, is expected to attract over 100 companies, 600 delegates and some 10,000 visitors, organisers said.Karnataka Tourism Minister Priyank Kharge said IICF will help promote Kodagu, Chikkamagaluru and Sakleshpura not just as the coffee growing estates but also as tourist destinations in view of their great landscape, and unique culture and cuisines.Srivatsa Krishna, Secretary, Coffee Board, said IICF 2018 would be a precursor to the International Coffee Organisation's World Coffee Conference being hosted by India in Bengaluru in 2020

B/L- 22/12/17

CENTRE TO REVIEW DECENTRALISED PROCUREMENT OF FOODGRAINS

The government has asked the NITI Aayog to assess the impact of decentralised procurement system for foodgrains, and study the trends in procurement, Minister of State for Food and Consumer Affairs CR Chaudhary said in reply to a question in Lok Sabha today.Under the decentralised procurement system, the Centre buys food grains for its stocks through state agencies, rather than through the Food Corporation of India.So far, 15 States have introduced the decentralised system for procurement of rice, and eight have adopted it for wheat, the minister said.The government had earlier set up a high-level committee to review the current system of procurement, storage, marketing, preservation and distribution of food grains.

B/L- 23/12/17

SCIENTISTS FIND A WAY TO SAVE WHEAT FROM STEM RUST DISEASE

In a development that could give much reprieve to wheat farmers across the world, scientists have gained gene-level insights into how a deadly fungus attacks the cereal crop, leading to its widespread destruction, as seen already in many countries in Africa and West Asia.Though the fungal epidemic caused by a strain of fungus Puccinia graminis tritici (Pgt), called Ug99, has not reached India yet, it has been lurking in the neighbourhood; in Iran and Afghanistan for a while.The fungal strain, first detected in Uganda around 1999 (thus the name Ug99), is much dreaded because 90 per cent wheat grown all over the world could be susceptible to it. This is because it can overcome the resistance conferred by a specific gene called Sr35 which is part and parcel of the most high-yielding wheat varieties.Now, in two studies, published in the journal Science on Thursday, scientists from Australia, the UK and the US, have developed a DNA testing technique that could identify whether the rust pathogen in a particular crop can overcome a novel rust resistance gene that is being introduced in high-yielding wheat varieties in many countries. To do this, the scientists made use of the insight they gained from the discovery of a rust virulence molecule that wheat plants detect to ‘switch on’ built-in resistance and stave off the disease. The breakthrough would mean suspect samples could be analysed within hours in an emergency rather than weeks, potentially saving crops from being destroyed.“For the first time it will be possible to do DNA testing to identify whether a rust in a wheat crop anywhere in the world can overcome a rust-resistance gene, called Sr50, which is being introduced in high-yielding wheat varieties,” said Robert Park, a scientist with the Plant Breeding Institute at the University of Sydney.“This will indicate whether or not a given wheat crop needs to be sprayed with expensive fungicide quickly to protect against rust — which would otherwise devastate the crop in a matter of weeks,” he said.

B/L -24/12/17

TRADE NEWS

AFTER A BLIP, EXPORTS JUMP 30.6% TO $26.19 BILLION IN NOVEMBER

India's exports rose at a fast clip in November, reversing the contraction in the previous month and allaying concerns that lingering issues with the goods and services tax (GST) will dent shipments. Exports were up 30.6% in November from a year ago, data released by the commerce department showed, while imports were up 19.6% in the month. In dollar terms the value of exports was $26.2 billion against imports of $40 billion, yielding a trade gap of $13.8 billion, higher than $13.4 billion same month last year but less than $14 billion in October. Exports have grown for the last 13-month except for one contraction of 1.12% in October. The high exports growth was driven by bigger shipments of gems and jewellery and engineering goods and helped by the low base of last year. India's biggest item of export engineering goods saw a 43.8% rise in shipments to $7.2 billion.

Gems and jewellery exports were up 32.7% to $3.4 billion while petroleum products exports rose 47.7% to $3.6 billion. As many as 24 out of 30 exports groups posted positive growth in November. Exporters' body FIEO said that the global demand has surprised with its strength. "The positive growth in exports in November, 2017 have been witnessed by China, South Korea, Taiwan, Singapore, etc. reflecting recovery in global demand, though India has emerged as a top performer," it said in a statement. FIEO hoped the problems in GST refund would also be mitigated in the days to come to ease out liquidity for exporters. Gold imports dropped 26% to $3.26 billion but higher crude prices pushed up overall imports. Petroleum, crude and products imports were up 39.1% to $9.6 billion. Non-oil imports clocked a slower 14.6% rise to $30.47 billion. Electronics goods imports rose 25% to $4.4 billion in November.

Cumulative exports during April-November 2017-18 increased by 12% to $196.48 billion, while imports grew 21.9% to $296.45 billion, leaving a trade deficit of nearly $100 billion in the first eight months against $67.9 billion same period last year.

SERVICES EXPORT RISES 8% TO $14 BILLION IN OCTOBER; IMPORT UP 13%

India's services exports grew by 8 per cent to USD 14.15 billion in October, the Reserve Bank data showed. They amounted to USD 13.11 billion in October last year. The imports of services increased as well, by 13.3 per cent, entailing an outgo of USD 8.7 billion in October, as per the RBI data on India's International Trade in Services. Import payments were at USD 7.68 billion in October 2016. Cumulatively, the services exports during the April- October period of the 2017-18 fiscal reached USD 94.48 billion. The imports stood at USD 55.44 billion. 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 (GDP). The data published by the Reserve Bank of India is provisional and undergoes revision when the Balance of Payments (BoP) data is released on a quarterly basis.

INDIA-ASEAN PARTNERSHIP SET TO GET A SHOT IN THE ARM

Marking India's 25 years of partnership with the ASEAN, the government seeks to augment its ties with the 10-member regional grouping in the coming year. Not only will the 10 heads of state from the ASEAN region participate in the 69th Republic Day Celebrations as chief guests on January 26, there will also be an India-ASEAN Commemorative Summit that will be held on January 25. The theme of the summit, 'Shared Values, Common Destiny', will have a special focus on 3 Cs – Commerce, Connectivity and Culture, sources said. "The very fact that all 10 leaders are coming from these countries for the Republic Day celebrations and have also agreed to hold a summit for the second time in such a short span of time is an indication of the fact that they recognise India's 'Act East Policy'," said a top official. With connectivity at its core, the summit will also seek to discuss the progress achieved so far in some of the crucial projects such as the Kaladan multi-modal transit transport corridor and India-Thailand Trilateral Highway, which have been moving at snail's pace for almost a decade now. Efforts will be made to expedite these projects. On the trilateral highway, efforts are being taken to complete the project by 2019 and then extending it to the CLMV (Cambodia, Laos, Myanmar and Vietnam) countries, the official said. Services trade In commerce, the summit will also seek to address the most contentious part of the relationship, which is bilateral trade between India and ASEAN. While the free trade agreement on goods have been in place since 2010, the pact on services trade have not yet been ratified by Philippines, Laos and Cambodia. It was signed in 2014. "Yes, the pact on services trade has not yet been implemented as it awaits ratification from some of the countries. But it is hoped that it will be ratified soon and we will be able to implement it," the official said. ASEAN is India's fourth largest trading partner. Bilateral trade between India and ASEAN reached $70 billion in 2016-17, up from $65 billion in 2015- 16. The ASEAN is also upset with India for not making enough progress in the China-led mega trade deal – the Regional Comprehensive Economic Partnership (RCEP). The official also said that a master plan on port connectivity will also be developed so that trade with ASEAN can be enhanced with a special focus on maritime connectivity. "Govt is looking at enhancing port connectivity with the ASEAN countries. Right now almost 10 per cent of India's trade gets transited through the Singapore port. So we are planning to have more port connectivity," the official said. Strategic issues such as revival of the Quadrilateral among US, Japan, Australia and India with a focus on greater security cooperation in the Indo-Pacific region. The government also plans to host a Business and Investment Meet and Expo, Business Conclave, Textile Event and Regional Indian Diaspora Meet in the run up to the summit. In addition to this, academic conferences, business events and cultural festivals will all be organised throughout the year. During the Republic Day celebrations, a ‘special ASEAN element’ will also be introduced in the parade.

INDIAN SHRIMP EXPORTS SET TO DOUBLE TO $7 BN BY 2022: CRISIL

Country's shrimp exports is likely to double from USD 3.8 billion to USD 7 billion by 2022 due to strong demand, high quality, improved product mix and an increase in aquaculture area in several states, a report said. "Report expects shrimp exports from India to nearly double to USD 7 billion by 2022, driven by strong demand, high quality, improved product mix and an increase in aquaculture area in Andhra Pradesh, Gujarat, Odisha and West Bengal, even as our Asian rivals battle structural issues and rising domestic consumption," the rating agency Crisil said. The global shrimp industry is estimated at USD 30 billion and India's market share is estimated at 13 per cent by value terms. India became the biggest exporter of shrimps with USD 3.8 billion exports during fiscal 2016. Indian exporters have in the past few years emphasised on lower-density shrimp farms to control diseases, while maintaining quality across the value chain. The use of resilient specific pathogen free (SPF) broodstock imported from the United States has also helped the industry greatly. Consequently, between fiscal 2012 and 2017, India's shrimp production doubled, and helped it grab the opportunity created by lower supplies from Asia, the report said. Since 2010, shrimp production in Asia has been severely affected by diseases, floods, labour issues and tightening environmental norms. Production in Vietnam has declined 40 per cent from peak levels because of shortage of fresh water, salinity intrusion and illegal shrimp farming. Thailand, which was once the top exporter, is now ranked 5th after a 65 per cent plunge in production from peak levels. During 2016, China's shrimp production also nosedived 60 per cent even as its consumption more than doubled, rendering it a marginal exporter. In addition, these countries also faced significant quality challenges. Crisil said that the rival countries are now trying to get their house in order. Improving hatchery procedures is helping Thailand to recover slowly, but Vietnam is expected to take more time to sort out quality issues. China is struggling with both structural issues and surging domestic demand. Consequently, India's primacy in shrimp exports is unlikely to be seriously challenged over the medium term. Additionally, larger Indian exporters are expanding infrastructure to cater to increasing demand for value-added products from big global retail chains and restaurants. Therefore, we foresee value-added exports also rising from the current 15 per cent levels significantly. "Strong volume growth and higher proportion of value-added products will bolster the operating profitability of several shrimp exporters. Additionally, healthy accretions and the absence of major debt-funded capital expenditure will reduce leverage and further strengthen their credit profiles," Crisil Ratings director said.

EXPLORE IMPORT OF COMMODITIES LIKE WHEAT: INDIA TO NIGERIA

Agriculture Minister urged his Nigerian counterpart to consider import of agri commodities such as wheat, rice, maize, cotton, pepper and fresh grapes. In a meeting with Nigeria's Minister of Agriculture and Rural Development, Agriculture Minister also called on the African country to take advantage of the line of credit extended to it and training programmes for agriculture and the allied sector. "Nigeria is India's largest trading partner in Africa. There is tremendous potential for further expanding this volume. Nigeria may consider importing fresh grapes, pepper, wheat, maize, rice and cotton," Indian Minister was quoted as saying in the release issued by the agriculture ministry. While appreciating Nigeria for encouraging Indian firms to explore opportunities in its agriculture sector -- both as investors and agri-service providers -- the minister said India is keen to share its rich agricultural experience. According to Agriculture Minister, India recently increased training slots under the Indian Technical and Economic Cooperation (ITEC) Programme to 310 from 200 annually for Nigeria, which also include short-term training programmes in agriculture and allied sectors. About USD 10 billion concessional loan extended to

African nations in 2015, the minister exhorted his Nigerian counterpart to take benefit of the line of credit. "India would be glad to contribute to the Nigerian government's priorities in agriculture and allied sectors," Minister added.

NOVEMBER VEGETABLE OIL IMPORTS RISE 6.2 PER CENT TO 1.248 MILLION TONNES: TRADE BODY

India's cooking oil imports rose by 6.23 per cent to 12.48 lakh tonnes in November this year on higher shipment of crude sunflower and soyabean oil, industry body Solvent Extractors Association (SEA) said. Cooking (vegetable) oil imports had stood at 11.75 lakh tonnes in the year-ago period. The share of palm oil is more than 60 per cent in total imports. Last month, the government raised import duty on edible oils to 15 per cent across the board to protect domestic growers. Among edible oils, crude oil imports rose to 5,59,584 tonnes in November 2017 as against 5,57,364 tonnes in the same period last year, the SEA data showed. Soyabean oil imports increased substantially to 2,73,928 tonnes from 1,64,286 tonnes, while that of sunflower oil shipments rose to 1,93,810 tonnes from 1,58,071 tonnes in the said period. Similarly, import of RBD palmolein remained lower at 1,47,362 tonnes in November this year compared to 2,40,948 tonnes in the yearago. Import of canola oil increased to 40,609 tonnes from 32,195 tonnes in the said period, the data showed. In case of non-edible oils, imports were at 23,495 tonnes in November 2017 as against 19,601 tonnes in the same month last year. On recent hike in edible oil import duty, the SEA said that "the announcement has changed the sentiment and the market has moved upward and now prices of soyabean and groundnut touched MSP which were ruling much below prior to import duty hike." Inadvertently, cottonseed oil duties were not raised and remained unchanged at 12.5 per cent on crude and 20 per cent on refined ones, which has created an anomaly and harming the interest of cottonseed farmers, it said, urging the government address the problem at the earliest. As on December 1, the SEA said that edible oil stock at various ports was 8,47,000 tonnes and about

14,20,000 tonnes were in the pipeline

PALM OIL IMPORTS FALL TO 8-MONTH LOW IN NOVEMBER

India's palm oil imports dropped nearly 11 percent in November from a year ago to the lowest level in eight months, a trade body said, as refiners curtailed purchases due to a hike in import tax. The world's biggest importer of edible oils bought 716,968 tonnes of palm oil last month, down from 801,311 tonnes a year ago, the Solvent Extractors' Association, a Mumbaibased trade group for oilseed processors, said in a statement. The government does not provide data on specific edible oil imports. Despite lower imports of palm oil, the South Asian country's overall purchases of vegetable oils in November rose 6.2 percent from a year earlier to 1.248 million tonnes on increased imports of soyoil and sunflower oil, the trade body said. Soyoil imports jumped 67 percent from a year ago to 273,928 tonnes, while sunflower oil imports rose 23 percent to 193,810 tonnes, it said. India primarily imports palm oil from Indonesia and Malaysia and soyoil from Argentina and Brazil. It also buys small volumes of sunflower oil from Ukraine and canola oil from Canada.

DIAMOND EXPORTERS EYE GAINS FROM US TAX REFORMS

India’s diamond traders are eyeing an increase in business from the tax reforms in the United States that they believe will lead to an increase in the disposable income of Americans and consequently higher spending on lifestyle products including diamond jewellery. Simultaneously, the Gem & Jewellery Export Promotion Council has partnered with the Diamond Producers Association comprising leading diamond miners to embark on an international campaign to boost diamond consumption across the globe. These twin factors have raised expectations among gems and jewellery exporters of a better 2018-19 than the current financial year. Gems and jewellery exports in the first seven months of the current fiscal fell 13.18 per cent in rupee terms over the previous year and 11 per cent in dollar terms, although exports of cut and polished diamonds went up 7 per cent in volume terms to 214.05 lakh carats. “Council is expecting that the $1.5-trillion tax bill of (President Donald) Trump will boost the US economy and increase the purchasing power of Americans,” said Chairman of the Gem & Jewellery Export Promotion Council. “This will help Indian diamond exports to the US, the biggest market for us. We expect 2018-19 to be a better year for us,” Council said.

BANKING/GST

NEW MERCHANT DISCOUNT RATE FAVOURS SMALL BUSINESSES: RBI

The Reserve Bank of India said the new merchant discount rate for debit card transactions at point-of-sale terminals as well as online transactions, which is effective from January 1, 2018, is pro-small merchants and the rate has been fixed after elaborate consultation with all stakeholders. MDR is the fees paid by the merchant to an acquiring bank, which sets up the point-ofsale (POS) infrastructure, for its services. A portion of this fee is passed on by the acquiring bank to the card-issuing bank in the form of interchange fee. “After an elaborate consultative process, the MDR charge has been fixed to achieve the twin objective of giving further fillip to debit card transactions, especially at smaller merchant establishments, while making it worthwhile for the banks to recover a part of their cost so as to invest in technology, fraud prevention, and security of the transactions,” said Deputy Governor, RBI. RBI underscored that the MDR has been fixed after elaborate consultations with stakeholders, visits to branches, and seeing their books to achieve the twin objectives that debit card transactions should increase while it should be viable for the banks. “The MDR rate is the maximum rate and the actual rate is much below that. So, RBI wants e-payment transactions at merchant establishments, especially small merchants, to grow,” said the Deputy Governor. At the same time, it is essential to ensure that banks do not make huge losses, said Kanungo, adding that they will still be making losses (after the rejig in MDR). The losses will be reduced due to the rejig in MDR rates. On the issue of interchange fee (fee passed on by the merchant-acquiring bank to the card-issuing bank), he said there are two theories floating — first, that RBI should not control the rates and that it should control the interchange; second, that the RBI should intervene in the revenue sharing of all the stakeholders involved in this case. Customer not to pay The Deputy Governor underscored that the MDR is not to be borne by the customer. It is paid by the merchant. MDR is the maximum rate and there are several instances, depending on the business relationship and the volume that they generate, many merchants bargain for and get a lesser discount rate from the banks. Subsidising MDR On the issue of subsidising MDR, the top RBI official said: "It is the government's domain. They will have to take a call. It will be a sovereign decision. I am no one to either support it or oppose it. If the government wants to subsidise, fine." On the possibility of subsidising MDR from Nabard's financial-inclusion fund, no decision has been taken so far. There is a committee that decides on this.

GST NETWORK SIMPLIFIES RETURNS FILING PROCESS

The GST Network said it has introduced a functionality which simplifies the returns filing process for taxpayers. "A new functionality has been introduced on the GST portal for ease of the taxpayers under which questions will be posed as soon as the taxpayer enters the Returns dashboard and only relevant tiles will be displayed to the taxpayers based on the answers to the questions posed," the GST Network said in a statement. This has been started first with GSTR-3B returns (initial sales return), it added. For 'nil' GSTR 3B returns, one-click filing has been introduced as no tile will be shown to such taxpayers. Also, a help section has been provided on each page for the convenience of the taxpayer. "Until now, taxpayers were shown all tiles with payments when they enter the Returns dashboard but now they will be shown only those tiles which are relevant for them. "They will be asked questions and basis their response, they will be shown only relevant tiles," said CEO of the Goods and Services Tax Network

(GSTN). The new facility will result in time savings for the taxpayers, said GSTN, which provides the IT backbone for the new indirect tax regime.

REVISE ERRONEOUS CREDIT CLAIMS UNDER GST BY DECEMBER 27: GOVERNMENT TO TAXPAYERS

The government has warned the industry to amend any inflated input tax credit claimed in lieu of taxes paid prior to roll out of goods and services tax (GST), failing which it will initiate audit and enforcement action. Taxpayers who have claimed transitional credit erroneously are advised to avail of the opportunity to revise Form TRAN-1by December 27, 2017 and ensure that only correct and bonafide credit is availed in transition, failing which the tax administration would be constrained to initiate audit and enforcement action against the identified units," said a finance ministry statement. The government has already ordered an analysis of the transitional credit taken by top 100 taxpayers in each jurisdiction. The central government's GST collections have been muted, and one reason for the same is high input tax credit claimed for pre-GST regimes. The Centre's revenue on account of GST in July, August, September, and October added up to Rs 58,556 crore. "It has been noted that some taxpayers have availed extraordinarily high transitional credit of CGST which is neither commensurate with the trend of input tax credit of the industry nor as maintained by the taxpayer himself in the past," it said adding that some of these high transitional credits may have a bonafide explanation or may be a case of bonafide mistake. It has been noted that high transitional credit has been claimed in many cases for which perhaps no bonafide explanation exists. "Analysis to identify such units is underway. Such behaviour leads to breach of trust between the taxpayer and the taxadministration, which is the bed-rock of selfassessment regime in GST," it said. A tax payer can file Form TRAN-1and avail input tax credit on the basis of closing balance of the input tax credit declared in the last return under the pre-GST regime. The GST rolled out from July 1. The last date for filing Form TRAN-1 is December 27, 2017, which can also be revised till then. Tax experts see closer scrutiny of credit claims by authorities in the coming months.

GST COUNCIL APPROVES EARLY ROLLOUT OF E-WAY BILL FROM FEBRUARY 1 THE GST

Council, which held an urgent meeting via video conferencing, approved mandatory compliance of the e-Way Bill to ease traders concerns. With this decision, the e-way bill for the inter-state movement got advanced to February 1 from April 1. The GST Council also decided that the trial of the e-way bill will begin from January 15, and asked states to come back to the Council prepared. The E-way bill requires online pre-registration of goods before transportation under the new GST regime. Under the e-way mechanism, all goods worth over Rs 50,000 will have to be pre-registered online before they are moved for sale beyond 10 km. This was the 24th meeting of the Council. The last meeting was held in Guwahati in November where taxes on 178 items were slashed. In an earlier meeting, the Council had decided that e-way bill – an electronic document generated on the GST Network portal – would be introduced in a staggered manner from January 1 and subsequently nation-wide from April 1. The need to review the rollout timeline stems from revenue shortfall registered last month, PTI reported. The GST revenue for October stood at Rs 83,346 crore, the lowest compared to the first three months since the implementation of GST from July 1. It was significantly down from the September figure of Rs 95,131 crore. Last month, tax rates on several items, ranging from chewing gum to chocolates, to beauty products, wigs, and wristwatches, were cut to provide relief to consumers and businesses. As many as 178 items of daily use were shifted from the top tax bracket of 28% to 18%, while a uniform 5% tax was prescribed for all restaurants, both airconditioned and non-AC. Finance Minister , time and again, hinted at lower tax slabs in coming days if there is enough revenue buoyancy.

ECONOMY

INDIA'S CAD MORE THAN DOUBLES TO $7.2 BN IN Q2, SAYS RBI DATA

India's second quarter current account deficit (CAD) more than doubled to $7.2 billion or 1.2 per cent of GDP fiscal on annual basis, mainly due to higher oil imports. However, CAD in the second quarter narrowed sharply from $15 billion (2.5 per cent of GDP) in the preceding quarter, the RBI said. Though, it was substantially higher than $3.4 billion (0.6 per cent of GDP) in second quarter of 2016-17. In general terms, CAD refers to the difference between inflow and outflow of foreign exchange that has a bearing on exchange rate. "The widening of the CAD on a year-onyear (y-o-y) basis was primarily on account of a higher trade deficit ($32.8 billion) brought about by a larger increase in merchandise imports relative to exports," the RBI said. On a cumulative basis, the CAD increased to 1.8 per cent of GDP in the first half of 2017-18 from 0.4 per cent in comparable period of last fiscal on the back of widening of the trade deficit. India imported 124.6 million tonnes of crude oil and petroleum products in April-September for $43.5 billion (Rs 2.8 lakh crore) as against 126.1 MT imported for $37 billion (Rs 2.48 lakh crore). During the September quarter, the RBI said net services receipts increased by 13.1 per cent on a y-o-y basis mainly on the back of a rise in net earnings from software services and travel receipts. "Private transfer receipts, mainly representing remittances by Indians employed overseas, amounted to $17.4 billion, increasing by 14.7 per cent from their level a year ago," the central bank said. In the financial account, net foreign direct investment at USD 12.4 billion in the second quarter of 2017-18 moderated from its level in similar period of last fiscal. Further, portfolio investment recorded net inflow of $2.1 billion, lower than $6.1 billion in second quarter last year on account of net sale in the equity market, the RBI said. In the quarter ending September, there was an accretion of $9.5 billion to the foreign exchange reserves as compared to $8.5 billion in similar period of 2016-17 and $11.4 billion in the preceding quarter. India's trade deficit increased to $74.8 billion in the first of 2017-18 from $49.4 billion in comparable period of 2016-17.

FACTORY OUTPUT SLOWS IN OCTOBER TO 2.2%

Industrial output slowed in October while retail prices shot up in November, raising doubts over expectations of a recovery in the second half of the financial year. Data released showed that factory output slowed to a three-month low of 2.2 per cent in October, with negligible growth in mining and subdued expansion in manufacturing and electricity. The Index of Industrial Production (IIP) grew 4.14 per cent in September, and 4.2 per cent in October 2016. The slowest growth before this was in July, when it grew 2.2 per cent. Meanwhile, retail inflation breached the central bank's limit and shot up to a 15-month high of 4.88 per cent in November, against 3.58 per cent a month earlier, led by rising food prices. Consumer food price index inflation jumped up to 4.42 per cent in November, against 1.9 per cent in October. The economy grew by 6.3 per cent in the second quarter and the Finance Ministry hopes it will do better in the coming quarters with the impact of demonetisation and Goods and Services Tax (GST) wearing off. On a cumulative basis, the IIP grew by just 2.5 per cent between April and October this year, against 5.5 per cent in the same period a year ago. The mining sector grew by 0.2 per cent in October, manufacturing production expanded by 2.5 per cent and electricity generation rose by 3.2 per cent. "In terms of industries, 10 out of 23 industry groups in the manufacturing sector have shown positive growth during October 2017," said an official release, adding that the sharpest growth was in pharmaceuticals, motor vehicles and computers. In terms of use-based industries, primary goods grew 2.5 per cent in October while capital goods rose by a robust 6.8 per cent. Similarly, infrastructure or construction goods also grew 5.2 per cent. However, consumer durables contracted by 6.9 per cent in October though consumer nondurables grew 7.7 per cent. The muted growth was partly due to an unfavourable base effect.

WPI HITS 8-MONTH HIGH OF 3.93% IN NOVEMBER

Wholesale price index (WPI)-based inflation rose to an eight-month high in November as vegetables, onion and fuel became more expensive, indicating that retail prices could see a further uptick in the coming months. Though wholesale prices are no longer monitored by the RBI for fixing interest rates, they provide an indication of possible trends in retail inflation. Official data released showed that WPI inflation rose by it sharpest pace this fiscal to 3.93 per cent in November. It had been 3.59 per cent in October this year, and 1.82 per cent in November last year. Meanwhile, the rate of inflation based on the WPI Food Index rose to 4.1 per cent in November from 3.23 per cent in October.

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ARTICLES

INDONESIA EYES POSSIBILITY OF IMPORTING RAW SUGAR FROM INDIA

PUNE: Indonesia, the world's second-largest sugar importer, is exploring the possibility of buying raw sugar from India, where a bumper cane crop has raised fears of a glut of the sweetener.

India, too, is keen to export a bigger quantity, preferably through barter trade, according to industry executives.

A delegation from Indonesian Sugar Association met representatives of the Indian sugar industry in New Delhi recently. "As India will have excess sugar production next year, Indonesian industry is keen to import sugar from India," said Prakash Naiknavare, managing director of National Federation of Co-operative Sugar Factories.

"For India, 2018-19 will be the year of highest-ever sugarcane and sugar availability. The ratoon crop that will be harvested in 2018-19 is growing very well in Maharashtra, Karnataka, etc," said Naiknavare.

Meanwhile, the Indian sugar industry has already started brainstorming over various policy measures that would be required to manage the excess production, and exports is one of the measures being considered.

"As India imports most of its edible oil from Indonesia, the industry is keen to do barter trade of the sweetener in exchange for oil.

"We are exploring the possibility of barter trade with Indonesia," said Naiknavare.

GSC Rao, the managing director of Global Canesugar Services, said: "As quality of Indian raw sugar is best in the world in terms of many technical parameters, we can export substantial quantities."

The domestic sugar industry has already demanded removal of the

20% export duty on sugar. It is also concerned over recent reports that 2,000 tonnes of sugar have landed in the country from Pakistan via the land route.

Indonesia being closer in distance to India as compared with Brazil, is expected to reduce cost of imports for the country.

According to the International Sugar Organisation (ISO), cost of importing raw sugar has increased by 2% for Indonesia.

- Economic Times

INDIA'S EXPORT PUSH TO FACE HEADWINDS

India's efforts to increase exports could face several external and domestic challenges in the coming year.

"(In 2018), global trade may not perform as strongly as in 2017," Standard Chartered cautioned in a recent note to clients. "Asia, the region most open to trade, cannot count on the same degree of external support that it received in 2017."

Among the many factors, the bank listed multiple political event risks — including in the Middle East and Europe ('possible polls in Germany and the Brexit negotiation process') — which could knock the markets, and global growth, off track in 2018.

Earlier this month, the Centre announced incentives to the tune of ₹8,450 crore in its mid-term review of Foreign Trade Policy to help increase exports of goods and services, particularly from labour-intensive segments and small firms as well as to boost job creation and value-addition in the country. The announcement came in the backdrop of India's shipments contracting in October — the first after 14 successive months of positive growth — in the impact of the Goods and Services Tax (GST).

The Centre also informed Parliament recently that it "has been actively engaging in regional and bilateral trade negotiations with a view to diversifying and expanding the markets for its exports as well as ensuring access to raw materials, intermediates and capital goods for stimulating value added domestic manufacturing." Citing the "current protectionist environment", it said building a 'brand India' would be a key measure to push India's export of goods and services. Emphasis is also being laid on maintaining quality of exports and meeting the standards required by other countries, it said.

WORKING CAPITAL ISSUES

Though exports posted a healthy 30.5% growth in November, a Nomura report said “growth in labour-intensive exports (leather products, ready-made garments) remains weak, possibly because of working capital issues due to delayed GST refunds.” While trade data reflected a solid export rebound, with imports remaining elevated, the current account deficit (CAD) could widen to 2-2.5% of GDP in Q4 from 1.2% in Q3. The CAD may widen to 2% of GDP in 2018 from 1.5% in 2017, mainly due to higher oil prices, it observed.

Ramu. S. Deora, a non-official member of the Board of Trade, said India’s goods exports for 2017-18 is likely to be below $300 billion,much lower than the $314.4 billion in 2013-14 and $310.3 billion in 2014-15. In 2016-17, the country’s goods exports were $275.8 billion.

He, however, said measures, including lower interest rates, incentives for small firms to take part in global exhibitions as well as reducing their tax burden would boost exports.

These steps, along with expediting GST refunds and improvement in logistics, could further boost exports.

The Hindu

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.