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[Exports fall 6.74% in April; down 17th month in a row]

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[Imports from China jump sixfold in a decade]

India's imports from China have jumped sixfold to $61.71 billion in 2015-16 from $10.87 billion in 2005-06, Parliament was informed today**…**

[India's April vegetable oil imports rise 12 pct y/y-trade body]

India imported 1.24 million tonnes of vegetable oil in April, 12 percent higher than in the same period a year earlier, a leading trade body said in a statement on …

[Coal imports decline by 15% to 15.9 MT in April]

Country's coal imports fell by 15% to 15.9 million tonnes (MT) in April this year.The imports stood at 18.7 MT in the same month last year.

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India's demand for safeguards to protect farm products facing resistance at WTO

Amiti Sen, Business Line

New Delhi, May 15 2016: India's hopes for a special safeguard mechanism to protect farm products such as apples, poultry and dairy from import surges by raising duties beyond capped levels – as promised at the Nairobi Ministerial of the World Trade Organization – may be harder to realize than imagined.

Members, including the EU, the US and Australia, as well as some farm produce exporting developing countries; have demanded further reduction in farm tariffs in exchange for a special safeguard mechanism (SSM).

"At the Nairobi ministerial meet last December, India and other developing country members of the G-33 group were assured that work on an SSM for developing countries would be expedited. But, now we find that a number of members are creating hurdles by demanding market access," an official privy to the developments at the meeting on SSMs at WTO this week told *BusinessLine* .

India, as part of the G-33, demanded that the SSM mechanism be extended to developing countries as a stand-alone as several developed countries – Australia, the EU, Norway, Iceland and Japan – already have access to such protection under the special safeguards rule.

The G-33 argued that the poor farmers of developing countries, too, needed protection against import surges and should have the freedom to increase tariffs for designated products beyond their stipulated caps. It is important for India to have an SSM in place as the capped tariffs of some of its farm products, such as apples, poultry and dairy, are not high enough to protect domestic farmers throughout the year, especially when crop is bad.

Little protection

For instance, last year Indian apple farmers from Himachal Pradesh and J&K had to face intense competition from apples from the US and Australia, as the capped import duty of 50 per cent did not provide sufficient protection and demand for local apples fell.

The temporary imposition of port restrictions on apples by the government provided some relief to local farmers.

At the WTO meeting on SSMs this week, farm products exporting countries, which also included Brazil, Argentina and Chile, pointed out that allowing developing countries to raise import tariffs might limit trade opportunities, particularly exports from other developing countries.

“This argument is unfair. When some countries already have access to a safeguard mechanism at the WTO, why deny others,” the official said.

In Nairobi, India had agreed to take on commitments to eliminate all its farm export subsidies by 2023 as it believed that the agreement was balanced out by the fact that a SSM for developing countries would be in place soon.

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India to file 16 cases against US for WTO treaty violation

Business Standard

New Delhi, May 11, 2016: India will file 16 cases against the US for violating WTO treaties as certain programmes of the western country in the renewable energy sector are “inconsistent” with global norms, Parliament was informed Wednesday.

“Yes,” said Commerce and Industry Minister Nirmala Sitharaman while replying to a question in the Rajya Sabha that “whether it is a fact that the government is going to file 16 cases against the US for violating WTO treaties”.

India, the minister said, believes that certain renewable energy programmes of the US at the sub-federal level are inconsistent with WTO provisions, particularly with respect to the obligation under GATT (General Agreement on Tariff and Trade) 1994, Agreement on Subsidies and Countervailing Measures and/or TRIMS (Trade-Related Investment Measures) Agreement.

In a separate reply, she said India has appealed before the WTO appellate body on the findings and recommendations of the dispute settlement panel.

To promote domestic manufacturing of solar cells and modules, which is one of the components of the National Solar Mission, India set domestic content requirement for a few of the programmes under the mission.

In a separate reply, the minister said India continues to be placed on the priority watch list under the US Special 301 on account of US assessment of Indian intellectual property rights (IPR) protection being inadequate.

"The Special 301 report issued by the US under their Trade Act of 1974 is a unilateral measure to create pressure on countries to enhance IPR protection beyond the TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement," she added.

She made a point that the report which is an "extra territorial application" of the domestic law of a country is inconsistent with established norms of WTO.

Last month, releasing its annual 301 Report, the US has said it will continue to put India and China on its priority watch list for IPR.

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IPR ensures safeguards for Indian pharma industry

The Hindu

May 14 2016: The IPR policy approved by the Cabinet on Thursday night, comes in the backdrop of the US Trade Representative (USTR), in its annual (2016 edition) Special 301 Report (on the global state of IPR protection and enforcement) retaining India on the 'Priority Watch List' for "lack of sufficient measurable improvements to its IPR framework." It also comes ahead of Prime Minister Narendra Modi's U.S. visit in June.

Mr. Jaitley made it clear that the IPR Policy will ensure that no changes are made in the Section (which prevents ever-greening of drug patents) as well as the patent-disabling Compulsory Licensing (CL).

Committed to Doha

In fact, the Policy states "India shall remain committed to the (World Trade Organisation's) Doha Declaration on Trade Related IPR Agreement (TRIPS) and Public Health." It also says "India will continue to 6mphasi the legislative space and flexibilities available in international treaties and the TRIPS Agreement."

These flexibilities include the sovereign right of countries to use provisions such as Section 3(d) and CLs for ensuring the availability of essential and life-saving drugs at affordable prices.

The Policy says that to have strong and effective IPR laws, which balance the interests of rights owners with larger public interest, steps could be taken — including review of existing IP laws — to update and improve them or to remove anomalies and inconsistencies. The review will be done in consultation with stakeholders, it added.

Government sources said the changes in the laws will be those relating to the Rules on patents, trademarks, copyrights and other IPRs, but the changes will not go beyond India's commitments at the WTO-level.

To ensure strong and effective IPR laws, the Policy states India will engage constructively in the negotiation of international treaties and agreements in consultation with stakeholders.

Government sources said the international treaties and agreements referred to are international IP classification agreements, including the Nice and Vienna Classifications, and not pacts like the Trans Pacific Partnership, which apparently has TRIPS-plus provisions.

Policy at public cost

"The IPR policy is driven by the agenda of IP maximalism, where IP owners' rights will be 6mphasize at the cost of public interest. This (policy) will influence courts and judges. The policy needs to be opposed from becoming a 'national' policy," said Dinesh Abrol, convenor of the National Working Group on Patent Laws and WTO, a civil society group.

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India, US to hold talks on hike in H1B visa fee

Arum S., The Hindu

New Delhi, May 10, 2016: India will hold a consultation with the U.S. on Wednesday and Thursday under the auspices of the World Trade Organization (WTO) on the issue of the visa fee hike imposed by the Obama administration.

The WTO had on March 3 said that India notified the WTO Secretariat that it has initiated a WTO dispute proceeding against the U.S. regarding measures imposing increased fees on certain applicants for two categories of non-immigrant temporary working visas into the US, and measures relating to numerical commitments for some visas.

According to India, the measures appear to be inconsistent with U.S. commitments under the General Agreement on Trade in Services (GATS), the WTO said.

The H-1B and L-1 categories of non-immigrants, for which there has been a significant fee hike, correspond with the categories of specialists and intra-corporate transferees, a commerce ministry statement said.

“India hopes that the US will constructively engage with India to address its concerns regarding the recent US measures (imposing the visa fee hike) which impair the ability of both US based Indian companies and Indian professionals to supply services in the US,” the ministry added.

The move is “discriminatory” against Indian firms as these (H1B and L1) are also the same categories that are most extensively used by Indian service suppliers, especially in the IT sector, supplying services in the US, according to the Indian government.“

The US fee hike measures for the H1B and L1 categories are not only adversely affecting the competitiveness of India’s services industry engaged in the US market, but also creating uncertainties for Indian service suppliers. They also run counter to the basic principles of a transparent and predictable trading environment, which lies at the very heart of the WTO agreements,” the commerce ministry said.

It added that India is hopeful that deliberations during the WTO consultations shall be constructive and it would result in removal of these trade restrictive measures.

The ministry said the US accounts for close to 60 per cent of software exports from India, adding that Indian IT professionals have had a positive role in contributing to the competitiveness of the US economy.

It said the increasing volume of services trade has contributed to significant economic growth as well as creation of employment opportunities within the US, and 8emphasized on a win-win relationship for both nations. According to the WTO, if, after 60 days, consultations have failed to resolve the dispute, the complainant may request adjudication by a (WTO) panel.

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India ratifies Trade Facilitation Agreement of WTO

The Economic times

New Delhi, May 4 2016: Government today said it has retified the Trade Facilitation Agreement (TFA) of the WTO and the pact aims to expedite the movement, release and clearance of goods, including goods in transit.

"India has ratified the Trade Facilitation Agreement (TFA) of the World Trade Agreement (WTO) and the instrument of Acceptance for Trade Facilitation Agreement was handed over to WTO Director-General by India on April 22, 2016," Minister of State for Commerce and Industry Nirmala Sitharaman said... The Trade Facilitation Agreement will enter into force once two-thirds of WTO members have completed their domestic rectification process, Sitharaman added.

India is the 76th WTO member to accept the TFA.

TFA sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues.

"These objectives are in consonance with India's 'Ease of Doing Business' initiative," the Minister said.

She said the ratification of the WTO's TFA will help in improving border procedures, and also help further India to boost economic growth by reducing trade costs, improve trade flows and reap benefits from international trade.

Asked whether the WTO deal in Nairobi is a huge setback for India, the Minister said," At the Ministerial Conference of the WTO held in Nairobi, Kenya in December 2015, Ministerial decisions were adopted on some agricultural issues and issues of importance of developed countries."

Sitharaman noted that decisions in the WTO are mostly taken by consensus and India joined the consensus in agreeing to the outcomes of Nairobi Ministerial Conference, after ensuring that its interest was protected.

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WTO pact may come to rescue of export rejects

Kirtika Suneja, The Economic Times

New Delhi, May 9, 2016: The next time India finds itself at the receiving end as it did when the European Union banned the import of Alphonso mangoes from the country, it will have the option of getting the consignment retested and shipping it to the same destination in case the results are in its favour.

This will become possible with the implementation of the World Trade Organisation's Trade Facilitation Agreement (TFA), which allows the participating countries to opt for a second test in case the first tests can be carried out.

Over the years, India has faced rejections, complaints and restrictions from many countries in the world, including the developing ones, for a large number of its agricultural products such as mangoes, rice, poultry products, okra and groundnut for different reasons.

The EU alone raised 199 notifications against food items of Indian origin in 2014. These included detainment of consignments as well.

"At present, we have to forego a detained consignment. But once TFA is in place, , even if we fail the first test, we will have the option of sending the consignment to some other country," an official said.

The trade facilitation pact, which is part of the WTO's Bali ministerial package of 2013, contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues.

The agreement will come into force after it is formally accepted by two-thirds of the WTO membership. Till now, 76 countries of the 162 WTO members have ratified this pact.

"A member may, upon request, grant an opportunity for a second test in case the first test result of a sample taken upon arrival of goods declared for importation shows an adverse finding," the agreement says.

The provision is aimed at curbing the pressure tactics and informal non-tariff measures used by developed countries to crush domestic businesses of developing countries.
"Many developed countries have the habit of stopping goods in transit even if they are not meant for their country's consumption. However, now there is a binding commitment that they can't stop such shipments," the official said.

According to the industry, India stands to gain from getting consignments retested and sending them to other markets, and a clear passage for goods in transit.

"It is only fair that exporters insist on an unbiased mechanism if they are meeting all the quality standards," said Ajay Sahai, director general of the Federation of Indian Export Organisations. "If goods are not meant for a particular country, then that country can't stop their passage and can't impose its standards," he said.

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India, EU may resume FTA talks on sidelines of Sept G-20 meet in China

Nayanima Basu, Business Line

Brussels, May 3 2016: An effort will be made to restart talks on the India-European Union (EU) Broad-based Trade and Investment Agreement (BTIA) on the sidelines of the G-20 Summit to be held in China in September.

Geoffrey Van Orden (ECR, United Kingdom), Chair of European Parliament Delegation for relations with India, said: “Talks on the BTIA will take place in September on the sidelines of the G20 meeting ...We want progress on the free trade agreement. India is potentially the fastest growing emerging economy. There’s a space for everybody. It’s not that if foreign investments, foreign businesses come in it will shove out domestic business. I see no reasons why we should not be moving on this.”

Talks on the BTIA were stalled in 2013. However, during the EU-India Summit held here on March 30, both sides agreed to "further" the talks, but a formal date for the next official round of negotiations has not been finalised yet.

The main reasons for talks getting stalled were because in some of the areas the ambitions "are a bit too much" and there could be some merit in getting lesser than expected, Orden said. The Minister of Commerce and Industry Nirmala Sitharaman has also written a letter to her counterpart EU Trade Cecilia Malmström seeking an official date for negotiations. But, there has been no response from the latter yet, sources told *BusinessLine* .

Focus on TTIP

Officials in the Ministry of Commerce and Industry believe that the EU is now putting greater emphasis and channelising all its energies into negotiating the Transatlantic Trade and Investment Partnership (TTIP) with the US, which is taking most of its time.

According to Orden, the EU is now likely to appoint a new chief negotiator mainly to negotiate the BTIA with India.

"A lot of effort is going into TTIP. For a long time we have the same negotiator responsible for all of these agreements ... I do think the capacity to deal with several major trade agreements may be lacking. I understand that the arrangement now is slightly different," he added.

On the issue of Brexit, a referendum for which is slated to take place on June 23, Orden said if this happens it would bring "seismic shock to the European Union" and put a question mark on EU's relations with other countries.

"That's one of the concerns people in Brussels have. There would be lot of questions on the EU's relationship with other countries," he added.

'Strong anchor needed'

Shada Islam, Director, Policy Friends of Europe, a Brussels-based think tank, said: "Although the bilateral trade between India and EU has touched almost €100 billion, we need a strong anchor for carrying on a robust trading relationship, which is now lacking. If the BTIA goes through, we will be able to move beyond just trade and become true strategic partners."

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‘Taiwan is keen on a free trade pact with India’

Nayanima Basu, Business Line

New Delhi, May 13, 2016: Chung-Kwang Tien, Ambassador of Taiwan to India, said his country is pushing for a Free Trade Agreement (FTA) with India based on a feasibility study conducted in 2013. In an interview with*BusinessLine* , he said Taiwan was keen on a level-playing field in India while competing with countries such as Korea and Japan.

Taiwan is primarily an export-led economy, yet your exports to India have remained in a lower range – $5-$7 billion – in the past five years. Do you feel there is more potential in bilateral trade ties?

Taiwan is a shallow economy. Without exports, its economy probably will not be sustainable. So, we want to diversify our investments from China as well as Southeast Asian countries to India.

But, again, we came into the Indian market much after Japan and Korea. But, that does not mean we will never catch up.

So are you then looking at a comprehensive trade pact similar to the one India has with Japan and Korea?

The trade volume between India and Taiwan has increased five to six times between 2000-01 and 2015-16. But, an FTA is the next thing that we our going to ask the Indian government to look at seriously. Both nations had even completed a feasibility study in 2013, which said that there is scope for cooperation in sectors such as ICT, automobiles, food processing and logistics.

But, we have to institutionalise this into a trade agreement because we are not on a level-playing field in competing with some other countries.

What have you proposed to the government to correct the situation?

We are asking the Indian government to start from somewhere, even though we might sign the trade pacts in five to six years.

Do you think India will be keen on an FTA with Taiwan considering that we are committed to a 'One China' policy?

Well, political moves should not act as a hindrance to business. For mutual benefit, we should put political considerations aside.

But, Taiwan is not part of any mega trade pact, be it the Regional Comprehensive Economic Partnership (RCEP) or Trans-Pacific Partnership (TPP). Is that a conscious decision?

We are working very hard to be a part of RCEP and TPP, because these constitute a big chunk of our market. In this regard, we would also ask the Indian government to help us in RCEP.

What about investments from Taiwan? Are Taiwanese companies keen to invest here?

Foxconn (electronics manufacturer) has already promised an investment of $20 billion, out of which $5 billion has already been invested in Maharashtra.

Then there is Maxxis Tyres, which has invested about $60 million and has set up a factory in Gujarat. So, we are coming. Food processing is another sector where we want to invest.

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Trade facilitation panel soon

The Hindu

May 4 2016: The government has started the process to set up a National Committee on Trade Facilitation (NCTF) in the country to coordinate and implement the World Trade Organisation's Trade Facilitation Agreement (TFA) aimed at easing customs norms to expedite global trade flows, Commerce Minister Nirmala Sitharaman said.

The NCTF, which is in line with the government's "Ease of Doing Business" initiatives, is meant to institutionalise co-ordination on trade facilitation between the 35-plus central government departments, private players and state governments.

India had ratified the TFA in April. For the TFA to be operational, two-thirds (or 108) of the 162 WTO members will have to ratify it. So far, 77 countries have ratified it.

Addressing the Consultative Committee Meeting attached to her Ministry on 'Implementation of TFA', Sitharaman said, the TFA will help in the world's best trade practices being shared among the WTO member countries ratifying the pact. She said while India has have made rapid strides in streamlining its processes on the lines of international best practices, the country needs to ensure speedy legislation so that there are visible beneficial outcomes. Industry and its various associations would be consulted while implementing the different provisions of the TFA.

The agreement is supposed to enable domestic manufacturers connect more easily to regional and Global Value Chains, she said. Ajay Sancheti, MP and Member of the Consultative Committee, said while implementing the TFA adequate measures must be taken to protect India's domestic industries.

Sitharaman also unveiled a user-friendly analytics dashboard to provide easy access to the public on export and import trends of India, including commodities, export destinations, ports of export, countries of import, ports of import, as well as balance of trade for different regions, countries and ports.

Ana*lytics dash board*

Commenting on the analytics dashboard on India's export and import trends, Sanjay Budhia, Co-Chairman, CII National Committee on International Trade Policy and Exports said proper access to trade data and information was very critical to frame strategy in international business. This initiative of the commerce ministry will be beneficial to small and mid-sized exporters in particular.

The dashboard on export and import will enable small businesses to foray into global trade based on reliable information.

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‘India will not yield on services at RCEP trade talks’

Business Line

New Delhi, May 1, 2016: India will stick to its demand for freer movement of workers as part of the Regional Comprehensive Economic Partnership (RCEP) being negotiated between 16 countries.

While only China is standing behind India on the issue, New Zealand and Australia have agreed with some aspects of the country’s proposal.

“We are not going to yield. Services is our primary area of interest in the ongoing RCEP negotiations,” Commerce Minister Nirmala Sitharaman said at a consultation meeting on FTAs organised by research body RIS on Sunday.

RCEP countries, including the 10-member ASEAN, South Korea, Japan, China, India, Australia and New Zealand, held their 12th round of consultations in Australia last week.

“India strongly pushed its interests in investments and services at the round and because of its insistence RCEP members have started evaluating offers made in both Mode 3 (investments made by service providers in partner countries) and Mode 4 (movement of workers),” said Arvind Mehta, Additional Secretary, Ministry of Commerce.

However, Sitharaman is candid when she says that India expects to gain relatively less in the area of goods because of lower duties in many member-countries. But, it will use it as a bargaining chip to gain concessions in services.

Most RCEP members want tariffs on all goods to be reduced to zero within a 10-year time-frame, in line with the ambitious Trans Pacific Partnership (TPP) agreement between the 12 Pacific Rim countries led by the US. India has to take a call on what will be the “overall de minimis red line”, pointed out Mehta.

Delay in FTA

Decisions on whether it would agree on tariff cuts on all items or press on longer time-frame for implementation need to be taken.

On free trade agreements, the Minister said that it might appear that India was moving slow on a number of FTAs, the fact was that detailed studies were on to analyse their usefulness for the country and the apt negotiating stand.

“There is so much work going on. We will certainly move forward (on the FTAs) when we are sure. We do not deserve criticism,” she said.

On why there was a delay in the FTA with Australia despite the Australian trade envoy claiming that it had offered the best terms to India compared to its other FTA partners, the Minister said such things were said to put pressure on India to relent to the trade partner’s terms.

“I would say sledging happens not just on the cricket field,” she said, without elaborating on where things were stuck.

Commenting on a possible over-valued Rupee affecting India’s exports, Sitharaman said that the Commerce Ministry wanted it to be de-valued, but was not involved in the debate.

“It is an important issue and the Commerce Ministry not just feels left out but also helpless,” she said.

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India’s trade deficit narrows for fourth straight month in April

Rajesh Kumar Singh, Live Mint

New Delhi, May 14 2016**:** A plunge in the imports of oil and gold has trimmed India’s trade deficit to its lowest level in more than five years, bolstering the outlook for the country’s balance of payments.

The trade shortfall narrowed for the fourth straight month in April to $4.84 billion (around Rs.32,400 crore today), its lowest level since March 2011, from $5.07 billion in the previous month, government data showed on Friday.

Tumbling crude prices globally also drove down the oil import bill by 24% from a year earlier to $5.66 billion last month. Subdued gold demand, due to a jewellers' strike and a sharp increase in prices, led to a 60% annual fall. The imports of the yellow metal totaled $1.2 billion in March, sharply down from $3.1 billion in the same month a year earlier.

Overall, India's imports shrank by an annual 23.10% to $25.41 billion.The country's balance of payments had swung to a surplus in the October-December quarter of last year.Exports, meanwhile, posted their 17th straight decline, contracting by an annual 6.74% to $20.57 billion.

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How to solve India's exports puzzle

Pradeep S Mehta, Business Line

April 28, 2016: The steady decline in India's exports over the past one-plus year has been at the Centre of a raging debate in India. Granted, global factors such as tepid global demand, erosion of commodity prices and high volatility in currency markets have contributed to this conundrum. However, trade performance of any country is determined by internal as well as external factors.

External factors consist of global economic conditions, market access, possibilities of export diversification, and effective trade agreements. Internal factors include macroeconomic management (price and income elasticity of exports, exchange rates, trade policy, interest rates and inflation), goods and services market reforms, and sound institutional and regulatory policies.

A combination of these factors determines the productivity and overall competitiveness of exports. Therefore, the current decline in India's exports must be analysed by taking into account the state of play of these external and internal factors.

Growth and currency rates

Many policy thinkers argue that an overvalued rupee is partially responsible for the recent decline in India's exports. To understand the relationship between exports and exchange rate, we need to look at the growth of India's exports and real effective exchange rate (REER) between 2002 and 2015.

Till 2013, the relationship between export growth and REER was mixed (*See chart*). After this period, it exhibits a clear trend that an overvalued rupee has affected the growth of India's exports.

This corroborates a well-tested hypothesis that "a stronger currency is not good for export outlook". Many countries in East Asia including China pursued the strategy of relatively undervalued currency to make their exports competitive in global market under their export led industrialization.

However, one has to keep in mind that a relatively undervalued currency does not generate additional demand nor is it a permanent solution to all the ills prevailing in the domestic economy.

But in a highly complex and competitive world, where countries are competing for their export interest, the value of currency must be fairly placed vis-à-vis competing currencies to make one's export competitive.

Overdependence issues

Another factor behind the steep decline in India's exports could be over-dependence on a few markets such as the US and European Union countries which together account for 40 per cent share in India's total exports. It is particularly important in view of falling demand, stagnant growth and resultant aggregate demand in these countries.

The Regional Hirshman Index (RHI), a standard measure of export market diversification, demonstrates that while India's RHI with the EU and the US declined from 0.067 and 0.061 in 2005 to 0.033 and 0.036 in 2015, there is not much corresponding increase in the RHI with Asia and Africa.

This increased from 0.229 and 0.004 in 2005 to 0.246 and 0.011 in 2015. The overall RHI of India's exports has witnessed a marginal decrease: from 0.5742 in 2005 to 0.5713 in 2015.

While improved RHI with Asia is because of India’s extensive engagements with Asian countries through regional and bilateral trade agreements, it has made limited progress in terms of diversifying its exports to non-traditional markets such as in South America, Africa and the Eurasian countries.

The diversification of export markets is important in the context of future sources of global aggregate demand and the changing dynamics of the global trading through mega regional trade agreements.

Price and income elasticity

It is widely believed that competitiveness of exports hinges on the price and income elasticity of exports which largely depend on the nature of exports of the country. In this regard, a study carried out by Mehdi Raissi and Volodymyr Tulin — ‘Price and Income Elasticity of Indian Exports: The Role of Supply-Side Bottlenecks, 2015’ — provides a fair insight about price and income elasticity of India’s exports.

It says India’s exports are sensitive to relative price competitiveness and global demand. It corroborates the popular perception that the current decline in India’s exports is caused by a fall in global demand and loss in price competitiveness.

Therefore, in view of such external shocks, a slight adjustment in exchange rate could serve as an effective instrument to address challenges emanating from relative price competitiveness and can help India’s exports.

The way forward

Exchange rate management alone will not relieve India’s export conundrum. The country should make continuous efforts in alleviating supply-side bottlenecks to boost sectoral productivity and export competitiveness.

Therefore, India should adopt a calibrated approach towards structural reforms to address cyclical as well as structural factors at the external and internal fronts, which are adversely affecting our export performance.

On the external front, India should engage with those trade agreements which would help in securing better market access, can diversify our exports and provide greater space for our producers to participate in global production networks.

On the internal front, India should emphasise on reforming domestic policies and institutions dealing with macroeconomic management (exchange rate, inflation and interest rates), standards, intellectual property rights, trade facilitation, and organisations vis-à-vis operational aspects of trade and investment rules and regulations.

In all this, the Centre should use its national organisations such as the Council for Trade and Development, the Board of Trade and the export promotion councils more effectively to work out national strategies to take the agenda forward.

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Exports fall 6.74% in April; down 17th month in a row

The Indian Express

May 14, 2016: India's exports posted a year-on-year contraction for the seventeenth straight month in April, even as trade deficit narrowed to more than five year low owing to lower oil and gold imports. Exports declined by 6.74 per cent to $20.5 billion on account of sharp fall in shipments of petroleum and engineering products. Imports also contracted by 23.1 per cent to $25.41 billion in the month as against $33 billion in April 2015.

Trade deficit more than halved to $4.84 billion in April as compared to $11 billion in the same month last year.

"The trend of falling exports is in tandem with other major world economies. The growth in exports have fallen for USA (3.87 per cent), EU (0.04 per cent), China (25.34 per cent) and Japan (1.10 per cent) for February over the corresponding period of previous year as per WTO statistics," the commerce ministry said in a statement. Exports have been registering a year-on-year contraction since December 2014 amid weak global demand.

Oil imports fell by 24.01 per cent to $5.6 billion in April, while non-oil imports fell by 22.83 per cent to $19.75 billion. Gold imports declined sharply by 60.5 per cent to $1.2 billion in April as against $3.13 billion in the same period a year ago. Oil and gold are the highest constituents of India's import bill.

Imports of electronic goods surpassed gold imports in April at $2.5 billion. However, imports of electronic goods was 23.9 per cent lower than $3.3 billion imported in the same period a year ago. In April, overseas shipments of petroleum products shrank 28.15 per cent to $1.97 billion, while that of engineering goods declined by 19 per cent to $4.76 billion.

Oilm eal exports registered a 63.0 per cent decline in April, falling to 28.5 million, while iron ore exports recorded a whopping 2,895.6 per cent increase to $54.5 million from $1.8 million a year ago. The other sectors which reported negative growth in exports in April included carpet, leather, rice and cashew.

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Imports from China jump sixfold in a decade

The Economic Times

NEW DELHI, May 11, 2016: India's imports from China have jumped sixfold to $61.71 billion in 2015-16 from $10.87 billion in 2005-06, Parliament was informed today**.**

Increasing imports from China can be attributed to the fact that these are mostly manufactured items required to meet India's demand for fast expanding sectors like telecom and power, which China, due to variety of reasons, is able to export at competitive prices, Commerce and Industry Minister Nirmala Sitharaman said in a written reply to Rajya Sabha.

"India's imports from China increased from $10.87 billion in 2005-06 to $61.71 billion in 2015-16," she said.

Imports in 2013-14 and 2014-15 were $51 billion and $60.4 billion, respectively.

The major imports included computer hardware, drug intermediates, consumer electronics, electrical machinery as well as iron and steel.

"These imports feed the growing demand in India for such goods including components and pharmaceutical ingredients needed for India's manufacturing sector," she said.

She also said India's pharmaceutical exports to China grew by 17.3 per cent in 2014-15.

"However Indian companies do face certain impediments in accessing the Chinese pharmaceutical market as regulatory processes for drug registration, submission of detailed clinical trials data, registration and testing of samples are cumbersome and can prolong the ongoing process for drug registration," she said.

India has been raising this issue with China, she added.

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India’s April vegetable oil imports rise 12 pct y/y-trade body

The Financial Express

New Delhi, May 13, 2016: India imported 1.24 million tonnes of vegetable oil in April, 12 percent higher than in the same period a year earlier, a leading trade body said in a statement on Friday.

India, the world’s largest buyer of vegetable oils, shipped in 7.56 million tonnes of vegetable oil during the first six months of the oil year that started Nov. 1, a rise of 17 percent over the same period the previous year, Mumbai-based Solvent Extractors’ Association of India said in the statement.

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Coal imports decline by 15% to 15.9 MT in April

Business Standard

New Delhi, May 14, 2016 : Country's coal imports fell by 15% to 15.9 million tonnes (MT) in April this year.The imports stood at 18.7 MT in the same month last year.

"Provisional coal import figures: Reduction from 18.7 MT in April 2015 to 15.9 MT in April 2016. In value terms, from Rs 8,942 crore to Rs 6,023 crore (32%)," Coal Secretary Anil Swarup said in a tweet.He further said reduction in imports during last fiscal led to a saving of an estimated Rs 24,000 crore in foreign exchange.

The government had earlier said in view of the rising production of the dry fuel, India plans to completely stop thermal coal imports in 2-3 years that would result in an annual saving of Rs 40,000 crore.However, Coal and Power Minister Piyush Goyal is of the view that coking coal needs to be imported and his Ministry was ready to tie up with shipping companies for this purpose.

Coal India Ltd (CIL) produced 37.5 MT of the dry fuel in April as against the target of 37.6 MT. In 2015-16, the Maharatna firm achieved a record production of 536 MT, which was 42 MT more than the previous fiscal. Its production grew 8.5% year-on-year. CIL was, however, eyeing 550 MT output.CIL's output is fixed at 598 MT for this fiscal.

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