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India, US resolve food row, signalling end to WTO impasse

India and the US reached a compromise on issues relating to food security and trade facilitation at the World Trade Organisation (WTO), which could soon lead to a resolution of the current...

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The Centre for WTO Studies was set up by the Department of Commerce, Government of India in 1999. The intent was to create an independent think tank with interest in trade in general and the WTO in particular. The Centre has been a part of the Indian Institute of Foreign Trade since November 2002. The Centre provides research and analytical support, and allied inputs to the Government for WTO and other trade negotiations. The Centre also has its own body of publications, and conducts outreach and capacity building programmes by organizing seminars, workshops, and subject specific meetings to disseminate its work, create awareness on recent trade topics and build consensus between stakeholders and policy makers.

To break TFA impasse, WTO chief suggests 3 scenarios

Press Trust of India, The Financial Express

Geneva/New Delhi, November 1, 2014 **:** With India sticking to its tough stand at WTO, the multilateral trade body on Friday suggested three scenarios to resolve the impasse over trade facilitation agreement (TFA) and food security issues.

"We still do not have a solution to the impasse before us — the impasse that establishes a political link between the public stock-holding programmes and the TFA," WTO Director General Roberto Azevedo told heads of delegations in Geneva.

"Scenario 1 is that we find a solution for the impasse quickly. Scenario 2 is that we continue our search for a solution to the current impasse," he suggested. Under the third scenario, "in the absence of a solution to the impasse", some members have indicated an openness to look for alternatives ways to make progress, he said.

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Govt set to overhaul gold import scheme

Business Standard

Mumbai, November 1, 2014 **:** With gold imports on the rise again, officials of the revenue department and other government agencies feel the 80:20 scheme, wherein out of every 100 units imported, 20 units have to be exported, should be revamped. Several cases unearthed by agencies reveal that the scheme is being grossly misused by traders.

Sources said the government is considering whether to do away with the scheme and fix a quota for imports and de-linking it from exports or overhaul the scheme. The decision might come soon, as imports are on the rise and the marriage season is round the corner, resulting in higher demand, especially when prices have fallen significantly.

Gold imports in September was $3.75 billion, at least $1 billion more than previous months and in October also imports were at an elevated level. A government official said the scheme was introduced with a view to ensure net imports of gold don't become a burden on the country's current account. "But several instances of export of substandard or even fake gold jewellery had been unearthed, which proved that the scheme is being misused," said an official.

Three Mumbai-based jewellers had been issued show-cause notices and they have approached the settlement commission. They were found to be exporting gold-plated ornaments. The official quoted above said, "What was going out of the country was not gold. Even when machine-made gold jewellery is exported and value addition is negligible. This is done to get higher import eligibility."

According to officials, it is difficult to decipher fake jewellery, as caratometer, instrument used to test purity of gold, can test only the surface of ornaments. Round-tripping of gold was rampant earlier also, but now that is used to get higher eligibility to import gold under the 80:20 scheme.

Even smuggling has become rampant, as gold availability was scarce. Besides, a premium has to be paid for physical delivery of gold and a 10 per cent import duty.

To finance smuggling, hawala route was the preferred option and hence premiums have increased and quoted in the range of three-four per cent. However, a diamond trader from Surat, Gujarat, was caught remitting foreign exchange multiple times for one import consignment.

The modus operandi was that the trader was using an official channel to send money abroad and he used to use multiple copies of a bill of entry to make multiple payments from different banks/authorised dealers for same import consignment. This was done to finance gold smuggling.

To stop misuse, the scheme should be simple to implement and supervise. Hence, experts are considering various options such as fixing an import quota and allowing only banks to import.

Recently, several bullion traders have conveyed to revenue department officials that they favour import quota for gold, which will be easy to supervise and help keeping a watch on current account and quota can also be changed depending upon flexibility permitted by balance of payments.

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Fiscal deficit reaches 83% of budget estimates in H1 FY15

BS Reporter, Business Standard

New Delhi, November 1, 2014 : A day after the government announced austerity measures on the non-Plan expenditure side, official data on Friday showed the Centre's fiscal deficit has surged to 82.6 per cent of the Budget Estimate (BE) in the first half of the current financial year, against 76 per cent in the corresponding period of the previous financial year.

Data showed the government failed to mop up as much revenue as was planned at the time of the Budget, though it successfully reined in expenditure. The government attributed the trend to high refunds, admitting that indirect tax collection target is a challenge though direct tax mop-up pegged in BE would be met.

The Budget had estimated fiscal deficit to be Rs 5.31 lakh crore or 4.1 per cent of GDP (gross domestic product) in 2014-15. However, it stood at around Rs 4.39 lakh crore in April-September period. The deficit had stood at 76 per cent of BE in the year-ago period, even then the government was able to rein it in much below than the target of 4.8 per cent of GDP at around 4.5 per cent. But, for that plan expenditure was pruned by over 18 per cent or over Rs 1 lakh crore.

The target this year stands at controlling fiscal deficit at 4.1 per cent of GDP, which seems a far cry at least now. Total receipts stood at Rs 4.23 lakh crore, constituting 33.1 per cent of BE at around Rs 12.64 lakh crore. At this point, revenues (as portion of BE) were bit higher at 35.4 per cent in FY14.

All segments of receipts — tax, non-tax, non-debt capital — were lower as proportion of BE in the first half of the current financial year than the corresponding period of the previous year. Tax receipts stood at around Rs 3.23 lakh crore, accounting for 33.1 per cent of BE at approximately Rs 9.77 lakh crore against 34.8 per cent a year ago.

Finance Minister Arun Jaitley told reporters, "We will be very close to achieving FY15 direct tax target, but indirect tax could be a challenge." He said fiscal deficit is showing an upward trend because of high tax refund. As much as Rs 1.20 lakh crore of refunds were given on both direct and indirect taxes, he revealed.

The second set of advance payments fall due on September 15 and in that respect lower tax mop-up could be a cause of concern. Non-tax revenues at around Rs 95,000 crore constituted 45 per cent of the target at Rs 2.12 lakh crore against around 48 per cent in a year-ago period.

Non-debt capital receipts were just over Rs 5,000 crore, meeting just over seven per cent of BE at Rs 74,000 crore. At this point of time, these funds constituted over 10 per cent of BE in the previous financial year. Most of these funds at over Rs 58,000 crore are to come from various direct and indirect disinvestments, none of which has materialised so far.

"With tax revenue growth under-performing, the budgeted target in the first half of FY15, revenue buoyancy will crucially hinge upon the success of the telecom auction and disinvestment offerings in the remainder of this financial year," said Aditi Nayar, senior economist with ICRA.

On the other hand, expenditure was managed better and contained at Rs 8.62 lakh crore, which meant 48 per cent of BE at around Rs 17.95 lakh crore. At this point of time, expenditure stood at 48.6 per cent of BE. While plan expenditure was a bit higher (around Rs 2.46 lakh crore) at 42.8 per cent of BE (Rs 5.75 lakh crore) against 42.5 per cent in the first half of 2013-14, non-plan expenditure was bit lower (around Rs 6.16 lakh crore) at 50.5 per cent of BE (around Rs 12.20 lakh crore) against 51.6 per cent.

On Thursday, the government had announced 10 per cent cut in non-plan expenditure, a practice being followed since global financial crisis erupted in 2008-09. "In addition to the measures, savings related to the budgetary allocation for food subsidy and fuel subsidies would ease the pressure on non-Plan revenue expenditure side in the second half," Nayar said.

She said even as fiscal deficit reached nearly 83 per cent of BE in the first half, a sharp slippage relative to the target of 4.1 per cent of GDP is unlikely in 2014-15. If the government manages to rein in fiscal deficit even at 4.2 per cent of GDP, it would meet the fiscal consolidation target, through it would slightly breach the BE.

Revenue deficit, which many analysts give much more importance than fiscal deficit as this part of excess expenditure does not create assets, stood at 91.2 per cent of BE against around 85 per cent in the first half of 2013-14.

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US calls off trade hunt against India

Yashwant Raj, Hindustan Times

Washington, November 02, 2014 : The powerful US chamber of commerce that had cross-haired India for its trade and patent practices seems to have called off the hunt, signaling willingness to work with the Narendra Modi government.

US President Barack Obama greets Narendra Modi at the White House. US chamber of commerce that had cross-haired India for its trade and patent practices has signalled willingness to work with the Modi government. In a significant shift in position, the chamber's intellectual property wing dropped its earlier call for punishing India in a submission to the US trade representative (USTR) on Friday.

This is what it had said in a filing to the USTR in February: "The Chamber strongly recommends that India be designated a Priority Foreign Country (PFC)." This could have led to punitive action by the US. There is no mention of this demand in the comments posted by the chamber's Global Intellectual Property Center on USTR's website seeking comments in the on-going out-of-cycle review of India. Also gone was the combative tone of its earlier submissions.

"Our comments were submitted to help both governments move forward with a clear understanding of industry's interests and objectives from the emerging bilateral dialogue," center's Patrick Kilbride told Hindustan Times of the new submission.

All the issues raised earlier remain on the table though. Kilbride didn't say that USTR had removed re-designation from the table for the review. It wasn't an option at all, therefore, even if the chamber of the center had pushed for it. US businesses have complained of poor protection of intellectual property rights in India, specially in the drugs and IT sectors, and of discriminatory trade practices.

The chamber of commerce led the charge using its clout with lawmakers and the administration to bring pressure on India, which is now under at least two other probes. The Friday submission strikes a different note. And here is why, according to the center's note: "It is important—and only fair—to recognize that the difficulties we continue to highlight are a legacy of previous Indian governments."

That was a different government, it seems to be saying. The center is keen to work with the Modi government, the note said, “to advance a mutually beneficial agenda that sets a new precedent for India’s future”.

The note goes on to list the center’s engagement with India in the “first months of the Modi administration”. There is no mention though of a speech Prime Minister Modi gave during his visit, at an event hosted by the US-India Business Council, another wing of the US chamber of commerce.

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Govt for reducing imports of pharma raw materials

Lohit Jagwani, The Mint

New Delhi, November 03, 2014: Six years back when China shut factories making drug ingredients to reduce pollution levels before Beijing Olympics, Indian bulk drug makers which depend on them suffered. Now, India has decided to frame a policy which will incentivize local manufacturing of raw materials and bulk drugs, and discourage Indian pharmaceutical firms from importing them.

Raw materials are basic chemicals and intermediates used to make bulk drugs which are also known as active pharmaceutical ingredients (APIs). Currently, most raw materials and some APIs are imported from countries such as China and Israel, as they are cheaper to import than buy locally.

“The department of pharmaceuticals has asked Indian Council of Medical Research to submit a report with their recommendations on how government can strengthen the bulk drug industry in India. At present, it’s not in a good shape, as most of these are imported from countries like China,” said a senior official who requested anonymity.

Imports form a big portion of many common drugs such as painkillers like aspirin and paracetamol, first-line diabetes drug Metformin and antibiotics such as Erythromycin, said D.G. Shah, president of the Indian Pharmaceutical Alliance, a lobby group for Indian drug firms.

“India had self-sufficiency in manufacturing finished pharmaceutical products and bulk drugs, but somewhere, it lost that advantage of manufacturing bulk drugs to China,” said Sakhtivel Selvaraj, senior health economist with Public Health Foundation of India (PHFI). This was largely due to policies which did not aid growth in the sector and China making cheaper products.

“The raw material and bulk drug industry declined because of bad policies like small scale industry reservation, fragmentation of capacity and penalizing efficiency,” Shah said. According to Shah, drugs such as paracetamol were reserved for small scale manufacturing, preventing large Indian players from making them. But small scale producers could not compete with larger Chinese manufacturers which had economies of scale.

“These drugs also cost more to manufacture in India because of factors like poor infrastructure, high costs of land, power and utilities and lack of incentive for research and development.” However, even with these factors, India managed to produce complex APIs and complex intermediates.

“India is known for complex intermediates and APIs while China always had an advantage when it comes to base chemicals and intermediates. The concern now is that China has gone up the value chain and becoming more competitive in APIs and complex intermediates as well,” said Sujay Shetty, leader, life sciences, consulting firm PwC India. There are also concerns about the quality of imports, which need not keep to current good manufacturing practices.

“There is a major concern about the quality of these imports as MNCs have been questioning the quality of generic drugs manufactured in India. These raw materials are used to make these generic drugs,” PHFI’s Selvaraj said. The other concern is the growing dependence on China.

“The health security of the nation is as important as defence security of the nation,” said Ramesh Adige, policy expert and former executive director with Ranbaxy. “It is worrying to see growing dependence of Indian pharmaceutical companies on imports of raw material and bulk drugs,” says Adige, pointing to the 20% hike of Chinese API prices in 2008. “India had no alternative since China has a near-monopoly in several APIs.”

Adige says a large portion of intermediates used in manufacturing of various antibiotics, anti-hypertensive drugs, anti HIV/AIDS drugs and anti-TB drugs are imported from China. Similarly, APIs such as various anti-retro virals (Lamivudine, Nevirapine, Zidovudine, Efavirenz); antibiotics (Amoxicillin, Ampicillin, Cloxacillin, Cephalexin, Ciprofloxacin) and combination with antibiotics like Potassium Clavulanate among others are largely imported from China.

“There is a need to revive public sector units, not necessarily to compete with China, but to provide an assured manufacturing base for intermediates and APIs. We should encourage public sector units to get back into business. This is to meet national health security needs.”

The centre is looking at various initiatives to boost domestic bulk drug manufacturing, from bringing down the price of input costs to providing infrastructure to boost the bulk drug industry. Recently, the Indian Pharmaceutical Alliance asked the centre to set up mega parks for manufacturing these intermediates and base chemicals.

“These parks could cost around Rs.1,500 crore and the government could recover their cost by lending out the facilities to Indian pharmaceutical companies,” said Shah. Another government official said the government was considering a uniform pricing structure for imported drug ingredients.

“In uniform pricing, the government will set a minimum price for imports, beneath which drugs could not be bought. This would make sure that cheap imports do not kill the raw material and bulk industry in India,” said another government official familiar with the development.

But PHFI’s Selvaraj doubts such steps will succeed in a liberalized world. “We must take calibrated steps and avoid inviting retaliatory measures by China to prevent generic formulations being exported from India into China. China is, after all, one of the biggest markets for formulations,” Adige said.

According to the government official cited above, the prime minister’s office has asked for a report from the department of pharmaceuticals in the next three months to come out with a policy to address this issue. “The government is looking at this seriously and will come out with something definitive soon,” the official said.

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Not signing tax pact with US will be disastrous: Arun Jaitley

Remya Nair, Mint

New Delhi, November 03, 2014 : The consequences of not signing the Foreign Account Tax Compliance Act (Fatca) with the US will be “disastrous” for India and its economy, Union finance minister Arun Jaitley said on Sunday, while stressing the need to disclose information about individuals with alleged black money only in cases where a chargesheet has been filed in a court of law following the launch of criminal proceedings.

In a Facebook post titled “Confidentiality clauses and the battle for tracing black money outside India”, Jaitley defended the government’s stand and its plans to trace black money without violating confidentiality clauses under the various tax treaties that India has with other countries.

India’s ability to strictly adhere to confidentiality clauses will be crucial for it to meet the 31 December deadline for signing Fatca. The Act requires foreign financial institutions (FFIs) to make disclosures about American taxpayers to US authorities but contains confidentiality clauses to protect this mandatory exchange of information.

If India does not sign Fatca within stipulated time period, all Indian financial institutions dealing with US taxpayers may be subject to a 30% withholding tax. "FATCA mandates the deduction and withholding of tax equal to 30% on a US source payment to recalcitrant FIIs or FFIs in non-compliant countries which do not meet with the requirements of FATCA. The consequences of not signing the agreement with US under FATCA would be disastrous," Jaitley said.

"It will negate the efforts being undertaken by our government to revive the Indian economy. The Reserve Bank of India has already informed the Government of India about the serious and adverse consequences of non-compliance of FATCA by India," he said.

The Indian government was forced to disclose names of 627 account holders to Supreme Court—names that India had got from the French government—after the apex court directed the government to disclose such information. The court has since forwarded the information to the special investigation team (SIT) constituted by the new government to investigate alleged black money held by Indians in foreign banks.

The government is awaiting clarity from the apex court on confidentiality before signing Fatca. Last month, in Berlin, India did not sign an agreement on automatic sharing of information due to a lack of clarity on confidentiality clauses and their validity under Indian laws.

Jaitley defended the National Democratic Alliance (NDA) government's track record on black money, saying the government "will continue to support the SIT fully and unequivocally in search of truth". He added that the issue is not whether but when disclosure can be made.

"A disclosure in violation of tax treaties helps the account holder. The reciprocating state would treat this as a violation of a tax treaty and refuse to provide any evidence in support of the unauthorized account. In fact, a premature disclosure would additionally alert the account holder to prepare some documentation or a sham defence. It may even enable him to destroy evidence," he said.

Taking a swipe at the opposition Congress party, Jaitley said the party does not want evidence to appear in these black money cases. "Notwithstanding its clarity, why should someone with adequate understanding of the subject, demand a disclosure in violation of the treaty. The Congress Party's stand is understandable. It does not want evidence to be forthcoming in support of the names available with SIT. Are some others ill informed, just indulging in bravado or are they Trojan horses," he said.

Some names in the list submitted to the apex court are believed to be of Congress leaders and their kin. "The focus of the government should be on doing effective investigation rather than on disclosure of information. The Indian tax department gets a lot of information from various governments but it is not necessary that everyone has done something wrong," said Rahul Garg, leader of direct tax practice at consulting firm PricewaterhouseCoopers.

He pointed out that not signing Fatca will adversely impact many financial transactions. "The remittances from the US will suffer from a high deduction in the US, which will be detrimental to all financial transactions," Garg said.

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India against trade pact by select WTO group

Sidhartha & Surojit Gupta, The Times of India

New Delhi, November 03, 2014 : The government has slammed World Trade Organization members, who suggested signing an agreement on easier custom rules by a select group of countries and keep the dissenters such as India out of the Bali package.

Several countries have in the past proposed that countries such as India be kept out and a plurilateral framework be worked out. On Friday, WTO director general Roberto Azevedo too listed it out as one of the options to break the deadlock at the multilateral agency, though he also said that such an arrangement is not in the best interests of a global trade framework. Azevedo still suggested that efforts should be made to arrive at a consensus.

There is a stalemate at WTO following India's insistence that the trade facilitation agreement should not be signed until the concerns over the formula for calculating the domestic subsidy is reworked.

"Why keep trade facilitation out? It would be plurilateral. How can there be an agreement on this. All issues need to be discussed," said a government official, who did not wish to be quoted. Indian authorities are wary that there may be attempt to sidestep crucial issues in order to get a deal.

In any case, there are several in the government who are critical of the decision to make the services negotiations a plurilateral affair, where like-minded countries keep out others and sign an agreement under the WTO umbrella. Those who want to join later have to pay an additional price by way of higher commitments.

When the Doha Round was launched 13 years ago, India had hoped to use its acumen in the services sector, especially IT, to get a better visa regime. In return, it was willing to lower import duty on industrial goods. But the developed countries were unwilling to make any concessions either on services or on reducing subsidy on farm produce.

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PMO meets commerce ministry, plans a WTO 'peace clause' proposal

The Financial Express

New Delhi, November 4, 2014 : The Prime Minister's Office on Monday held a meeting with the commerce ministry on World Trade Organisation (WTO) negotiations in the wake of the readiness shown by the US to discuss India's concerns on food security.

Although India is unlikely to retract from its stance on the issue, sources said, it is evaluating a proposal for "a perpetual peace clause" till a "permanent solution" is found on the issue of public stock holding for food security. A peace clause like this would ensure developing countries are not taken to world body's dispute settlement panel even if their domestic support to farmers crosses the limits prescribed.

The WTO members had failed to meet the July 31 deadline for signing the protocol of Trade Facilitation Agreement (TFA), mainly due to India's stance that an agreement on a permanent solution to the food security issue should be arrived at by December-end this year so that it can be implemented with the TFA and a package for least developed countries.

TFA was meant to ease global customs rules and add $1 trillion to the global economy in addition to creating 21 million jobs. India has since said it is not opposed to TFA, but added that while members engaged with commitment on TFA to quickly resolve issues, the same urgency was not shown on the issue of food security.

The Bali package had an 'peace clause' preventing WTO members from taking any developing country to the dispute settlement panel for violating the norms that the trade distorting domestic support should not be over 10% of the total production. Once the Bali package is amended to include such a clause, India will not then come in the way of signing the TFA, the sources said.

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Existing foreign trade policy may continue till 2014-end

Amiti Sen, Business Line

New Delhi, November 3, 2014 : The Government is examining the option of extending the existing Foreign Trade Policy (FTP) till the end of the calendar year to address uncertainties faced by exporters due to delay in the new policy.

The Directorate General of Foreign Trade (DGFT) has floated an internal proposal to officially notify extending the existing FTP provisions till December 31. “The proposal will be examined by the Commerce Minister who will take a call on the matter. She may discuss it with the Finance Minister,” a Commerce Ministry official told *Business Line*.

“Uncertainty over the new Foreign Trade Policy should be removed as exporters are in a dilemma about doing their costing while contracting for new orders,” Federation of Indian Export Organisations chief Rafeeque Ahmed recently said in an official release.

The delay has worried exporters as they are unsure about the fate of the existing export incentive schemes which give them a competitive edge in the global market. Concessions given by the Government are woven into the prices offered by exporters to their buyers.

Although most of the existing incentive schemes, like the focus product and focus market schemes, will anyway continue till a new policy is announced, a formal extension of the schemes will give exporters the confidence that the situation will not change before the given date.

“If the existing schemes are extended till December 31, exporters are assured that even if changes are brought about in the new policy in the interim period, those would be applicable only in the new calendar year,” the official said. Although FTPs are usually announced soon after the Union Budget is presented, the BJP Government, which assumed power in May, has not yet been able to do so.

Heavy work agenda of Commerce Minister (independent charge) Nirmala Sitharaman, who is also the junior minister for Finance and Corporate Affairs, coupled with elections in a number of States, have resulted in the delay.

The FTP to be announced by the Government will include both an annual plan and a five-year long-term policy. It will focus on lowering transaction costs and reducing paper work, in addition to encouraging exports of labour-intensive commodities to newer markets such as Russia, Brazil and China. Exports of services will also get a leg-up. The Commerce Ministry is trying to rationalise export promotion schemes to avoid overlaps and ensure that sectors in need of support get incentivised.

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India, Russia agree on negotiations for FTA

Dinakar Peri, The Hindu

November 6, 2014 : For the first time India and Russia have agreed on negotiations for a Free Trade Agreement (FTA) between India & the Customs Union of Belarus, Kazakhstan & Russia.

As *The Hindu* had reported earlier, the agreement marks the first FTA negotiations initiated by the NDA government, and discussed by visiting Russian Deputy Prime Minister Rogozin and Indian External Affairs Minister Sushma Swaraj during the 20th session of India-Russia Inter-Governmental Commission (IRIGC) in New Delhi on Wednesday.

The Indo-Russian Inter-Governmental Commission on Trade, Economics, Scientific, Technological and Cultural Cooperation (IRIGC-TEC) oversees 20 working groups covering trade, economic, scientific, technological and cultural cooperation.

Other major decisions include proposals for establishment of a ‘Smart City’ in India by the Russian company “Sistema,” joint cooperation for development of potassium and magnesium deposits in Russia, project for launching telecommunication satellites “NextStar” in the geostationary orbit of the Earth on low cost platforms and projects in high end computing. As expected, the focus was largely on boosting economic cooperation.

Mr. Rogozin also co-chaired the eighth India-Russia Forum for Trade and Investments, an active business forum between the two countries, along with the Minister of State for Commerce & Industries Nirmala Sitharaman. During his visit he called on Prime Minister Narendra Modi.

Both sides also reviewed preparations for the forthcoming visits of the Russian Foreign Minister Sergey Lavrov later this month and the Russian President Vladimir Putin for the 15 India-Russia Annual Summit in December. Other major deals in oil, energy and defence are likely to be signed during Mr. Putin’s visit.

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Gold, silver prices decline to over 3-year low on global cues

The Hindu

November 5, 2014 : Gold prices plunged by Rs 450 to trade at over three-year low of Rs 25,900 per 10 grams in the national capital on Wednesday as the dollar’s strength dampened demand for the precious metal.

Besides, low demand from jewellers and retailers who preferred to defer their buying activity on hopes of further dip in prices and diversion of funds towards soaring equity markets, weighed on prices. Silver followed suit and recorded a steep fall of Rs 900 to Rs 35,050 per kg on poor offtake by industrial units and coin makers.

Bullion traders said a weakening trend in global markets, as the dollar’s strength eroded demand, mainly put pressure on the precious metal. Further, jewellers and retailers deferring their buying on expectations of further slide in gold prices, dampened sentiments.

Gold in Singapore, which normally sets price trend on the domestic front, fell 1.90 per cent to USD 1,146.34 an ounce, the lowest since April 2010 and silver plunged 3.4 per cent to USD 15.48 an ounce, the lowest since February 2010.

Meanwhile, gold in futures trading at the Multi Commodity Exchange (MCX) was trading lower by Rs 530, or over 2 per cent, at Rs 25,433 per 10 grams. In Delhi, gold of 99.9 and 99.5 per cent purity dropped by Rs 450 each to trade at over three-year low of Rs 25,900 and Rs 25,700 per 10 grams, respectively.

Sovereign also showed some weakness and declined by Rs 100 to Rs 23,600 per piece of eight grams. Silver ready dropped by Rs 900 to Rs 35,050 per kg and weekly-based delivery by Rs 1,210 to Rs 34,730 per kg. Silver coins also tumbled by Rs 2,000 to Rs 57,000 for buying and Rs 58,000 for selling of 100 pieces.

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Not opposed to trade facilitation pact at WTO: Arun Jaitley

The Economic Times

New Delhi, November 6, 2014 : The government on Wednesday said it was not opposed to the trade facilitation pact at the World Trade Organisation (WTO) but wants the 'peace clause' to continue till a permanent solution to the issue of public stockholding of food is found.

"Please agree to the peace clause coexisting with the settlement of the dispute. That's all,"Finance Minister Arun Jaitley said at the World Economic Forum's India Economic Summit in Delhi, blaming the developed countries for "unreasonable posturing".

India had stalled signing of the trade facilitation agreement in July, demanding that the other deliverables of the December 2013 Bali ministerial, namely the issue of public stockholding for food security, be addressed simultaneously. Under the peace clause, a World Trade Organisation member was not to not face action from other member-country if it breached the 10% limit of total output for a particular produce.

There was some misunderstanding about this clause agreed at the Bali ministerial that the developed world interpreted as a four-year moratorium while countries like India saw it as an open-ended relief till a permanent solution was found.

The Narendra Modi government sought more clarity and refused to sign the trade facilitation agreement when the open-ended assurance did not come. "India is certainly not opposed to trade facilitation. Let me make it very clear... We are agreeing to a multilateral arrangement on trade facilitation but please keep the peace clause alive till the dispute is settled with regard to the stock holding," the finance minister said.

"The peace clause would vanish in four years. Now all that we have requested is the settlement of dispute with regard to the food stock holding and the peace clause must continue to coexist. Therefore, till you resolve that issue, India should not be taken to the dispute redressal mechanism. The peace clause must coexist," he said. "So the dispute is not with regard to trade facilitation. Trade facilitation has become a victim because of unreasonable posturing by some countries," he said, pointing out that while a schedule was fixed for the trade facilitation pact, no time frame was prescribed for a decision on food stock holding.

"It may take a much longer time to arrive at that arrangement but the peace clause and the impact of the peace clause in simple language is that if India does not restrict its food stock holdings, it will be taken to dispute mechanisms at the WTO," he said.

He said India's stand was being positioned as some kind of ideological opposition to the trade facilitation, which is not the case. "Even if there was no WTO, we probably would be doing trade facilitation within India," he said. Jaitley also pointed out that subsidy was calculated on the prices of 1986-87, which was unreasonable.

Though India's subsidies are below the limit, there is a risk once the food security law is rolled out, it could breach the limit particularly in the case of rice, which could invite action from members if the peace clause issue is not settled. Jaitley reiterated the government would protect interest of farmers.

He said the restriction on the extent of food stock holdings would mean "Indian government not being able to buy from its own farmers and foodgrains from elsewhere coming in, increasing the number of suicides, which our farmers in India are being compelled to because of indebtness," he said.

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Cotton farmers hit by falling prices, rising input costs and China’s import squeeze

Gopal B Kateshiya, Vivek Deshpande, The Indian Express

Rajkot/Nagpur, November 6, 2014 : For Kanaksinh Jadeja, Arvind Bhoyar and Rubhash Jakhar, cotton symbolised hope and a reason to believe there was still a future in agriculture.

All three farmers — from Panchiyavadar in Gondal taluka of Rajkot (Gujarat), Ashi in Warora tehsil of Chandrapur (Maharashtra) and Patrewala in Fazilka (Punjab) respectively — made decent money over the last 10 years by growing cotton. They were helped by two factors.

The first was higher price realisations. Between 2002-03 and 2013-14, average annual prices of kapas (raw, un-ginned cotton) rose from around Rs 2,200 per quintal to well over Rs 5,000 per quintal for the standard J-34 variety. This was enabled to a significant extent by global prices: During this period, the Cotlook 'A Index', a representative average of quotes from major markets, increased from under 59 cents a pound to 88 cents a pound.

The second was Bt technology, which led to a near-doubling of average cotton yields. As farmers saw both prices and yields going up, they responded by planting more area under cotton, even as the country's production almost trebled. But this year, the story isn't that good.

Bhoyar has just sold kapas from his first picking at Rs 3,800 a quintal, slightly above the Centre's minimum support price (MSP) of Rs 3,750 for medium-staple varieties. Last year, he received Rs 4,900. Bhoyar's disappointment — "The farmer is alive only because he cannot die", as he puts it — is shared by his fellow farmers from Rajkot and Fazilka.

Jadeja has realised a price of Rs 3,905, well below the Rs 4,700 at this time last year. Jakhar has had to sell long-staple J-45 hybrid kapas — which attracts a higher MSP of Rs 3,950 — for Rs 4,000 per quintal, against Rs 5,300 per quintal last time.

Adding to their disappointment is the fact that the remunerative realisations of the last three years — kapas prices crossed the Rs 6,500-level in 2011 — had prompted them to expand the crop area this year. A patchy monsoon and delayed rains only helped, as cotton requires relatively less water while being amenable to late sowing.

Jadeja last year planted cotton in only 35 bighas of his 95-bigha holding, and groundnut in the rest. This time, he grew cotton in 55 bighas (6 bighas make an acre). India's total cotton area has gone up from 114.37 lakh hectares (lh) to a record 126.55 lh this year. Maharashtra alone has registered an increase from 38.68 lh to 41.92 lh, and Gujarat from 26.88 lh to 30.06 lh.

The acreage switch strategy has, however, not paid off. "We have been squeezed between low prices and high input costs. Diesel has become cheaper only now, when the season is over, while picking costs have increased from Rs 300 to Rs 500-plus per quintal in the last three years," complained Jakhar.

The trade blames the lower realisations on bumper crops in India and the US and, more important, China's decision to restrict its cotton imports at zero duty to 894,000 tonnes a year. Imports beyond the quota will attract 40 per cent duty. The resultant global glut has resulted in the Cotlook 'A Index' price dropping to below 69 cents now.

India, in 2013-14, exported 114 lakh bales out of its production of 390 lakh bales. "70 per cent of our exports (annually worth nearly $ 4 billion in the last three years) go to China, which is also the world's largest importer. Any change in its import policy will naturally affect us, as our cotton prices are now linked to the global market," said Bharat Wala, a Rajkot-based exporter and president of Saurashtra Ginners Association.

M B Lal, managing director of Shail Exports Pvt Ltd and former chairman of the Cotton Corporation of India (CCI), felt that India's exports in 2014-15 would fall to 75-80 lakh bales. "But with domestic consumption growing by 3-5 per cent, kapas prices will probably hover around the MSP, though CCI (the Centre's market intervention arm) may have to undertake selective buying," he added.

CCI has already procured about 60,000 bales in Telangana and Andhra Pradesh, where open market prices have fallen below the MSP. "If CCI starts purchasing now, prices may recover to around Rs

4,200-4,250 a quintal. But it usually never intervenes in the beginning of the season," noted Magan Vadavia, chairman of the Agriculture Produce Marketing Committee at Morbi.

According to Narmada Shankar Sharma, managing director of Gujarat State Cooperative Cotton Federation, this was the right time for government agencies to intervene. "We shouldn't wait for prices to go below MSP because farmers would have suffered losses by then," he said, adding though that his agency has no plans of intervening as of now. Nor has it been asked to do so by the state government.

The Maharashtra government plans to start market intervention operations from December. "But the Centre has directed us to buy only up to 25 quintals per farmer. Accordingly, we have made preparations to buy 100 lakh quintals, which is about one-fourth of the state's estimated production," said N P Hirani, chairman of the Maharashtra State Cooperative Cotton Growers' Marketing Federation.

Farm activist Vijay Jawandhia foresaw a bleak season ahead for growers. "We can't leave our farmers to the mercy of global price movements. When the rest of the world cushions its farmers by giving subsidies and imposing trade curbs, why shouldn't India not do the same?" he asked.

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Tax-free SEZs new havens to stash cash

Deeptiman Tiwary, The Times of India

New Delhi, November 7, 2014 : In an indication of how special economic zones (SEZs) are prone to black money laundering, directorate of revenue intelligence (DRI) has seized consignments of over 57,000 kg of red sanders and sandalwood being smuggled out of the country through a firm in Noida SEZ.

One of the consignments, of 55,000kg of red sanders, was being smuggled to UAE with goods being declared as bath tubs. The consignment was intercepted by DRI officials last month based on intelligence inputs. Investigations revealed that the goods were being exported on shipping bills of a firm in Noida SEZ.

Another consignment of 2,300kg of sandalwood was recovered from a container in Tughlaqabad inland container depot (ICD). The total value of the consignments has been calculated to be Rs 30 crore even as DRI has arrested four people from Delhi in connection with the case.

Sources said that agency had been investigating money laundering through export-import routes when it got the intelligence about the consignments. It is now investigating the extent to which the firm mentioned on the shipping bills was involved in smuggling.

Because of relaxed laws, lack of strict customs oversight and rebate in tax and duties, SEZs are often used for money laundering i.e. sending black money abroad and bringing it back as white through fraudulent trade. It is also rampantly used by smugglers, said sources.

"Special Economic Zones (SEZs) pay no tax. So all one has to do is set up an SEZ and then send money in from abroad against an invoice. This can be manipulated in various ways which includes smuggling," said a DRI official.

A 2010 Financial Action Task Force report had raised serious objections to the way SEZs led to money laundering because of tax breaks, lax laws and poor oversight. It had even raised a red flag over trade-based money laundering (TBML), as is visible in this case.

The report noted, "A successful TBML scheme often includes false documentation which misrepresents the contents and/or volume of cargo. The size and scope of Free Trade Zones (another name for SEZs), some cities in themselves, makes it difficult to effectively monitor incoming and outgoing cargo, repackaging, and relabeling. Some FTZs export billions of dollars per year but have fewer competent authorities present to monitor and examine cargo and trade transactions. The relaxed oversight in FTZs makes it more challenging to detect illicit activity and provides an opportunity for misuse. As a result, FTZs provide a setting in which certain TBML schemes are more easily conducted."

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WTO talks set for revival as India nears deal with US, EU

Sidhartha & Surojit Gupta, The Times of India

New Delhi, November 7, 2014 : After being in deep freeze for over three months, a global trade deal is finally in sight with the US and the European Union showing signs of accepting India's demand for providing flexibility to developing countries in fixing minimum support price for farm products. In return, India will sign the stalled international treaty on easier customs rules once an agreement on the contentious food security issue is reached at the World Trade Organization (WTO).

"India, US and EU are close to some understanding and based on this understanding they will work for a final solution at the WTO," said a source, who did not wish to be identified. Senior commerce department officials are engaged in consultations in Geneva. There are indications that the developed countries will agree not to challenge any breach in food subsidy caps till the calculation formula is reworked.

Global trade talks have been deadlocked after India refused to agree to a trade facilitation agreement to usher in easier rules for goods to flow through ports and airports without its concerns on food security being addressed. Based on current rules, several developing countries are close to breaching the cap on 10% value of production and face the threat of punitive action at WTO. India has argued that the calculation is flawed as it is based on outdated prices and has demanded that formula be reworked.

At the Bali ministerial meeting last December, WTO members had agreed to address India's concerns over a four year period, during which no disputes would be raised at the multilateral body even if the subsidy cap was breached. At the Indonesian island the ministers had also agreed to sign the agreement on customs rules by July 31. The developed world had argued that the rules would provide a $1 trillion boost to a sluggish global economy and pave the way for reviving the 13-year-old Doha dialogue.

Despite being blamed for "blocking" a global trade deal, India has stuck to its stand. But in recent weeks, officials have indicated that India is willing to settle for a clause that extends the four year "peace clause" to perpetuity — something that is learnt to have been discussed during a meeting between Prime Minister Narendra Modi and US President Barack Obama.

The reports of a settlement at WTO come two days after Modi met ministers and top commerce department officials on Monday. On Monday, sources had then described it as a "review meeting" and had suggested that no firm offers were on the table.

Sources said finance minister Arun Jaitely had taken up the issue and argued India's stand with US secretary of state John Kerry, when he had visited New Delhi in late July. After hearing the government's argument, Kerry had no answers and described it as "reasonable". There was, however, immense pressure on the Obama administration from domestic lobbies in the US. This was evident when a US official, who was part of Kerry's delegation, tried to resile from his position.

Washington had indicated its "appreciation" for New Delhi's posture during last month's meeting between a top USTR official and commerce & industry minister Nirmala Sitharaman. Similarly, UK chancellor George Osborne had shown support for India's stand, the source said.

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Declining oil and food prices keep subsidies in check

Arup Roy Choudhury, Business Standard

New Delhi, November 8, 2014 : Major subsidies have declined to 63.74 per cent of Budget estimates in the first half of 2014-15 from 71.49 per cent in the year-ago period because of sharp drops in international crude oil and food prices. Subsidies on food, fertilisers and fuel, which make up over 95 per cent of all central subsidies, added up to Rs 1.6 lakh-crore in April-September 2014. The Budget has pencilled in Rs 2.51 lakh-crore for 2014-15.

In 2013-14, the Centre had projected these subsidies at Rs 2.21 lakh crore. They had reached Rs 1.58 lakh crore in the first six months, and had climbed to Rs 2.45 lakh-crore by the end of 2013-14. The fuel subsidy has shrunk to Rs 46,291 crore in April-September 2014 from Rs 54,270 crore in the corresponding period last year.

It stands now at around 73 per cent of the Rs 63,426.95 crore estimated in the July Budget. For the corresponding period last year, the percentage was 83 per cent of the projected Rs 65,000 crore. Food subsidies rose to Rs 64,094 crore in April-September 2014 from Rs 58,485 crore a year ago.

This is almost 56 per cent of the Rs 1.15 lakh-crore estimate for 2014-15. At the corresponding period last year, the percentage was 65 per cent of the projected Rs 90,000 crore.

The fertiliser subsidy climbed to Rs 49,747 crore in April-September 2014 from Rs 45,712 crore in the corresponding period of the previous year. These were, respectively, 68 per cent and 69.29 per cent of the Rs 72,970.30 crore and Rs 65,971.50 crore estimates in 2014-15 and 2013-14.

Despite the comfortable position in subsidies, the fiscal deficit has reached almost 83 per cent of the target for 2014-15 by September, up from 76 per cent a year ago, as indirect taxes and sales of stakes in state-owned companies and radio frequency for telecommunications have yielded less.

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Govt pins hopes on G20 for breaking the trade talks impasse

Nayanima Basu, Business Standard

New Delhi, November 12, 2014 : The government believes there will be some movement at the G20 countries’ meeting in Brisbane on Sunday and Monday on the stalled talks regarding a global Trade Facilitation Agreement (TFA) and India’s demand for a parallel pact on public stockholding for food security purposes.

Prime Minister Narendra Modi is expected to take up the issue with US President Barack Obama during one of their interactions during the Asean and G-20 summits. “After the PM’s visit to the US and his meeting with Obama, both governments are now much more comfortable in discussing these issues. The G20 joint statement might indicate a positive movement,” a senior official, who refused to be identified, told Business Standard.

The talks had reached an impasse at Geneva, headquarters of the World Trade Organization (WTO), over adoption of an amendment on the TFA and public stockholding for food security. These are crucial parts of the Bali Agreement signed in the ministerial meeting of December 2013.

“Lights are still on at Geneva, lights are not off,” said another official in the commerce department, involved with the WTOnegotiations. Last week, while speaking at the Asia Pacific Economic Cooperation (APEC) ministerial meeting in Beijing, WTO Director-General Roberto Azevêdo asked its leaders to help break the impasse which “has shut down multilateral negotiations”.

He reiterated that there could be a scenario where some key members which want to implement the TFA get together and sign the deal plurilaterally, outside the purview of WTO and essentially keeping India out. However, he did also indicate that some “key delegations” had resumed talks to “resolve the impasse and move forward”.

Ever since India decided to veto signing of the TFA, the deadline for which was July 31, its government and that of the US have got into an imbroglio of sorts. Only some countries support India’s stance that when TFA gets converted into a legally binding agreement, a clear one on food stockpiling should also be signed.

The US has said not signing the TFA would indirectly signal “collapse of the Bali talks”, which means other issues that were agreed to be discussed as part the Bali package would not be negotiated. India has remained firm on its stand.

But recently, Minister of State (Independent Charge) for Commerce and Industry Nirmala Sitharaman said, “There is greater understanding, there is appreciation and engagement with the WTO”. She also said the PM’s visit to the US and his subsequent meetings with Obama had led to the US authorities being “appreciative of what we are narrating”.

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India, US IPR dialogue to begin this month

Nayanima Basu, Business Standard

New Delhi, November 12, 2014 **:** The US seems to be subtly upping the ante against India on intellectual property rights (IPR). While the US has launched the out-of-cycle-reviews, or OCR, under Special 301 Report, it will also pursue the issue bilaterally through the high-level Intellectual Property Working Group under the India-US Trade Policy Forum (TPF).

The TPF, to be held in Delhi this month, will lay down the roadmap for India-US IPR issues. US Trade Representative(USTR) Michael Froman is expected to visit India to attend the forum. He will co-chair the forum along with Nirmala Sitharaman, minister of state for commerce and industry.

India has maintained that while it will not cooperate with the US to conduct the OCRs, it will engage bilaterally through this platform. The government is now busy doing its homework, while it raises issues related to IPR and patents, especially in the pharmaceutical sector, with the US.

The US is comprehensively scrutinising every single aspect of Indian IPR and patent regime. On the one hand, it will discuss the issue at a government-to-government level through the IP Working Group. On the other, it will also be covering and identifying issues at the level of industry and the public at large through the OCRs.

"The high-level IP working group will serve as a regularised channel for discussion of IPR issues between both the governments, while the OCR will take care of the issues at the industry and public level," a USTR spokesperson told Business Standard.

The initial plan is that deputy USTR Wendy Cutler will convene the working group annually and both the governments will bring to the table ministries and agencies with responsibilities for IP issues. The group will also be convened semi-annually at the staff level to work through the full range of IP-related issues of concern to both the governments, said the USTR spokesperson.

India has been placed on the 'Priority Watch List' for several years now. According to a USTR official, the working group is one of the engagements of the larger OCR process. The US authorities are hopeful that even though India has officially refused to share its feedback on IP and patent regime, it will persuade through the working group platform. OCRs are typically conducted by the required parties such as government authorities, industry and the public giving written submissions. It has no sanction and does not follow a stipulated period.

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WTO logjam may be broken at agri committee meet on Thursday

Amiti Sen, Business Line

New Delhi, November 10, 2014 : An end-of-the-week crucial meeting of the World Trade Organisation's agriculture committee is likely to indicate if India and the US will break the deadlock on issues of food security and trade facilitation before the informal Christmas deadline.

Prime Minister Narendra Modi has already discussed with Commerce & Industry Minister Nirmala Sitharaman and senior Commerce Ministry officials the minimum concessions on food security that India needs to try and secure in return for its support to a trade facilitation pact.

"We have communicated our decision to the Indian Mission in Geneva. We hope that the US, which has softened and has indicated its willingness to compromise, will recognise our reasonable approach and agree to what we want and so will other members," a Government official told *Business Line* .

The WTO's Committee on Agriculture, with representatives from all member countries, will meet on Thursday and could continue discussions on Friday as well if talks gain momentum, according to the schedule.

New Delhi wants a permanent peace clause protecting it against action from other countries in case its food procurement subsidies breach given caps (of 10 per cent of production of a particular crop). This means that the peace clause will stay active till members re-work the formula for calculating subsidies in a way that it doesn't hurt India's food security programmes.

It also wants the peace clause to be made more user-friendly with a number of conditions dropped that relate to supply of voluminous data and documents and proving that the subsidies were non-trade distortive to be dropped.

The on-going global trade talks got dead-locked in July when India refused to support a protocol on trade facilitation – a pact to ease flow of goods between borders by upgrading infrastructure and processes – as its concerns on food security were not getting adequately addressed.

The US, which had declined to make the peace clause permanent when India had put in this sole demand in July, is now willing to do so. It has softened as it has realised that it would not be able to get much support from other members into pushing India to support the trade facilitation pact without its consent.

India will also have to answer questions posed by the West on why it notified its domestic programmes in US dollars when it had taken on commitments in Indian rupees in 1986-88. The shift in currencies gave India a distinct advantage. It brings down India's subsidy levels as the dollar has appreciated substantially since the prices were notified.

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Trade policy to make schemes for services exports more effective

Business Line

New Delhi, November 13, 2014 : The Foreign Trade Policy (FTP) plans to make the existing export promotion schemes for services more effective and also introduce new ideas for giving greater thrust to the sector, said Commerce Secretary Rajeev Kher.

“We already have an export promotion scheme for services which we are trying to make more effective. We will also try to come up with some new ideas for the sector,” he said talking to reporters on the sidelines of the two-day services conclave, organised by the Commerce Ministry and CII.

The FTP will also try to give a fillip to start-ups. “The Commerce Ministry is aware that there are areas such as gaming and R&D which need some encouragement. Our effort in the FTP would be to provide incentives to niche sectors and start-ups,” said JS Deepak, Additional Secretary in the Commerce Ministry .

The Commerce Secretary, however, did not specify when the FTP could be expected. “I hope it is soon,” he said. While the BJP Government announced the Union Budget in July, it is yet to come up with a new policy for exporters and importers.

Scrips scheme

The biggest concession that the services sector can hope for in the new FTP is transferability of import duty exemption scrips earned under the ‘Served from India’ scheme. At present, sectors such as hospitality, that earn substantial foreign exchange, are not able to use the scrips (valued at 10 per cent of foreign exchange earned) as these mostly don’t import capital goods for which the incentives can be used.

“If the services sector is allowed to sell the scrips to those who can use it, they can utilise the benefits of the scheme,” an official in the Commerce Ministry said. The share of services in the country’s GDP was 57 per cent in 2013-14. Export of services during the year is estimated at $151.47 billion compared to goods exports worth $312.5 billion.

India is considered a mine for services delivery, yet its share in the global services exports is still below 3.5 per cent as against European Union’s 42 per cent and China’s over 4 per cent, Kher pointed out.

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India, US resolve food row, signalling end to WTO impasse

Business Line

New Delhi, November 14, 2014 : India and the US reached a compromise on issues relating to food security and trade facilitation at the World Trade Organisation (WTO), which could soon lead to a resolution of the current impasse in global trade talks.

However, neither country shared the finer details of the agreements. US Trade Representative Michael Froman said the bilateral agreements were a result of discussions between President Barack Obama and Prime Minister Narendra Modi.

Commerce and Industry Minister Nirmala Sitharaman, who said an agreement has been reached with the US, ducked questions on whether Washington had agreed to concessions over and above an indefinite continuation of the ‘peace clause’, which it had already agreed to last month.

“These are details that we will share with the General Council of the WTO when it meets next month. We don’t want to disclose them here,” she told reporters here on Thursday.

Subsidy caps

A peace clause is an undertaking that action won't be taken against a member for breaching agriculture subsidy caps (fixed at 10 per cent of production) till the formula for calculating such subsidies is re-worked. The concessions, which India had been pitching for, include dropping the condition that the tool can be used only when subsidies are non-trade distortive and on submission of data.

Sitharaman made it clear that India was pleased with the compromise.

"We are extremely happy that India and the US have successfully resolved their differences relating to the issue of public stockholding for food security purposes in the WTO in a manner that addresses our concerns. This will end the impasse at the WTO and also open the way for implementation of the Trade Facilitation Agreement," she said.

India had refused to support a protocol on trade facilitation — a pact to ease movement of goods between borders by upgrading infrastructure and improving processes — on July 31, as agreed to in Bali last December, as it wanted a better deal on food security.

For a permanent solution

New Delhi had demanded that, as a permanent solution, the subsidies should either be dropped from the list of trade-distorting subsidies, calculated on a more recent base year (as opposed to existing base year of 1986-88), or indexed to inflation.

The agreement between the US and India also sets out elements for an intensified programme of work and negotiations to arrive at such a permanent solution, the US Trade Representative's office said in a statement.

Congress' charge

Congress leader and former Commerce Minister Anand Sharma said: "We have not been holding any bilateral negotiations on this issue. Then, how can the Government hold a bilateral meeting and claim that issues have been resolved? It has to be discussed in a ministerial conference." At the WTO's Bali ministerial, Sharma had negotiated that a permanent solution should be found latest by the eleventh ministerial scheduled in 2017. "We had ensured that India's interests will be protected. I do not think there is any change in the position," Sharma told BusinessLine .

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