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NEWS CLIPPINGS –04-12-2018

Govt clears Rs91,149 crore GST refunds to exporters	Live Mint https://www.livemint.com/Politics/ONCyOj3ZjM4wHyKOoOm3EN/Govt-clears-Rs91149-crore-GST-refunds-to-exporters.html

The finance ministry on Monday said Rs91,149 crore has been issued so far to exporters as GST refunds, which are 93.77% of total claims with the tax authorities.

In a statement, the ministry said Rs6,053 crore worth GST refund is still pending with the government and that is being "expeditiously processed".

"Total GST refunds to the tune of Rs91,149 crore have been disposed by Central Board of Indirect Taxes and Customs (CBIC) and state authorities out of the total refund claims of Rs97,202 crore received so far. Thus, the disposal rate of 93.77% has been achieved," the ministry said.

Giving break-up for the refund figures, the ministry said that Rs48,455 crore of IGST refunds have been disposed of as on 28 November, which is 95% of the total such claims.

As much as Rs2,473 crore worth of IGST refund claims are held up on account of "various deficiencies" which have been communicated to exporters for remedial action.

With regard to refund of input tax credit claims, the ministry said of the total claims of Rs46,274 crore, the pendency as on 3 December stood at Rs3,580 crore. "Provisional/final order has been issued in case of (ITC) refunds amounting to Rs37,406 crore. In claims amounting to Rs5,288 crore, deficiency memos have been issued by respective GST authorities," the statement said.

The ministry said pending GST refund claims amounting to Rs6,053 crore are being expeditiously processed so as to provide relief to eligible claimants.

"Refund claims without any deficiency are being cleared expeditiously," it added. Efforts are being made continuously to clear all the pending refund claims, where ever requisite information is provided and found eligible, it said.

"Co-operation of the exporter community is solicited to ensure that they respond to the deficiency memos and errors communicated by Centre and State GST as well as Customs Authorities and also exercise due diligence while filing GSTR 1 and GSTR 3B returns as well as Shipping Bills," the statement added.

Cotton and Currency Markets	Kotak Commodities Research Desk For more details contact : Research@kotakcommodities.com & aurobinda.gayan@kotakcommodities.com

A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
20963	43850	79.38
Domestic Futures (Ex-Gin) November		
Rs/Bale	Rs/Candy	USD Cent/lb
22050	46123	83.50
International Futures		
NY ICE USD Cents/lb. (Dec 2018)		79.95
ZCE Cotton: Yuan/MT (Jan 2019)		14755
ZCE Cotton: USD Cents/lb.		82.65
Cotlook A Index - Physical		85.55
B. Currency		
USD/INR	Close	Previous Close
Spot	70.459	69.584

Cotton Guide:

82 cents seems sanctified for cotton for the past few months that it is unable to break onto higher side despite several attempts. Monday market was almost up by 3% attempted to hit the upper band made a high of 81.85 cents however, towards the end of the session it gain retreated and ended lower at 79.95 cents per pound. 82 is seen as very strong technical resistance zone with multiple moving averages and other indictors citing resistance near the same. There are two paradoxes here, either market breaks 82 and quickly move the price to 84.50-86+ cents or fail to break and again the move the price down to 76 cents.

The recent development related to US-China trade decision that we had emphasized in detail in our daily report yesterday suggests there may be some sort of buying interest as of part demand to keep cotton price higher which is also true for some of the other commodities like Soybean and grains. Excerpted from our previous report. The outcome of G-20 meeting says Mr. Trump agreed not to boost tariffs on $200bn of Chinese goods from 10% to 25% on 1 January. China will buy a "very substantial" amount of agricultural, industrial and energy products, the US says. Meanwhile, Beijing says the two sides agreed to open up their markets. Alos the outcome of the meeting says the US tariffs on Chinese goods will remain unchanged for 90 days, but warns: "If at the end of this period of time, the parties are unable to reach an agreement, the 10 percent tariffs will be raised to 25 percent."

This morning ICE cotton is seen trading marginally down by quarter per cent at 79.75 cents and the ZCE Cotton is also lower at 15185 Yuan/MT. We think it’s the minimal loss that is seen this morning having critical support at 77.80/78 cents. If it holds the support price might again turn higher. As indicated above 82 cent continues to be strong resistance for the day as well as in the near term.

On the local side in India spot price for raw cotton S-6 advanced over the weekend sharply to Rs. 44,800 per candy ex-gin. Likewise, the J-34 was also higher at Rs. 4440 per maund. The all India arrivals were steady around 145000-150000 bales. With the rise in India spot price and the ICE cotton advanced the impact was clearly visible on the futures market. The active December future ended the session at Rs.22, 050 up by Rs. 530 per bale. The trading range for the day would be Rs. 21850 to Rs. 22250 per bale.

FX Update:

Indian rupee has opened little changed to trade near 70.44 levels against the US dollar after 1.3% depreciation on Monday. Weighing on rupee is firmness in crude oil price on expectations of OPEC's production cuts. Brent crude trades higher above $62 per barrel as market players anticipate OPEC and allies to agree on production cut at the December 6 meeting however there is still uncertainty about quantum of the cuts. Global equity markets have also turned choppy as initial optimism about US-China trade truce faded. However, supporting rupee is general weakness in US dollar amid lower bond yields and mixed economic data. The US 10-year bond yield dropped below 3% for the first time since mid-September indicating reduced market expectations of rate hikes next year. The spread between 3- and 5-year yields fell to negative 1.4 basis points Monday, dropping below zero for the first time since 2007, refueling debate over inverting yield curve. Rupee may witness choppy trade amid mixed factors and positioning ahead of tomorrow's RBI monetary policy meeting however bias may be weak given the strength in crude oil price. USDINR may trade in a range of 70.15-70.65 and bias may be on the upside.

A.N. Jha appointed new finance secretary	**Live Mint** https://www.livemint.com/Politics/6NZ9weeU8HBgytsmOXuAGL/AN-Jha-appointed-new-finance-secretary.html

A N Jha, Secretary, Expenditure, has been appointed as new Finance Secretary, a government order said Monday.

Prime Minister Narendra Modi led Appointments Committee of the Cabinet has cleared Jha's appointment to the post after incumbent Hasmukh Adhia, a 1981-batch Gujarat cadre officer of the Indian Administrative Service (IAS), retired on November 30.

Fifty-nine-year old Ajay Narayan Jha, is a 1982-batch IAS officer of Manipur Tripura cadre.

An alumnus of St Stephens College from where he passed with first class in Graduation and post graduation in History, Jha is a recipient of World Bank scholarship to pursue Masters in Economic Policy Management from McGill University in Canada. He is also an MPhil in public administration from Delhi University.

Manufacturing PMI jumps to 11-month high of 54 in November on strong demand	Business Standard https://www.business-standard.com/article/economy-policy/manufacturing-pmi-jumps-to-11-month-high-of-54-in-november-on-strong-demand-118120301137_1.html

Growth in manufacturing activity hit an 11-month high in November as new orders and output rose at a slower pace, according to purchasing managers' index (PMI).

The PMI in November continued its northward climb for the third month, going up to 54 from 53.1 in October. A reading above 50 shows expansion in the sector. Overall, manufacturing conditions improved for the 16th consecutive month in November.

The boost in output came from a surge in new orders, that rose at the second-fastest rate in over two years, slower only than that seen in December 2017, the PMI report said. Companies suggested that marketing efforts bore fruit, while stronger demand too boosted sales. Intermediate goods makers also fronted the upturn. Growth of new export work quickened to the fastest in just under four years, as producers reportedly received bulk orders from clients in key export destinations.

Consequently, manufacturers increased production at the second quickest pace since October 2016. The rise was led by intermediate goods firms, although robust growth was also seen in the consumer and capital goods categories, according to the report.

The expansion in total new orders was supported by greater sales to international markets. Growth of new export work quickened to the fastest in just under four years, as producers reportedly received bulk orders from clients in key export destinations.

Meanwhile, manufacturing companies continued raising their pre-production inventories as firms stepped up input buying.

Firms continued to raise staff levels, even as recruitment slowed in November. The increase in employment softened slightly since October, but was among the fastest seen in six years, the report said.

Goods producers created jobs in November. The increase in employment softened slightly since October, but was nonetheless among the fastest in six years.

"Signs of rising confidence in the upturn were also provided by the trend for employment, which continued to grow at one of the quickest rates seen in six years. Supply-chain pressures remained weak, however, which supported a softer rise in input prices," Pollyanna De Lima, principal economist at HIS Markit and author of the report, said.

On the price side, a smaller share of Indian manufacturers faced higher input costs in November. Exactly 7 per cent of companies noted greater expenses, citing higher chemical, energy, metal, plastic and textile prices. The remaining firms reported no change in input prices since October, the report stated.

Overall, cost inflation eased to a seven-month low in November. Despite this, firms hiked their charges, amid an improved demand environment.

China saw its manufacturing performance improve in November as a rise in domestic demand offset a contraction in foreign order.

In India, business sentiment improved from October’s 20-month low, with Indian manufacturers forecasting better market conditions in the coming 12 months.

Suresh Prabhu felicitates winners of InnoTex 2018	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/textile-news/suresh-prabhu-felicitates-winners-of-innotex-2018-246027-newsdetails.htm

The winners of InnoTex 2018, a competition on innovative ideas/concept devised for best design, method, process, product and cost reduction in any area from 'ginning to garment', have been felicitated by the Union minister Suresh Prabhu. A total of ten innovations were shortlisted after two rounds of the evaluation by the panel of judges.

For the first time in the history of Indian textile and clothing industry, an innovation contest was organised jointly by Confederation of Indian Textile Industry (CITI) in association with Northern India Textile Research Association (NITRA). Sanjay K Jain, chairman CITI, shared his thoughts on how the idea of organising an Innovation Contest came and in fact it was first time in India that such a contest is organised for innovations in the textile sector.

R Pothiraj received the first prize for his innovation on '32 per cent Reduction in Energy Consumption in Running Airjet Looms', Dhivagar got second prize and Raj Kumar got third prize for their innovations in 'Zero Defect of Spandex Miss Plating in Knitted Fabric' and 'Computerised Vertical Embroidery Machine', respectively.

InnoTex promoted the ideas of innovators by enabling them to showcase their talent to the industry leaders and get instant recognition. The contest also bridged the gap between innovators and the end-user industry and guided the researchers about the actual demand of the industry in these areas.

India can play crucial role in reforming WTO: FICCI	**Money Control** https://www.moneycontrol.com/news/world/india-can-play-crucial-role-in-reforming-wto-ficci-3247141.html

Prime Minister Narendra Modi on December 1 highlighted the need for carrying out reforms in the WTO at the G-20 summit in Argentina.

India can play a crucial role in reforming the WTO by drawing nations to the discussion table for finding a workable solution, as the country is set to host the G20 summit in 2022, industry body FICCI said December 3.

Prime Minister Narendra Modi on December 1 highlighted the need for carrying out reforms in the WTO at the G-20 summit in Argentina.

He said that reforming the WTO is very important and it is also necessary to carry forward the dialogue on trade, services and promoting the global value chain in the agricultural sector.

"With the G-20 nations agreeing for the required reforms in the multilateral trading platform WTO, India's role in this exercise will be critical in bringing together all the countries to the discussion table for finding a workable solution.

As the country will be hosting the G-20 summit in 2022, it can play an important role in helping the positive results of the Argentina meeting deliver concrete results," FICCI President Rashesh Shah said.

The meeting between US President Donald Trump and Chinese President Xi Jinping in Argentina has shown positive outcomes. In all probability, it will succeed in defusing the impending global trade war, which threatened to impact world trade in a major way, he added.

Escalating tensions between the two major trading nations has been a cause of deepening concern in terms of its adverse impact on the financial markets and economy across the world, Shah noted.

"The very fact that no additional tariffs will be imposed by the US and both the two sides will engage in negotiations, is a big relief for other trading nations, including India," the president said.

MSME bodies in South form joint panel	**Business Line** https://www.thehindubusinessline.com/news/national/msme-bodies-in-south-form-joint-panel/article25655919.ece

Demand to drop move to define MSMEs on turnover criteria

Micro, Small and Medium Enterprises (MSME) associations in South India have come together to demand relief from the Centre.

“MSMEs have been undergoing severe hardship in recent years, which is turning out to be an existential crisis for us in the current global market scenario,” said Basavaraj Javali, Chairman of Southern MSME Committee and President of Kassia.

MSME concerns

“A few amendments being proposed in the MSME Act are also detrimental to our existence,” he added.

In this background, the leading southern MSME associations, including Maharashtra and Goa, have joined hands to raise the various issues and problems facing the sector with the Centre seeking redress.

The associations that have come under the common umbrella are Karnataka Small Scale Industries Association

(Kassia), Federation of Small & Medium Enterprises of India (FSMEI), Federation of Andhra Pradesh Small & Medium Industries Association (FAPSMEA), Kerala State Small Industries Association (KSSIA), Tamil Nadu Small and Tiny Industries Association (TNSTIA), Coimbatore District Small Scale Industries Association (CDSSIA), Goa State Industries Association (GSIA) and Chamber of Small Industry Associations, Maharashtra.

Preliminary meeting

“We met today in Bengaluru at a preliminary meeting to discuss in detail the issues to be taken up with the government in the forthcoming summit scheduled to be held in January or February,” said Javali.

“We play an extremely important role by providing employment to unskilled and semi-skilled persons who would otherwise remain unemployed and may add to the social problems,” he added. The committee flagged many issues at today’s meet.

“We are urging the Central government to drop the proposal for redefining the MSMEs using the turnover criteria and to maintain status quo,” said V Gnanasekaran, President of Coimbatore District Small Scale Industries Association.

Explaining the rate of loan interest charged on SME borrowers, A Padmanabha, co-ordinator of the southern committee, said, “It should be on par with the interest charged on agricultural loans. Banks should do away with the cumbersome procedures and delays in sanction of loans, do away with the processing fee for annual renewals of SME borrowers and quick and online processing of loan applications in a time-bound manner.”

Other demands

Other issues that figure prominently in the charter of demands are: mandatory display of CGTMSE information, including status by the banks. Upfront guarantee fee must be reduced to 0.5 per cent, so also annual service fee.

Revival of CLCSS to benefit technology upgradation, withdrawal of present NPA norms, making it 180 days for SME borrowers with a holiday/moratorium of two years for new units, are the other demands.

The government should withdraw the SARFAESI Act or at least exempt the units up to a borrowing limit of ₹2 crore as this will help the micro and small industries to survive in the face of grave crises. Purchase preference of 25 per cent for SMEs by the PSUs should be strictly implemented, it said.

Payment due from medium and large industries and PSUs must be cleared within 45 days as per the provisions of the MSMED Act 2006 to help SMEs to stay away from legal entanglements. Eliminate red tape and create a common regulatory body for SMEs. Create an exclusive category for SMEs in order to bring in better focus on the problems and remove GST on labour charges.

Jaitley pitches for easing trade barriers	**The Hindu** https://www.thehindu.com/business/Economy/jaitley-pitches-for-easing-trade-barriers/article25657048.ece

Consumers globally can get the best products and services at a competitive cost’

Union Finance and Corporate Affairs Minister Arun Jaitley on Monday made a strong pitch for free global trade, stressing it was in the larger interests of consumers around the world, and enabled them to get the best products and services at a competitive cost.

“India remains committed to improving all hindrances in trade facilitation and easing trade across barriers. We are investing in our infrastructure and using technology to the best possible level and are willing to inculcate and implement best practices from the world,” he underlined.

The Minister’s remarks during his opening address at a meeting of the World Customs Organisation’s policy commission here, assume significance at a time when protectionist tendencies in the developed world have triggered trade wars and built barriers to free movement of goods and services.

“From the point of view of consumers, they are entitled to goods and services that are indeed the best and most cost-competitive… No nation can manufacture all products or specialise in all forms of services. And therefore, trading across the barriers of nations is an economic imperative of the time,” Mr. Jaitley said.

Initial resistance

Recalling the initial resistance from some countries to trade facilitation measures when they came up on the World Trade Organisation’s agenda in 1996, the Minister said that over time, every country realised the importance of the subject and its implications for domestic reforms as well as the performance of individual economies.

“Nations across the world have realised that increase in trade itself gives an impetus to the global economy (and their own),” Mr. Jaitley said.

It is this recognition that has led countries to invest a lot in airports, ports, railways and other infrastructure to support trade in both goods and services.

“India has, of course, been at the forefront of increasing its capacity. And this is evident from the fact that in the last three years, India has moved from 140 to 77 in the World Bank’s ease of doing business rankings. On trading across barriers, we were ranked 140th out of 190 countries just a few years ago. And within a year of all the reforms made within our country, we have come to 80th position – that’s a great movement upward of 60 positions,” the Minister said.

Revenue Secretary Ajay Bhushan Pandey said that India’s focus in improving customs clearances is on the reduction in dwell time of cargo, transaction costs and bringing transparency in rules and regulations with simpler procedures. This, he said, is in sync with the WCO’s current focus theme of creating smart borders for seamless trade, travel and transport.

However, Mr. Pandey said that the Customs department also needs to be effective and lethal when required, even as it seeks to facilitate seamless movement at the borders.

"While all assistance is to be given for legitimate cross-border trade, dangers posed by illicit trade are too damaging to be ignored. The key challenge for the Customs today is to arrive at a convergence of facilitation and enforcement. The economic frauds cut at the very roots of our nation and must be dealt with severely," he said, stressing that the solution lies in collaborative and co-operative management of borders, within a country's official machinery as well as between countries.

SEBI overhauls settlement rules; introduces confidentiality clause	**Money Control** https://www.moneycontrol.com/news/business/sebi-overhauls-settlement-rules-introduces-confidentiality-clause-3247101.html

Markets regulator SEBI has made the settlement rules more attractive to help fast-track cases, by including confidentiality and lenient terms for approvers, but not to settle cases of defaulters and fugitive economic offenders.

The regulator said it will not settle proceeding in case the alleged default has market wide impact, caused losses to a large number of investors, or affected integrity of the market.

The new norms will become effective from January 1, 2019, the Securities and Exchange Board of India (SEBI) said in a notification.

The guidelines are based on suggestions made by a panel headed by retired judge A R Dave.

Under the new settlement rules, the regulator has introduced a confidentiality clause and lesser settlement amount for those offering information about an ongoing or possible violation.

Besides, the SEBI will give an opportunity to an entity facing possible charges and enforcement actions in certain cases to file a settlement application within 15 days of such a notice.

If an entity fails to file a plea after SEBI's settlement notice, any further settlement attempt will be permitted only after the proceedings are completed at the regulator's end and the matter is pending before a court or a tribunal.

Also, the settlement fees and charges have been increased, while the amount will be even higher in cases of delayed filing of application.

There has been an increase in the number of cases being settled over the past few years and the regulator is keen to further encourage this route to close cases that are not very serious in nature.

As many as 200 cases were settled for a total amount of over Rs 30 crore in 2017-18, up from 103 cases for Rs 13.5

crore in 2016-17 and 34 cases in 2015-16 for Rs 4.42 crore.

Under the rules, an applicant will need to make one application for settlement of all proceedings that have been initiated or may be initiated and make full and true disclosures about the alleged defaults.

A settlement plea will not be considered if an earlier application for the same alleged default has been rejected or in cases involving outstanding funds for recovery under securities laws.

In case of withdrawal of a settlement plea, a second chance would be given only if the applicant agrees to pay at least 50 percent more settlement amount.

Besides, the SEBI will not entertain settlement pleas for alleged defaults having market-wide impact, loss to a large number of investors and those impacting integrity of the market.

Also, the regulator will not settle cases involving wilful defaulters, fugitive economic offenders and those having defaulted in payment of fees or penalty imposed under securities laws.

A settlement application will need to be filed within 60 days of a show-cause notice and within 120 days in exceptional cases having sufficient cause for delay, in which case the amount would increase by 25 percent.

It also provide for non-monetary settlement terms, besides a settlement amount and these would include suspension of business activities, exit from management, disgorgement of losses incurred by investors, restraint from being an officer or director, cancellation, reduction or lock-in of shareholding, enhanced audit and procedures etc.

An applicant can seek benefits of confidentiality and lenient terms (in form of lower settlement amount) by agreeing to help in investigation, provided he or she ceases to participate in violation of securities laws, provides continued and true disclosure of information and evidence and doesn't conceal, destroy, manipulate or remove relevant documents required to prove the alleged violation.

This will be applicable if the information provided relates to a securities law violation that has occurred, is ongoing or is about to occur.

In case such an applicant fails to comply with necessary conditions, SEBI will be able to rely upon the information and evidence submitted to it in any proceeding.

Besides, the confidentiality will not apply if a disclosure is required by law or if the applicant has made a public disclosure or agreed for disclosure in writing.

Revenue Secretary AB Pandey says excise duty hike on crude needs 'analysis'	Business Standard https://www.business-standard.com/article/economy-policy/revenue-secretary-ab-pandey-says-excise-duty-hike-on-crude-needs-analysis-118120300530_1.html

Revenue secretary Ajay Bhushan Pandey Monday declined to comment on reports of government planning an excise duty hike on petroleum products following fall in crude prices, saying an "analysis" is required on it.

In face of mounting public pressure, the Centre had in October cut excise duty by Rs 1.50 per litre on both petrol and diesel after a rally in global crude prices and also asked oil marketing companies to lower the retail prices by Re 1 each. It was emulated by some states, mostly BJP-ruled states.

However, crude prices have corrected by over 30 per cent since then to under $60 a barrel levels, which has lowered fuel prices correspondingly and technically made space for a review. But retail price can still come down by over Rs 4 a liter, according to many analysts.

"At this point in time I will not be able to say anything. These things require certain analysis. Off the cuff it will not be appropriate to say anything," Pandey told reporters when asked if the government is planning such a move.

Last week media reports said every Re 1 cut in the excise duty results in a Rs 140 billion hit on the government coffers and that given the falling crude prices it revert to the duty structure to pre-October levels.

It can be noted government has already fiscal deficit target by October at 103.9 per cent and many analysts have warned of fiscal slippages beyond the committed 3.3 per cent.

According to the report, the Centre is looking at a hike of Rs 1-2 on excise on oil products.

Meanwhile, when asked about a shortfall in GST collection, Pandey acknowledged that there has been a Rs 40-billion decline in November, but stressed that it cannot be extrapolated into a trend.

"In November we got Rs 4,000 crore (Rs 40 billion) less, but you have to see a long-term trend. Like in the previous month, we had collected over Rs 1,00,000 crore (Rs 1 trillion). This month we have collected Rs 97,000 crore (Rs 970 billion)," he said. Addressing the 80th World Customs Organisation (WCO) Policy Commissionerate meeting, Pandey said India is at the cusp of a transformation following GST rollout.

Chairman of the Central Board of Indirect Taxes and Customs S Ramesh said the country has committed Rs 50 million to enhance the expertise of WCO, making it the maiden contribution. He said economic frauds need to be dealt with severely but admitted that enforcement is a challenge. Pranab Kumar Das, member (customs) at the CBIC, said the directorate of revenue intelligence (DRI) is active on curbing smuggling and signing pacts with countries to get hold of passengers' list in advance so as to have a better profile of the travellers.