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NEWS CLIPPINGS –11-07-2018

State again tops in Ease of Doing Business	The Hindu https://www.thehindu.com/todays-paper/ap-tops-in-ease-of-doing-business/article24384099.ece

Willingness to tweak policies gives it the winning edge

Andhra Pradesh has topped the third edition of the government's Ease of Doing Business index for States with a final score of 98.42%. This is the second time in a row that A.P. achieved the first rank.

A.P., which was given second rank in 2015, outperformed other States and Union territories by maintaining its leadership position through implementation of 99.73% reforms. The State government adopted the motto of 'People First, Industry First.' The government reached out to the investors to understand the gaps in existing implementation of reforms and re-engineered the processes.

Interestingly, Telangana and Jharkhand trailed behind A.P. though they scored 100% in reform evidence score. A.P. got 99.73% score in reform evidence and 86.50% in feedback score. While Telangana stood second in the final score, Haryana bagged the third position. A.P. and Telangana jointly occupied the top slot in fiscal 2015-16.

Prime Minister Narendra Modi's home State Gujarat was ranked Number One in fiscal 2014-15, while A.P. got the second rank. In the latest rankings, Gujarat is pushed to the fifth position with a score of 97.96%.

IT and Panchayat Raj Minister Nara Lokesh tweeted, "WE'VE DONE IT AGAIN! Andhra Pradesh is No. 1 in Ease of Doing Business. Reason why some of the best companies in the world are looking here to invest!! Kudos to @NCBN."

India, South Korea set target of increasing trade to $ 50 bn by 2030	Business Line https://www.thehindubusinessline.com/economy/india-south-korea-sign-4-pacts/article24378463.ece

Modi, Moon Jae-in urge businesses to work on joint ventures

India and South Korea have set a target of increasing bilateral trade to $50 billion by 2030 from $20 billion and speedily conclude negotiations to upgrade the bilateral Comprehensive Economic Partnership Agreement (CEPA).

Prime Minister Narendra Modi and South Korean President Moon Jae-in, in a joint statement following their bilateral meeting on Tuesday, welcomed the finalisation of the elements of an Early Harvest Package (EHP) that would lead towards an upgraded CEPA.

"We urged the business community from both our countries to leverage opportunities arising from complementarities between the two economies, to enhance investment, to promote joint ventures, and to work towards the goal of raising bilateral trade to US $50 billion by 2030 urged businesses in both countries," the statement said.

Addressing a joint press meet, Modi said that Korean companies have made large-scale investments in India. "South Korean companies have participated in our Make in India programme and also created jobs. Because of the commitment of the companies towards maintaining quality, they have become household names," he said.

The South Korean President said that it was the right time to take bilateral relationship to the next level. He said that he was committed to raise Korea's relations with India to the level as those with four major powers around the Korean peninsula.

India is a little wary about expanding the CEPA as it's trade deficit with South Korea in 2017-18 stood at $12 billion. While India's exports to South Korea increased insignificantly from $3.72 billion in 2010-11 (the year the CEPA was implemented) to $4.46 billion in 2017-18, its imports from South Korea jumped from $10.47 billion in 2010-11 to $16.36 billion in 2017-18.

Hike in MSP unlikely to benefit many growers	**Business Line** https://www.thehindubusinessline.com/markets/commodities/hike-in-msp-unlikely-to-benefit-many-growers/article24381607.ece?homepage=true

Six weeks into the South-West monsoon season, the kharif 2018 area coverage does not inspire any confidence.

As of July 6, we can see slippages in planted area for important crops including rice, pulses, coarse cereals, oilseeds and cotton, according to the Agriculture Ministry data.

So far, a third of normal area under pulses, coarse grains and oilseeds has already been planted; and more will be covered in the coming days. As for cotton, close to 50 per cent has been covered.

Meanwhile, the announcement of a sharp hike in minimum support price (MSP) for various kharif crops made on July 4 denies growers (who have completed planting) the opportunity to evaluate crop options. In other words, higher MSP is unlikely to serve its intended purpose for many growers.

The progress of monsoon is also less than satisfactory with a 7 per cent deficit as of July 4; and 11 out of the 36 meteorological sub-divisions face deficit rainfall. This covers Gujarat, Uttar Pradesh, Odisha and East Madhya Pradesh. The trickling news that September may witness below normal precipitation because of creeping El Nino conditions is a risk that cannot be taken lightly.

While it would be premature to jump to any conclusion about the eventual harvest size, the progress of planting so far and distribution of rainfall sends out a clear signal that production may fall short of the tentative target for each of the major crops this season. For coarse grains, pulses and oilseeds the targets are 34.3, 8.9 and 25.5 million tonnes respectively, while for cotton it is 35.5 million bales (of 170 kg).

The market must brace for a 10 per cent setback in pulses harvest and 6-8 per cent in cotton. In pulses, the situation is not an alarming one because the official agencies are said to be carrying about 3.5 million tonnes of various pulses including 2.6 mt of chickpea (chana). These stocks will at some stage — indeed sooner rather than later — have to enter the market as otherwise the cost of carrying them (warehouse rent, interest, quality deterioration) would make them uncompetitive.

Cotton exports to bloom

Cotton is likely to turn out to be a contentious commodity because of the huge export opportunity. Cotton prices, already firm, are likely to rise further. China is emerging as a big buyer of Indian cotton following the worsening trade friction and tariff war between the US and China.

India has a great opportunity, after a gap of three years, to maximise cotton export. However, it may not be smooth sailing. If experience is any guide, the domestic user industry is sure to lobby for restrictions on cotton export. If the government buckled, it would be an ill-advised move and patently anti-farmer.

Vegoil imports may rise

Among oilseeds, soyabean is sure to be a saving grace. Given that prices have been ruling well above the MSP, growers are encouraged to allot more area for soya. The crop will help advance protein availability, but its contribution to the vegetable oil pool will be limited given the low oil content. In other words, our dependence on imported edible oils may worsen further in 2018-19 season.

The emerging scenario for the upcoming kharif harvest is becoming increasingly clear and one of some concern. Farm-gate prices, especially of crops such as pulses, are likely to rule below MSP, forcing the government to continue to undertake procurement. Together with continuing high crude oil prices in the global market and sharply depreciating rupee, higher MSP for various crops may heighten inflation expectations.

The author is a policy commentator and global agri-business specialist. Views are personal.

Minister reviews handloom support programme	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/minister-reviews-handloom-support-programme/article24384469.ece

Minister for Handlooms and Textiles O.S. Manian reviewed the implementation of the new handloom support programme with handloom weavers and representatives of handloom associations at the Collectorate here on Tuesday.

At present, there are 3.19 lakh handloom weavers involved in weaving in the State.

About 1,139 handloom weavers cooperative society are there under which 2.44 lakh handlooms are functioning.

Profit

As many as 1,053 cotton handloom weavers’ cooperative societies and 86 silk handloom weavers’ cooperative societies are functioning in the State and 959 weavers' cooperative societies are functioning in profit.

In 2017-18, about 790.35 lakh metre handloom clothes worth Rs. 695.50 crore were produced and materials were sold for Rs. 852.93 crore.

At a meeting held at the Collectorate, the Minister reviewed the implementation of the programme in the districts of Erode, Coimbatore, Tirupur, Salem, Namakkal and Karur and also sought the opinion from the stakeholders.

A Storm Is Brewing For U.S. Oil Exports	**Oil Price.com** https://oilprice.com/Energy/Crude-Oil/A-Storm-Is-Brewing-For-US-Oil-Exports.html

Two geopolitical developments in recent weeks—U.S. sanctions on Iran and the escalating U.S.-Chinese trade war—are set to reshuffle the U.S. oil flows to the world's fastest-growing oil market, Asia.

On the one hand, the United States is pressing Iran's oil customers to cut their Iranian crude imports by as much as possible. China is Tehran's biggest oil buyer, and India is its second. While India is reportedly preparing for a drastic reduction of Iranian oil imports, China will continue to buy Iranian oil.

On the other hand, China is threatening to impose a 25-percent tariff on U.S. crude oil and oil products after the U.S.-Chinese trade war took a turn for the worse in recent weeks. Such a tariff would make American crude oil uncompetitive in China, and U.S. oil sellers will have to find alternative buyers for their crude to replace the volumes they are currently selling to their second-largest oil customer after Canada.

India is an obvious possibility—its imports and demand are surging, and it may be willing to replace at least part of its Iranian oil imports out of fear that its companies and the sovereign could lose access to the U.S. financial system should it continue to buy Iran's oil.

But the problem with India possibly replacing Iranian oil with U.S. crude is that American light oil isn't a substitute for heavy high-sulfur Iranian crude.

India began regular U.S. imports last year, but the volumes are currently small, especially compared to the U.S. crude exports to China, EIA data shows. But in May, India's imports of U.S. crude oil jumped by nine times the April volumes—signifying that at least a partial switch is already underway.

Shale crude is not an alternative to Iranian crude," Sandy Fielden, director of research for commodities and energy at Morningstar, told Bloomberg. "Indian refiners can't absorb all the U.S. oil that was going to China. They can import more, but can they process it?"

If China follows through with its threat to slap tariffs on U.S. oil imports, it would put downward pressure on the WTI Crude benchmark and widen its discount to Brent Crude, which could be make U.S. oil even more attractive to Indian buyers, according to Fielden.

Still, analysts doubt that the United States will be able to easily find alternative buyers for the oil it has been selling to

China. India may raise its U.S. oil imports, but it would hardly be able to replace all the American oil that a Chinese tariff could possibly cut off. “While China could secure the crude from alternative sources, such as West Africa which has a similar quality to U.S. crude, the U.S. would find it hard to find an alternative market that is as big as China,” Suresh Sivanandam, senior manager, Asia refining, at Wood Mackenzie, said last month, commenting on the impact of possible Chinese tariffs on U.S. oil imports.

According to WoodMac, U.S. crude oil exports to China averaged around 300,000 bpd in the first quarter this year, accounting for just over 20 percent of all U.S. crude oil exports.

One Chinese buyer is said to have already suspended imports of U.S. oil, turning to Iran as one of its alternative sources of crude. As far as India’s imports of Iranian oil are concerned, there have been signs that buyers are preparing back-up plans in case they are unable to import Tehran crude when the sanctions hit.

India will first cater to its own national interest, its oil minister Dharmendra Pradhan said in an interview with BusinessLine published over the weekend.

“We will first look at our national interest. India’s energy basket has multiple sources now. Our focus will be to see that our requirement is not affected, and to ensure this, we will do what we have to do. But, we will also keep a watch on global geo-politics,” Pradhan told BusinessLine.

With geopolitics—tariffs and sanctions—reshuffling the oil interests and oil flows of the U.S., China, India, and Iran, India alone may not be enough to absorb the U.S. oil exports to China, currently America’s second-largest single oil customer after Canada.

More business-friendly: Govt proposes clutch of amendment to GST law	**Financial Express** https://www.financialexpress.com/economy/more-business-friendly-govt-proposes-clutch-of-amendment-to-gst-law/1239605/

To iron out issues concerning implementation of the goods and services tax (GST), the Centre on Monday proposed several pro-business amendments to GST laws.

To iron out issues concerning implementation of the goods and services tax (GST), the Centre on Monday proposed several pro-business amendments to GST laws such as restricting GST liability under reverse charge basis on procurements from unregistered vendors to specified class of registered persons to be notified by the GST Council and allowing businesses to have separate registration for each place of business in a state. Also, the input tax credit entitlement on vehicles will be relaxed to cover the passenger vehicles having seating capacity of not more than thirteen persons, in case these are used for specific (rather than personal) purposes. So ITC will now be available for dumpers, work-trucks, fork-lift trucks and other special purpose vehicles.

While the changes are termed business-friendly and supportive of ease of doing business, sections of the industry could be affected by the provisions relating to restriction on transfer of credit balance of education cess, secondary and higher education cess, Krishi Kalyan cess, additional duties of excise (textile and textile articles) etc. “Specific denial of transition of credit of cesses like education cess etc would be against the tax position that some tax payers had taken.” said Abhishek Jain, tax partner, EY India.

Pratik Jain, partner and leader, Indirect Tax, PwC, said: It is a welcome step to invite public comments for the proposed amendments in the GST law. The amendments such as amendment in definition of supply, widening of credits on vehicles and restricting reverse charge liability for procurements from unregistered vendors to specified set of persons are welcome.”

He, however, added that the proposed amendments do not cover some of the amendments which were already highlighted to the GST Council such as the tax liability on services deemed to be provided by the branch offices to foreign offices/parents. “It would be interesting to see which provisions are proposed to be given retrospective effect and which are given effect prospectively, Jain said.

In all, the Centre’s draft proposals to amend GST laws contains 46 amendments on which the public could give their suggestions till July 15. Significantly, an option is proposed to be given to every person to obtain separate registration for each place of business in a state. Previously, a single registration is required to be obtained for all the places of business in a state, except when they were operating as a separate business vertical. Further, the provisions for individual registration of multiple SEZ units have also been proposed to be introduced.

In a tax-payer friendly amendment, it is now proposed to allow ITC in respect of food and beverages, health services and travel benefits to employees, which are obligatory for an employer to provide to its employees under law. Merchant sale transactions where the goods do not enter India, sale of goods stored in customs bonded warehouse and high sea sales transactions are specified as transactions which do not amount to supply of goods as well as services, resolving the ambiguity of treatment of such transactions.

As reported by FE recently, a group of ministers (GoM) led by Bihar deputy chief minister Sushil Modi is set to recommend to the GST Council that a section in the GST Act concerning the reverse charge mechanism be scrapped as “it discriminates against unregistered dealers while not adding much to the revenue.” Under the RCM rule, registered dealers are now required to make tax payments in case they procure goods from unregistered ones. This has been resisted by the registered small businesses as they find it cumbersome to comply when goods are purchased from dealers outside the GST ambit. Since the GST’s rollout in July last year, RCM has remained suspended and has recently been further deferred till September 30.

The amendments also seek to give effect to some of the decisions taken by the GST Council in the past like raising the turnover threshold for availing composition scheme increased from Rs 1 crore to Rs 1.5 crore. In the suggested amendments, definition of supply is proposed to be amended to remove specific inclusion of activities referred to in schedule II to remove an anomaly that in some cases, even though the activity specifically mentioned in schedule II did not amount to supply, due to deemed inclusion of such activities in definition of supply, it attracted tax.

Cotton Players Expect Sharp Decline In Domestic Cotton Demand On MSP Hike	**Inidanfonline** https://www.indiainfoline.com/article/capital-market-commodity-futures-pre-session-commentary/cotton-players-expect-sharp-decline-in-domestic-cotton-demand-on-msp-hike-118071000048_1.html

The Confederation of Indian Textile Industry (CITI) stated the cotton MSP hike would make domestic fibre relatively expensive compared with international prices. CITI has requested the Centre to establish a delivery mechanism for the industry to procure raw material at reasonable prices.

The officials stated that in the recent years, it has been seen that Indian cotton MSP acts as a price floor for the global fibre as well, given Indias status as the largest producer and the second largest consumer. Accordingly, higher prices are expected to support output, not just in India but also across the world.

No IGST reimbursements under textile policy: Gujarat govt	**DNA India** http://www.dnaindia.com/ahmedabad/report-no-igst-reimbursements-under-textile-policy-gujarat-govt-2635333

Reimbursement of incentives under the Gujarat Textile Policy of 2012 will be limited to sales within the state, and will not cover those made outside, according to the state Industries and Mines Department.

A July 7 General Resolution (GR) of the Department said that units will be eligible to avail of reimbursement only for State Goods and Services Tax (SGST), and it will not include Integrated Goods and Services Tax (IGST), i.e. GST on inter-state sales.

Textile is the first industry for which the incentive has been announced, while amendment of other policies for replacing VAT incentives with SGST is under process, said a senior government official.

So far, eligible textile units were being given Value Added Tax (VAT) incentives. However, following introduction of GST from July 1, last year, the state government had formed a committee to suggest modalities for SGST incentives. After considering its recommendations, the government has decided to extend SGST incentives in the form of reimbursement under the Policy.

"The eligible manufacturing unit will get reimbursement of the aggregate of SGST paid through cash ledger against output liability of SGST on sale of eligible products / intermediates, and eligible SGST ITC (Input Tax Credit) of inputs and input services used in production," the GR states.

The GR also states that the unit shall not be entitled to reimbursement of IGST on inter-state supply, reimbursement of SGST input tax credit utilized for payment of IGST, and reimbursement of IGST input tax credit utilized for SGST payment.

Unlike VAT, where tax was received by the state where goods were manufactured, under GST, the tax goes to the state where goods or services are consumed. The tax collected is divided equally between the state and Centre.

This means units will get 50% of the tax paid on eligible products as reimbursement. In other words, the GR means the state government will refund to eligible textile units part of the tax that comes into its own coffers.

GST expert Monish Bhalla said that large textile process houses would not get any benefit of the policy because of the provision about SGST paid through cash ledger.

"In Ahmedabad, majority of the textile processors do not pay SGST in cash, as they have surplus Input Tax Credit. When tax is not paid in cash, even eligible units will not get any incentives according to the GR," Bhalla said.

He added that the ITC reimbursement is only in case of intra-state supply, which again goes agianst the ground reality as majority of the large units are either exporting or supplying pan-India.

Meena Kaviya, board member of Association of Apparel Manufacturers and Exporters of Gujarat, welcomed the incentives, but she too said that sops should also be given for sales outside the state.

"Most of the textile sector's sales are outside Gujarat. Orders from organised retailers are from other states," she added.

Textile products were put in the tax bracket of 12 and 18% originally, but majority of the items were moved to GST rate of 5% after several protests.

YAY OR NAY?

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Textile companies of Uzbekistan and U.S. may launch joint investment projects	Azernews https://www.azernews.az/region/134530.html

Representatives of more than 30 Uzbek companies - manufacturers of textile and garment-knitted products headed by the senior officials of the “Uztuqimachiliksanoat” (Uzbekistan Textile Industry) Association will participate in the international exhibitions "Apparelsourcing", "TexWorldUSA", "HomeTextilesSourcingExpo-2018" in New York on July 23-25, 2018.

Participation in the exhibition will contribute to the promotion and presentation of local textile and clothing-knitting industry, innovative achievements, the comprehensive familiarization of foreign visitors and exhibitors with the production potential of the country, as well as will provide broad opportunities for various joint investment projects with participation of US and international companies.

This is the third visit to the USA of the representatives of the “Uztuqimachiliksanoat” (Uzbekistan Textile Industry) Association over the past two years.

US Says To Slap Tariffs On Extra $200 Billion Of Chinese Imports	Ndtv.com https://www.ndtv.com/world-news/us-china-trade-war-us-may-list-tariffs-on-200-billion-more-chinese-products-official-1881218

The Trump administration raised the stakes in its trade war with China on Tuesday, saying it would slap 10 percent tariffs on an extra $200 billion worth of Chinese imports.

US officials released a list of thousands of Chinese imports the administration wants to hit with the tariffs, including hundreds of food products as well as tobacco, chemicals, coal, steel and aluminium.

It also includes consumer goods ranging from car tires, , furniture, wood products, handbags and suitcases, to dog and cat food, baseball gloves, carpets, doors, bicycles, skis, golf bags, toilet paper and beauty products.

"For over a year, the Trump administration has patiently urged China to stop its unfair practices, open its market, and engage in true market competition," US Trade Representative Robert Lighthizer said in announcing the proposed tariffs. "Rather than address our legitimate concerns, China has begun to retaliate against US products ...

There is no justification for such action," he said in a statement.

Last week, Washington imposed 25 percent tariffs on $34 billion of Chinese imports, and Beijing responded immediately with matching tariffs on the same amount of US exports to China. Investors fear an escalating trade war between the world's two biggest economies could hit global growth.

President Donald Trump has said he may ultimately impose tariffs on more than $500 billion worth of Chinese goods - roughly the total amount of US imports from China last year.

The new list published on Tuesday targets many more consumer goods than those covered under the tariffs imposed last week, raising the direct threat to consumers and retail firms.

The tariffs will not be imposed until after a two-month period of public comment on the proposed list, but some US business groups and senior lawmakers were quick to criticize the move.

'Tariffs Are Taxes'

Senate Finance Committee Chairman Orrin Hatch, a senior member of Trump's Republican Party, said the announcement "appears reckless and is not a targeted approach." The US Chamber of Commerce has supported Trump's domestic tax cuts and efforts to reduce regulation of businesses, but it has been critical of Trump's aggressive tariff policies.

"Tariffs are taxes, plain and simple. Imposing taxes on another $200 billion worth of products will raise the costs of every day goods for American families, farmers, ranchers, workers, and job creators. It will also result in retaliatory tariffs, further hurting American workers," a Chamber spokeswoman said.

The Retail Industry Leaders Association, a lobby group representing the largest US retailers, said: "The president has broken his promise to bring 'maximum pain on China, minimum pain on consumers.'"

"American families are the ones being punished. Consumers, businesses and the American jobs dependent on trade, are left in the crosshairs of an escalating global trade war," said Hun Quach, the head of international trade policy for the group.

There was no immediate reaction from the Chinese government.

Although it was not a direct reaction to the new move from Trump's administration, the official English-language newspaper China Daily said in an editorial that Beijing had to stand up to Washington. "China has no option but to fight fire with fire. It has to resolutely fight back while taking proper measures to help minimize the cost to domestic enterprises and further open up its economy to global investors," it said.

Indian company gets the nod to import GMO cotton seeds	**Business Daily** https://www.businessdailyafrica.com/economy/Indian-company-gets-the-nod-to-import-GMO-cotton-seeds/3946234-4656626-yo3k2k/index.html

Kenya has licensed India- based firm Maharashtra Hybrid Seeds Co (Mahyco) to import genetically modified cotton seeds for sale to local farmers after the ongoing field trials.

Mahyco will distribute the seeds on behalf of Monsanto Company, which this year was granted permission by the National Environmental Management Authority (Nema) to conduct the National Performance Trials on biotech cotton.

The licensing of the firm implies that the country is set to lift a six-year ban on importation of GMO material.

Commercialisation is expected in the next two years.

“Monsanto has been working with Mahyco in Africa including in licensing of Bt cotton technology for commercialisation in Nigeria and Malawi,” said Mr Jimmy Kiberu, head of Corporate Communication at Monsanto Kenya.

Mahyco is a global agricultural company founded in India in 1964 with operations in Asia and other African countries.

The field trials are currently being conducted in Mwea, Bura Tana, Katumani, Kampi ya mawe (Makueni) and Perkerra in Baringo County.

The project is expected to be completed within 24 months, which is the validity period for the permit issued by Nema.

After the trials, Kenya Plant Health Inspectorate Service (Kephis) will then asses the seeds to find out if they have all the qualities that have been attributed to them.

READ: Cotton farmers to benefit as foreign firms eye value addition

If Kephis find out that the seeds are resistant to pests and has higher production than the current variety, then they will allow the scientists to release it for commercialisation.

Kenya imposed a ban on GMO crops in November, 2012, citing danger to public health, a decision that locked out many countries, including South Africa, from exporting maize to the country.

The taskforce formed to establish the safety of GMO crops following the ban, and influenced by a scientific journal that linked GMO crops to cancer, recommended the lifting of the ban on a case-by-case basis.

President Uhuru Kenyatta in January said he was betting on mass production of biotech cotton to create 50,000 jobs and generate Sh20 billion in apparel export earnings this year as part of his final term economic revival plan.