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NEWS CLIPPINGS –16-07-2018

Will Trump's Tariff War Help India Deepen Its Trade with China?	The Wire https://thewire.in/trade/us-china-trade-tariff-war-india-exports

India has seen its trade deficit with China quadruple in the past decade – from $16 billion in 2007-08 to nearly $63 billion in 2017-18 – despite its best efforts to increase exports and reduce the imbalance.

Can India now take advantage of the ongoing US-China trade war to step up exports as Beijing explores the possibility of expanding trade ties with emerging economies to make up for the loss of US market?

The US-China trade war has thrown up export opportunities for India, but there are challenges to harnessing those opportunities, say experts.

Over the last few months, the Donald Trump administration has put up tariff barriers to Chinese exports worth more than $250 billion, provoking the latter to hit back with retaliatory tariffs on key American exports like cotton, soybean, maize, chemicals and petrochemicals.

Experts say India can fill China's demand-supply gap for products like cotton, sugar, groundnut, groundnut meal, oilmeals, chemicals and petrochemicals where it has exportable surplus.

The Chinese market is now going to be very lucrative for Indian cotton exporters, said M.J. Khan, chairman, Indian Council of Food and Agriculture, a leading farm sector policy think-tank.

India exported goods and commodities worth $10.17 billion to China in 2016-17, and out of this cotton accounted for $1.34 billion, or 13% of total exports.However, cotton exports to China declined to $1 billion in 2017-18, as per data available with the commerce ministry.

China has imposed a 25% tax on US imports of cotton, and shipments from India are consequently expected to see a boost this year.

"India is already world's largest cotton producer and it can further increase acreage of the commodity if it gets to replace US exports to China," Khan told *The Wire*.

India can also increase sugar exports to China. India made a strong pitch to export sugar to China after the Wuhan informal summit between Prime Minister Narendra Modi and China's President Xi Jinping in April this year.

Indian sugar mills are sitting on a surplus stock of seven million tonnes and they are looking for an opportunity to reduce it.

Following the summit, representatives of 25 Chinese sugar companies attended a close-door meeting with top functionaries of the Indian Sugar Mills Association (ISMA) to explore possibility of importing 1-1.5 million tonnes of sugar.

Soybean conundrum

China has imposed additional tariff of 25% on soybean, chemical products, and medical equipment imported from the US but reduced tariffs on many agricultural products including soybean from its Asia Pacific Trade Agreement partners comprising India, Sri Lanka, Bangladesh, South Korea and Laos.

However, India does not have exportable surplus of soybean and so it is not in a position to take advantage of disruption in US supply of the commodity to China.

That said, Indian industry hopes to export $100 million worth of soybean meal and about $50 million of groundnut to China on the strength of its new competitiveness. Currently, India does not export any soybean oil or flour of soybean but sends negligible amount of oilcake obtained from soybean oil extraction to China. Groundnut exports attract a 15% duty in China.

However, the industry fears non-tariff barriers could spoil their export prospects. The reason is that Chinese are not used to Indian food products. So it would be a challenge for the Indian industry to increase exports of agriculture products like meals to China.

India can also increase its export of oil-meals to China. India exported oil-meals worth Rs 4,758 crore in 2017-18, a 48% jump over the preceding year, according to the Solevent Extractors' Association (SEA).

This figure is likely to go up this year.

India does not have a big surplus of maize either. For example, Indian maize export in 2016-17 was valued at just $153 million. Major destinations were Nepal, Bangladesh, Sri Lanka, the Philippines and Yemen.

The US is the second-biggest soybean supplier to China after Brazil. Soybean is most important for American farmers as China is the world's biggest importer. The US is also the world's biggest maize exporter, though its maize farmers do not rely on the Chinese market in the same way as soybean exporters.

Khan fears that the US could try to divert its surplus output of soybean and maize. If that happens, the Indian poultry sector, which uses soybean and maize as feedstocks, will benefit from cheaper availability of these commodities.

However, farmers could face the brunt of this tactic and might need increased subsidies to survive, warned Khan.

India's major chemical exports to China are p-Xylene (para-xylene), o-Xylene (ortho-xylene), benzene, ethylene glycol, linear low density polyethylene (LLDPE), dyes and pigments.

Lower tariffs would further consolidate India’s share of the Chinese import market.

India has been pushing China to further open its market for Indian exports like agriculture commodities, IT and pharmaceuticals. During the India-China strategic dialogue in April and the Wuhan informal summit, India made a case for higher export of agriculture commodities and pharmaceuticals to China.

Some 50 indian businessmen to visit Indonesia in October	**Antar News** https://en.antaranews.com/news/116642/some-50-indian-businessmen-to-visit-indonesia-in-october

Businessmen of some 50 Indian companies were scheduled to visit Jakarta at the end of October to explore trade opportunities with Indonesian partners, an official said here on Saturday.

"At the end of October we are going to visit Indonesia," Additional Director of Indian Chamber of Commerce Bodhisattwa Mukherjee said during a briefing with a group of ASEAN journalists in Kolkata, Saturday.

The businessmen of the Indian companies that will attend a business forum in Jakarta would be mainly form textile sector, specifically in furnishing, home decor, machinery, and finished products.

Indonesia is also a potential market for Indian construction companies, Mukherjee added

Besides Indonesia, the delegation of Indian companies will also tour to several Southeast Asian countries.

It would be one of India`s efforts in achieving balanced and fast-paced growth of its Northeastern region as Prime Minister Narendra Modi initiated in the Act East Policy.

The Act East Policy requires increased people to people contact, trade ties and other relations with countries on India`s east, particularly ASEAN countries.

"The idea is not only to exhibit products, but also to interact with other countries as well," Mukherjee said.

Indonesia holds significance for the Indian economy, as it is the biggest trading partner in the Association of Southeast Asian Nations. India has become an export destination country for Indonesian palm oil and the second-largest coal importer for India.

With regard to investment, India is also important for Indonesia. India`s investments rose significantly in 2017, more than five folds from $55 million a year earlier to $286.6 million.

Agricultural activities get momentum in Maharashtra	DNA India http://www.dnaindia.com/mumbai/report-agricultural-activities-get-momentum-in-maharashtra-2637245

With monsoon sluicing the state, sowing activities for the Kharif season are in full swing in Maharashtra. So far the 60 per cent sowing is complete in the state's cultivable land.

According to the state agriculture data, out of 140 lakh hectares, the sowing activities have been carried out in 84.25 lakh hectares of land. "Between June 1 to July 9, the state received 340 mm rainfall. The Konkan region received the maximum rainfall while some parts of Nagpur region got medium rainfall so far. Out of 355 tehsils, nine tehsils received 25 to 50 per cent rainfall; 58 tehsils witnessed 50 to 75 per cent rainfall while 89 tehsils got 75 to 100 per cent rainfall and 199 tehsils received more than 100 per cent rainfall in Maharashtra.

"In Konkan region, the sowing activities have been carried out on 0.76 lakh hectares out of 4.61 lakh hectares of land by July 9, which is almost 17 per cent of the total land," stated the state agriculture department's weekly released data.

As per the data, Amarawati witnessed maximum sowing of crops at 63 per cent that includes 48 lakh hectors of land. On the other hand, 47 per cent of land in Aurangabad, 45 per cent in Nashik, 43 per cent in Latur, 28 per cent in Pune, and 56 per cent of land in Kolhapur has been sowed by July 9. In Pune region, most of the cultivated land comes under the sugar cane plantations and has not been included in the Kharif sowing.

The maximum cotton crops sowing has been done in Nashik region (82 per cent), followed by Aurangabad, Latur and Amarawati region.

Senior agriculture department official said that initially when the monsoon got delayed, they were very much concerned about sowing. "But it picked up in the month of July. This year, most of the districts received a good amount of rainfall that resulted in 60 per cent sowing in a very short time. And if the state continues to get a good rain, 100 percent of the lands will be lowed within the next two weeks. We hope that the farmer gets bumper crops so that there is no shortage of food grains and pulses in the state," he said requesting anonymity.

Another official said that the continuous rainfall also averted second time sowing. "Long dry spells force farmers to go for second and third sowing. its a huge financial burden on farmers as well as the state. With a good sowing season, we are little concerned about farmer suicides too," said an official from the agricultural department requesting anonymity (because during assembly sessions the officers are not allowed to speak to media).

Petrol and diesel prices set to break all-time high levels	Deccan Chronicle https://deccanchronicle.com/business/in-other-news/160718/petrol-and-diesel-prices-set-to-break-all-time-high-levels.html

Consumers may have to burn a larger hole in their pockets to keep their vehicles running as retail prices of petrol and diesel are set to hit all-time high levels all over again soon. Rising oil prices and the reluctance on the part of the government to cut taxes are two factors responsible for the certain spike in auto fuel prices.

Retail price of petrol in Delhi is Rs 76.61 a litre now. Going by the price rise of up to 20 paisa per day over the last week, petrol would breach record high level of Rs 78.43, touched on May 29, in about 10 days.

Diesel is within the sniffing distance of all-time high of Rs 69.31 a litre, again recorded on May 29. Diesel is retailing at Rs 68.61 a litre in Delhi.

Uncertainty in global oil markets has increased post US sanctions on Iran and call for its strict compliance by president Donald Trump. The price of benchmark Brent crude was hovering over $75 a barrel, while the Indian basket was just a tad lower at $73 a barrel last month.

"But prices are rising now with expectation that it could even breach $100 a barrel post-November 24 when energy sanctions on Iran kick in. This could take petrol and diesel prices to new highs with the auto fuel even breaching Rs 100 a litre mark," said an oil sector analyst, who did not wish to be named as he was still completing his calculations.

The government's reluctance to cut excise duty on petrol and diesel has become a bigger worry for auto fuel consumers. This has made retail prices higher even with lower levels of crude oil prices.

Petrol breached its previous all-time high level recorded on September 14, 2013 (when it stood at Rs 76.06 a litre in Delhi) in May this year when crude oil prices were around $80 a barrel. Interestingly, crude oil was at $109.47 a barrel level in September 2013.

With crude reaching closer to $100 a barrel mark soon, retail price of petrol, which has already reached Rs 84.33 a litre in Mumbai, would easily cross Rs 100 a litre mark, making history.

"This is insane as the government is letting consumers suffer even though it has pocketed higher revenue from the sector with the understanding that this will come to their rescue when oil prices rise. If this is not the right time for excise duty cut on petrol and diesel, then one fails to understand what would be one," said a former oil secretary asking not to be named.

The government's fiscal concerns have prevented any duty cuts on petrol and diesel. With rising inflation and slowing factory output, revenue from the oil sector is key for the centre and states. This is also probably the reason why petroleum products have yet not been included in GST. Prices of petrol and diesel rose to all-time high levels in the last week of May this year after oil companies resumed daily price hikes of the two products post Karnataka assembly elections. During elections, oil marketing companies kept petrol and diesel prices untouched for a record 19 days.

The daily increase in petrol and diesel prices again is higher now as OMCs are regularly holding the price line for few days under government instructions to prevent a public backlash.

Even though crude oil prices are rising again, they are still well off the highs of September 2013, when retail prices were at all-time highs. At that time, the price of the Indian basket of crude oil had shot up to $110 per barrel, almost 44 per cent more than what it is today.

"The need of the hour is to immediately cut excise duty on petrol and diesel not by mere Rs 2 per litre as was done on October 3, but to provide full relief to consumers by effecting a Rs 4 per litre cut in duties. This would rob the government of over Rs 50,000 crore in revenue but would save the country from higher inflation and demand squeeze," said another oil sector expert who wished not to be named.

As per government estimates, India's import bill could rise by up to $50 billion, impacting the current account deficit severely, if the present surge in oil is maintained. This would take oil import bill to about $140 billion in FY19, up from $88 billion in FY18.

The expectation for continuation of higher oil price this year has gained ground due a series of global developments, including continuing production cut by Opec and Russia, and forthcoming public offer proposed by world's largest oil producer Saudi Aramco. The BJP-led NDA government has increased basic excise duty on petrol and diesel nine times ever since it came to power (between November 2014 and January 2016) that more than doubled government's excise mop-up to Rs 2,42,000 crore in 2016-17 from Rs 99,000 crore in 2014-15. In all, duty on petrol was hiked by Rs 11.77 per litre and that on diesel by 13.47 a litre. It has been reduced only once -- in October, 2017 -- by Rs 2 a litre.

In February, the government reduced basic and additional excise duty on petrol and diesel by Rs 8 per litre but re-imposed a new road cess of Rs 8 per litre, negating any advantage.

India supersedes France to become world's sixth-largest economy: Nation's milestone explained in four charts	**First Post** https://www.firstpost.com/business/india-supersedes-france-to-become-worlds-sixth-largest-economy-nations-milestone-explained-in-four-charts-4723151.html

India has become the world's sixth-largest economy, pushing France into seventh place, according to the latest World Bank (WB) data for 2017. India's GDP hit $2.597 trillion in 2017, while France's was at $2.582 trillion, the development bank said. The United States (US), China, Japan, Germany and the United Kingdom (UK) occupy the top five slots with GDPs of $19.390 trillion, $12.237 trillion, $4.872 trillion, $3.677 trillion and $2.622 trillion respectively

India's GDP over five decades

According to the WB, over five decades, India's GDP has ballooned, from $37 billion in 1960, to $2.597 trillion now. Since the economic reforms announced in 1991, the nation's GDP expanded almost nine times (in 26 years) from $267 billion in 1991 to $2.597 trillion in 2017. Prior to that, and in the preceding 26 years, the nation's GDP grew just 3.5 times.

India Vs France GDP comparison

In just the past decade, India has doubled the size of its economy, outpacing that of France. While India's GDP has risen by an average 8.3 percent over a decade, France's actually contracted by 0.01 percent. To add more perspective, over the past 10 years, India's GDP grew by 116.3 percent (from $1.201 trillion in 2007 to $2.597 trillion in 2017) while France witnessed a 2.8 percent decline (from $2.657 trillion in 2007 to $2.583 trillion in 2017). This clearly tells us that India is building economic muscle consistently and that it is emerging as one of the powerhouses.

Per capita income at PPP

Though India surpassed France in GDP ranking, when it comes to per capita income, it is still a fraction of that of France. This is due to the marked difference in the population of the two countries – India has 134 crore inhabitants while France is home to 6.7 crore people. Among the top 10 economies, India has the lowest per capita income, at PPP of $7,060 in 2017, according to the WB data. Though China has a higher population than India, it still has decent per capita income, at $16,760. By comparison, the world's leading economy, the United States has a per capita income of $60,200.

Now, the difference between India and the United Kingdom's GDP (which is ranked at the fifth position) is just $25 billion, suggesting that India could enter the 'top-five economy club' in a very short time.

With eye on African market, India readies offers for free trade pact with Mauritius	**Business Line** https://www.thehindubusinessline.com/news/with-eye-on-african-market-india-readies-offers-for-free-trade-pact-with-mauritius/article24427082.ece

Amiti Sen India and Mauritius will soon exchange a list of offers to reduce import tariffs on goods as part of a free trade agreement (FTA) that is being negotiated.

The choice of items for India for greater market access, though, is not too big as only around 6 per cent of goods in the island nation are dutiable; the rest are already duty-free.

However, as Mauritius is part of a host of FTAs in Africa including the just-concluded 44-nation African Union FTA, India is hopeful that a bilateral trade agreement with the country could open the doors wider to the entire continent, according to a government official.

The broad contours of the FTA, called the Comprehensive Economic Cooperation Partnership Agreement (CECPA), will include trade in goods, trade in services, dispute settlement, trade remedies, economic cooperation and technical barriers to trade, the official added.

“In the fifth round of negotiations that concluded in Mauritius last week, we got a clearer picture of what the agreement would be like.

“While Mauritius understands that the pact can’t be very wide as India’s tariffs are relatively much greater, the Indian side also accepts that actual tariff cuts have to be offered, and merely giving a margin of preference over other countries won’t do,” the official said.

The two sides will soon exchange their list of offers. “India has to be careful about protecting its domestic industry in items like sugar and textiles,” the official said.

Chinese challenge

With China already prepared to sign an FTA with Mauritius later this year, the pressure on India is greater.

"Geopolitical reasons for signing a free trade pact with Mauritius are also important as we cannot allow China to have a greater influence there," the official said.

Negotiations on the CECPA had first begun in 2005, but they were soon suspended as there was no agreement on the definition of 'enterprise' and treatment of 'shell companies' in the chapters on services and investment.

But after the two countries signed the revised Double Taxation Avoidance Agreement, negotiations on the CECPA resumed in 2016.

While India will not get a very enhanced market access in goods, a favourable agreement in services could open up opportunities in sectors such as hotels and tourism, the official added.

Moreover, the FTAs and preferential arrangements that Mauritius has with Africa, and other countries, could increase the reach of Indian goods to those regions through Mauritus.

Not only does Mauritius have several FTAs in Africa, it is also offered Generalised System of Preferences by Japan, Norway, Switzerland, the US, and the Customs union of Belarus, Kazakhstan and Russia.

While India's exports to Mauritius in 2017-18 were worth $1.07 billion, its imports were worth $20.6 million.

Next GST council meet: Structural changes, simplified procedures in agenda	**Indian Express** http://www.newindianexpress.com/business/2018/jul/13/next-gst-council-meet-structural-changes-simplified-procedures-in-agenda-1842861.html

New System for filing returns, rationalisation of tax slabs and legal changes of the structure will top the agenda of the GST council meeting but will skip bringing natural gas under ambit of GST.

New System for filing returns, rationalisation of tax slabs and legal changes of the structure of GST will top the agenda of the GST council meeting which is scheduled to be held on July 21, but will skip bringing natural gas under the ambit of GST.

"There will be some legal changes in the structure of GST to facilitate the taxpayers. The government has already got an in-principle approval from the council and its draft will be presented during the council meeting on July 21," a senior finance ministry official said without divulging any further details.

Apart from that the next council meet will focus on the simplified tax return system. The government has already hinted to launch the Single page GST filing form by the end of this year. Before the launch the GSTN will do a trial-run of the software.

Rationalisation of tax slabs also features in the GST meet agenda.

"There will be many items which will be brought under the lower tax slab. Also the council is also proposing to reduce one tax slabs," the official said. The items which is expected to be under lower tax slab is sanitary napkins, biscuits and certain handloom items. The GST Council has So far reduced rates on 328 items since launch.

However sources have ruled out the proposal of bringing natural gas under the ambit of GST.

"Even when there are talks on bringing natural gas under GST, it is unlikely to happen in this meeting. The ministry is yet to do a proper assessment of its implication of the revenue, before going ahead with the move. I think people have to wait for some more time before it happens," the official added.

The government is planning to allow zero return filers have to file on quarterly basis.

"The plan is to take such tax payers into the quarterly cycle of filing their returns, where they can submit the return by just opting for no transaction report.

In the first year of GST, the government earned Rs 7.41 lakh crore from the tax since its roll out in July. The average monthly collection was Rs 89,885 crore. In the current fiscal, the collections in April touched a record Rs 1.03 lakh crore, followed by Rs 94,016 crore in May and Rs 95,610 crore in June.

GST finds taxpayer-friendly way to generate e-way bills	**Live Mint** https://www.livemint.com/Politics/5rwTn1J9iFKOKSRhpXOzDM/GSTfinds-taxpayerfriendly-way-to-generate-eway-bills.html

The GST Network has floated a request for proposal for service providers who can automate the process of calculating the distance between two PIN codes within the e-way bill system

In a taxpayer-friendly move, the government said the distance between two PIN codes for a shipment will be calculated automatically at the time of generation of an e-way bill under the goods and services tax (GST).

This is expected to reduce discrepancies in e-way bills generated by transporters, which not only lead to queries from tax officials, but also in generation of an e-way bill.

The GST Network, the information technology backbone, which, along with the National Informatics Centre, manages the e-way bill system, has floated a request for proposal (RFP) for service providers who can automate the process of calculating the distance between two PIN codes within the e-way bill system. The last date for submission of bids is 26 July. The RFP requires the service provider to complete the entire process within two-three weeks of the project being awarded.

An e-way bill, an electronic documentation of movement of goods, was rolled out primarily as an anti-tax evasion measure to prevent non-reporting or under-reporting of transactions. It has to be generated for all movement of goods within or outside a state through online registration of a consignment. The supplier and the transporter can upload the details about the shipment and get a unique e-way bill number.

While an e-way bill has to be generated for movement of all goods between states valued at over ₹50,000, the threshold varies from state to state.

At present, taxpayers are asked to enter the two PIN codes, the starting point and the end point of the shipment, and then asked to fill the distance.

“The taxpayers or transporters, knowingly or unknowingly, may enter the distance wrongly and, hence, it results in loss of time. It also makes transporters further clarify the details to the verifying office,” the RFP said. The validity of an e-way bill is linked to the distance between the two locations and, hence, this move will cut down on human errors. An e-way bill is valid for a day for a distance less than 100km. For every 100km, thereafter, the validity is an additional day from the relevant date.

An e-way bill was made mandatory for all inter-state movement of goods from 1 April. It is also mandatory for all movement of goods within a state, subject to state-level value thresholds. So far, more than 130 million e-way bills have been generated. However, transporters say this may further complicate the e-way bill system. “Automating distance in e-way bill will reduce the error in the distance. However, the primary area of concern for a taxpayer or transporter is error in the vehicle number,” said Abhishek Gupta, managing director, Prakash Parcel Services Ltd.

He said it is possible that a transporter uses different routes for his shipments, depending on other logistics, which could lead to an increase in the distance travelled than what is calculated by merely entering PIN codes of the starting point and the end destination.

“Automation may complicate things,” he added.

Year 1 GST compensation to States only Rs. 5,000 crore’	**The Hindu** https://www.thehindu.com/todays-paper/year-1-gst-compensation-to-states-only-rs-5000-cr/article24404091.ece

Strong revenue performance a pleasant surprise: CEA

The compensation payable to the States for revenue loss arising due to GST is just Rs. 5,000 crore, far lower than was estimated, according to Chief Economic Adviser Arvind Subramanian.

In a candid interview to The Hindu , the outgoing CEA also batted for the lateral entry of talent into the government, saying that it was a “no brainer” in a situation where demand for talent outstripped the supply within the government.

However, Mr. Subramanian added that it wasn’t sufficient to get the talent from outside, but to ensure that the person can also effectively work with and within the bureaucracy.

“Consistent with my revenue neutral report and against what everyone said, the GST compensation requirements are only about Rs. 5,000 crore for the entire first year ,” Mr. Subramanian said. “We were surprised at how strong the revenue performance has been in the first year.”

He added that while it is difficult to ascertain its exact contribution, demonetisation “certainly did” contribute to the deceleration in the economy.

Plans afoot to promote cotton planting	The Hindu https://www.thehindu.com/todays-paper/tp-national/tp-karnataka/plans-afoot-to-promote-cotton-planting/article24424268.ece

Agriculture Department wants farmers to take up cotton as an alternative to toor

The Department of Agriculture and the District Merchants' Association have joined hands to promote expansion of cotton crop in the district as an alternative crop to toor. In this regard, a workshop is being organised at APMC yard on July 17 where over a thousand farmers will take part. Speaking at a joint press conference here on Saturday, Manjunath, Joint Director of Agriculture Department, and Ravindra Bijjargi, president of the association, said that with more area of the district getting covered under irrigation following the implementation of several irrigation projects, the farmers could cultivate cotton using drip irrigation to earn higher project as an alternative to toor.

Mr. Manjunath said that currently cotton is cultivated on around 18,000 hectares in the district and the department plans to expand it to around 40,000 hectares this year. Admitting that lack of mechanisation and pests have been discouraging the farmers from cultivating cotton in the district despite conducive atmosphere, Mr. Manjunath said that Tamil Nadu has invented handy machines to pluck cotton.

"During the workshop, some machines will also be displayed for the knowledge of the farmers who could use it in their fields for harvesting," he said.

He also said that with the production of pest-resistant cotton seeds, they could use these without any fear.

Mr. Bijjargi said that Vijayapura APMC has large market for cotton where over 1 lakh bales worth Rs. 300 crore is purchased annually by the traders.

Govt will know if you evade GST, Sushil Modi warns traders	Business Today https://www.businesstoday.in/current/economy-politics/gst-defaulters-tax-evasion-infosys-data-analytics-sushil-modi-traders/story/280289.html

Bihar Deputy Chief Minister and GST Network panel head Sushil Kumar Modi on Saturday said that the traders should stop evading taxes as the government can now track them down by using data analytics developed by Infosys. He said that the government - by using data analytics - has identified a large number of defaulters while filing GSTR3B and GSTR1.

"We will use data analytics to track GST tax defaulters through its network which has 360-degree view of online transactions to detect discrepancies," Modi said after chairing the 9th meeting of the GSTN Group of Ministers (GoM). Modi heads the GoM which was set up to address the IT-related issues of the GSTN.

In last one year of GST regime, the revenue authorities have come across numerous cases of tax evasion where companies used fake bills to claim input tax credit - an option in the GST which allows the taxpayers to claim credit for the taxes paid on purchase. To exploit this option, traders bought fake bills which enabled them to claim input tax credit on the supply which never happened.

Last month, the GST department sent notices to about 200 firms after data mining revealed that they may have evaded the taxes by under-invoicing or selling their goods in cash. According to reports, the GST department raised red flags in cases where details in GSTR3B and GSTR1 didn't match.

This year in May, GST officers sent scrutiny notices to several companies whose tax payments did not match the final sales return. The move had come after revenue authorities detected under payment of GST by about 34 per cent. As per an analysis done by the department, 34 per cent of businesses paid Rs 34,400 crore less tax between July-December while filing initial summary return (GSTR-3B).

Warning against this practice, Sushil Kumar Modi yesterday said: "Traders and dealers should not avoid or evade paying taxes that are due from them on their goods and services, as business intelligence software (third eye) will trace the defaulters easily."

Asked to comment on Finance Secretary Hasmukh Adhia's displeasure over technology failure in implementation of GST, Modi said the GoM is fully satisfied with Infosys and collectively solved the problems that cropped up in the past. "We would also continue to solve the existing problems in GSTN collectively. As on today, the number of returns filed is 124.8 million and number of payment transactions stands at 42.6 million. Therefore, Infosys performance is good," he said.

The GST Council is scheduled to hold its next meeting in New Delhi on July 21.

Trade associations in Rajasthan urge Goyal to reduce GST rates	**Hindustan Times** https://www.hindustantimes.com/jaipur/trade-associations-in-rajasthan-urge-goyal-to-reduce-gst-rates/story-ZPAQYw7cwcpt7b8F2hGvbM.html

Union finance minister Piyush Goyal had to face criticism from the representatives of trade associations on the implementation of goods and services tax (GST) at a meeting held in Jaipur on Saturday.

Sarafa association office-bearers said that smuggling of gold and silver has increased after the GST came into effect.

Laghu Udyog Bharti president Omprakash Mittal said that 18% GST on job work was very high and should be brought down. Other association office-bearers including idol makers also urged the minister to bring down the GST. The association office-bearers compared staff of GST director general (DG) with "Yamraj" saying that they get threats of arrest. Credai Rajasthan chairman Gopal Gupta also urged the minister to bring down the GST on sale of constructed houses.

Earlier, Goyal in his address said that the GST Council could look at rationalising tax rates on some items on case to case basis after ensuring balance with revenue collection. "GST has been very successful and the rates on 328 products have been brought down since its implementation," he said.

The council, in its next meeting on July 21, will also discuss ease of filing returns as well as ease of assessment, Goyal said. There are four GST rates at present, 5%, 12%, 18% and 28%.

Rolled out on July 1, 2017, the GST had subsumed over a dozen local levies and transformed India into a single market with seamless flow of goods. In the first year of GST in 2017-18, the government earned Rs 7.41 lakh crore from taxes. The average monthly collection was Rs 89,885 crore. In the current fiscal, the collections in April touched a record Rs 1.03 trillion, followed by Rs 94,016 crore in May and Rs 95,610 crore in June.

Kenya banks on Rivatex factories, high-yield seeds to revive textiles	**Nation.co** https://www.nation.co.ke/business/Kenya-banks-on-Rivatex-factories/996-4663860-138qb1y/index.html

Kenya is banking on the modernisation of Rivatex factories and the adoption of high-yielding seeds to revive the ailing cotton sector.

Through the upgrade, whose cost will add up to Sh3 billion by the end of the year, the textile firm targets to spur production from the current one tonne of lint, equivalent to 6,000 metres, to over 12 tonnes or 40,000 metres of finished products in a day, according to the firm.

Rivatex currently consumes 10 bales of cotton daily, but this is expected to increase to 70 bales once the modernisation of the equipment is complete.

Kenya wants to take advantage of the global markets such as the African Growth and Opportunity Act (Agoa) to change the fortunes of the sector. Under Agoa, goods of more than 6,000 product lines, mainly textile and apparel, accounting for 65 per cent of the total exports, are granted quota and duty-free access to the US market.

Kenya ranks among the top suppliers of apparel to the US, having exported $340 million (Sh3.4 billion) worth of goods to the market last year.

Kenya’s total exports to the US under the Agoa plan peaked at Sh35.2 billion in 2015, before declining to Sh32.7 billion last year, according to the Economic Survey data.

Kenya is yet to fully exploit this opportunity to revive the cotton industry. But the government says this is now changing with Investment and Industry Principal Secretary Betty Maina, noting that the ministry has already rolled out initiatives to return the sector to its glory days. She called on farmers to start growing the crop again.

“If you have a parent or relative who was growing cotton but gave up, tell them to grow the crop because we are reviving this factory. We hope to double and expand the production in the coming years,” she said.

Kenya has also set sights on growing genetically modified cotton on a commercial scale, which experts say will be a game-changer. This follows the recent approval by Nema for BT cotton trials.

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

Treasury Cabinet Secretary Henry Rotich said the government allocated Sh1.2 billion in this year’s budget to promote the development of the crop and encouraged farmers to take advantage of a ready market to grow the crop.

Kenya produces 30,000 bales of cotton annually against spinning capacity of about 10,000 metric tonnes of lint. To bridge this gap, Kenya imports from Uganda and Tanzania. PS Maina said the government is committed to creating a ready market for textile products.

"The President last year promised all products for the police, NYS and military will be sourced locally and military and other public agencies should be exposed to the products," added the PS.

Rivatex used to produce millions of tonnes of fabric before it was placed under receivership in 2000 following massive mismanagement. In 2007, Moi University bought the firm but has been struggling to produce finished products due to obsolete equipment.

The upgrading of the firm will cost Sh3.016 billion after the company secured a grant from the Indian government for technology transfer and purchase of new machines. The loan was extended to the country following the visit by Indian Prime Minister Narendra Modi to Kenya in 2017.

Indian High Commissioner to Kenya Suchitra Durai, who was present at the event, observed that modernisation of the factory will result in more than 2000 direct jobs. "Our partnership with Kenya and Moi University through Rivatex also involves capacity building by taking managers and some workers to India who are being trained at LMW Ltd and this will ensure that the factory will produce quality products," noted Ms Durai.

Australia govt releases report to boost economic ties with India	**Money Control** https://www.moneycontrol.com/news/business/aus-govt-releases-report-to-boost-economic-ties-with-india-2706201.html

The report said it would see Australian exports to India grow from AUD 14.9 billion in 2017 to around AUD 45 billion in the next 20 year.

The Australian government has released an India Economic strategy report recommending to lift New Delhi into its top three export markets and make it the third largest destination in Asia for its outward investment.

The report titled 'An India Economic Strategy to 2035' — authored by former Australian high commissioner to India Peter Varghese — was welcomed by Australian Prime Minister Malcolm Turnbull yesterday.

The report said it would see Australian exports to India grow from AUD 14.9 billion in 2017 to around AUD 45 billion in the next 20 year, and outward Australian investment to India rise from AUD 10.3 billion to over the AUD 100-billion mark, reflecting a transformational expansion of the relationship.

It noted that the opportunities however would not fall into its lap and that the government would require a sharper national focus on India, an unambiguous commitment by Australian business and a deeper understanding by both government and business of the magnitude of what is unfolding in an Indian market place which will only get more crowded.

'They will also require an approach to the investment relationship with India that markedly differs from the trajectory of Australian investment in most other Asian markets,'' the report said.

The foundations for an enhanced economic partnership with India are strong, underpinned by people-to-people ties and shared values. The report has identified ten sectors where Australia's competitive advantages match India's needs, and ten states in India where Australia should focus efforts.

Minister for Trade, Tourism and Investment Steven Ciobo said the government commissioned this report to look beyond the immediate horizon and provide a roadmap for unlocking the opportunities that will help India and Australia grow together.

"It is about cementing India as a priority economic partner," Ciobo said, adding that Australia must continue to seek out new markets and opportunity.

The report said no single market over the next 20 years would offer more growth opportunities for Australia than India. By 2035, India will overtake China as the world's most-populous country. It is poised to become the third largest economy, after China and the United States, he added.

The trade minister said that the Government will consider its response to the strategy report following consultation with Australian and Indian stakeholders.

Welcoming the strategy paper, Melbourne-based think tank Australia India Institute (AII) director Craig Jeffrey said the document outlines a confident vision for the future of economic relations between Australia and India. At the same time, it warns against complacency, urging us all to do more in pursuit of stronger ties between our two nations.