

# Indian exporters get further boost

## Govt offers Rs 8,500cr to labour-intensive sectors

PALLAB BHATTACHARYA, New Delhi

**A** GAINST the backdrop of a decline in exports this year, India on Tuesday unveiled additional fiscal incentives of around Rs 8,500 crore to promote shipments from the country for labour-intensive sectors like leather, carpet and marine products.

The incentives, announced in a mid-term review of the country's five-year foreign trade policy made public in April 2015, are aimed at offsetting the impact of the goods and services tax (GST).

In October this year, India's exports fell 1.15 percent year-on-year to \$23.09 billion, according to the country's commerce ministry.

During April-October this year, India's exports grew 9.62 percent in dollar terms. India's main export markets cover the United States, Europe and the United Arab Emirates.

The government doubled the incentives to 4 percent under Merchandise Exports from India Scheme (MEIS) hoping to help Indian businesses face competition.

Under the MEIS scheme for exporters, identified sectors are given duty exemption scrips, which are fixed at a certain percentage of the total value of their exports. These scrips can be used to pay duties on inputs and can be traded.

Indian garment manufacturers have complained that GST has reduced the cost of importing garments from Bangladesh under quota-free and duty-free scheme, posing a major challenge to domestic garment makers.

The incentives of Rs 8,450 crore that will be applicable from November include higher benefits of Rs 2,743 crore offered to readymade garments and made-ups a few days ago.

All put together, there will a



A seagull flies past a cargo container ship off the coast of Mumbai. In the face of declining exports, India on Tuesday unveiled additional fiscal incentives for labour-intensive sectors.

34 percent rise in sops from the existing Rs 25,000 crore.

The additional fiscal incentives consist of Rs 749 crore for leather sector, Rs 921 crore for handmade carpet of silk, jute products, handloom and coir, Rs 1,354 crore for agriculture products, Rs 759 crore for marine products, Rs 369 crore for telecom and electronic components and Rs 193 crore for medical equipment.

Industry Minister Suresh Prabhu, accompanied by Finance

Secretary Hasmukh Adhia, told the media that the foreign trade policy "aims to promote exports by simplification of processes, enhancing support to high employment sectors, and leveraging benefits of GST".

Adhia said Rs 8,500 crore is amount of "extra monetary benefits that will go to the exporters" as a result of the policy.

He said the GST will help make tax-related processes simpler for exporters.

The government on Tuesday

also announced that the validity of the scrips under the incentive schemes has been increased from 18 months to 24 months under the mid-term review of the foreign trade policy.

Among the services sector that will benefit from the extra incentives include educational, hospital, hotels and restaurants, business, legal, accounting and architectural entities.

"The extension of validity of scrips from 18 months to 24 months along with the provision

of zero GST on sale of scrips will help the industry in a big way," said Ashok Rajani, chairman of Apparel Export Promotion Council.

The other initiatives like the doing away with the testing of samples for drawback purpose and the introduction of e-sealing facility for exporters will lead to quick clearances of the consignment.

"This will not only help in easing the port congestion but will also aid in quick movement of cargoes," Rajani said.

# India's central bank holds rates at seven-year low

AFP, Mumbai

India's central bank held interest rates at a seven-year low on Wednesday, citing concerns over inflation and rising oil prices as a reason not to make a further cut.

The Reserve Bank of India (RBI) said the benchmark repo rate -- the level at which it lends to commercial banks -- would remain unchanged at 6.0 percent.

The decision was in line with analysts' expectations. The RBI said in a statement the decision was consistent with its objective of keeping inflation at around four per cent, noting that consumer price inflation hit a seven-month high recently.

Consumer prices rose to 3.58 percent in October from a year earlier, according to official data.

"There is a risk that this upward trajectory may continue in the near-term," the RBI said, predicting that inflation would be in the range of 4.3-4.7 per cent for the third and fourth quarters of this year.

It said food prices had been volatile recently and increases in international crude oil prices were likely to continue in the near future.

Official data last week showed that India's economy had picked up in the second quarter, rebounding from a slump that had dragged growth to three-year lows.

The figures showed that GDP accelerated to 6.3 percent in the three months to September after five quarters of slowing growth stretching back to early 2016.

# Britain has not formally assessed impact of Brexit on economy: minister

REUTERS, London

Britain has not conducted a formal sector-by-sector analysis of the impact that leaving the European Union will have on the economy, Brexit minister David Davis said on Wednesday, arguing they were not necessary at the current time.

The comments are likely to inflame critics of the government's handling of the complex divorce process at a time when talks with Brussels have stalled because of a row over how to manage the Irish border after Brexit.

Davis has become embroiled in a long-running argument with lawmakers from across parliament over what preparatory work the government has undertaken, and how much of it should be made public.

"There's no systematic impact assessment I'm aware of," Davis told a parliamentary committee, saying it would be more appropriate to conduct such analysis later in the negotiating process.

That drew immediate criticism from lawmakers on the committee, who said Davis was contradicting his previous statement that the government had analyses of the sectoral impact that went into "excruciating detail".

# Amazon claims record-breaking Australia launch



Amazon said first-day orders in Australia on Tuesday were "higher than for any other launch day" in its history, with "tens of thousands of customers visiting the website during the first 24 hours".

AFP, Sydney

**A** MAZON'S Australia launch was the company's biggest-ever opening day for orders, the US giant said Wednesday, but some shoppers were underwhelmed by the range of goods and prices on offer.

The country's retailers have been scrambling to lift their online presence and cut costs amid expectations that Amazon, one of the world's most valuable companies, would shake up the market and eat into their profits.

Amazon said first-day orders on Tuesday were "higher than for any other launch day" in its history, with "tens of thousands of customers visiting the website during the first 24 hours".

"We are thankful to Australian customers for making this a landmark day in Amazon history," Amazon's Australia country manager Rocco Braeuninger said in a statement.

"From early in the day, we experienced visitor numbers that far exceeded our expectations."

Despite the US giant's high-profile launch, local retailers who expect to be hurt by Amazon -- including electronics chain Harvey Norman and department store Myer -- saw their shares close higher Tuesday.

It followed disappointment from some shoppers that prices on Amazon were not always lower than those offered by com-

petitors.

"Amazon has underwhelmed high customer and investor expectations with its launch based on initial range and prices," Citi analysts said in a note.

"Amazon has long targeted a pre-Christmas 2017 launch, but is unlikely to make an impact with the current undeveloped offer."

Harvey Norman's co-founder and chairman Gerry Harvey said the launch did not live up to the hype.

"Beautiful, lame duck! Can't believe how bad they are, but it's good news for everybody because the hype has been ridiculous and the result has been, well, you couldn't be this bad," Harvey told Sky News Business late Tuesday.

But he acknowledged Amazon could still undercut local rivals and "sell 20 percent below cost".

Australian Retailers Association's executive director Russell Zimmerman said it was still early days and he expected Amazon to talk to retailers about their pricing on its platform.

"Amazon have an incredible amount of data, so I think as it goes on, what they will do is talk to retailers and try to engage with their retailers to give the best possible offer to their customers," Zimmerman told AFP.

Amazon already had Aus\$1 billion (US\$760 million) in sales in Australia annually through shipping from overseas before launching its local site, according to Morgan Stanley analysts.

# China targets booming online lending as crisis fears build

AFP, Beijing

**W** HEN Jia Xinru needed to borrow money to buy new clothes, order food and buy a projector to screen Breaking Bad on her wall, she had instant access to China's growing number of lenders via her mobile phone.

The 24-year-old secretary is among millions of Chinese who have turned to proliferating online companies that dish out quick loans -- and are worrying the country's leadership.

On Friday authorities issued new rules on microlending, designed to protect consumers and limit risk for creditors. The move was the latest aimed at tackling financial risks as the world's number two economy faces ballooning debt that has drawn warnings of a potential global financial crisis.

While most economists and analysts have focused their concerns on corporate debt, household debt has risen rapidly, roughly doubling since 2012, according to the Bank for International Settlements, known as the central banks' central bank.

And smartphones have made it even easier for consumers to borrow cash in China, with e-commerce apps and mobile payment increasingly prevalent.

Jia started accumulating her debt when she was in college, turning to tech titan Alibaba when she could not get a credit card.

The ease of a few taps on her phone and a four minute wait led Jia to borrow and borrow and when she was finally able to take out a card, she used it to repay Alibaba's affiliate Ant



People have instant access to China's growing number of lenders via their mobile phone.

Financial.

But her debt reached roughly \$9,000 this summer, and her monthly interest payments eclipsed her meagre salary.

She described the debts as "snowballing", finding it harder to pay one debt as she borrowed to pay another.

Alternative lending, with loans that can be wired to accounts within minutes, has taken off in China and accounts for 85 percent of the global market, according to a University of Cambridge report.

By 2020, some estimates forecast the busi-

ness could approach that of credit cards, suggesting some Chinese may be leapfrogging from plastic to mobile loans.

Online lenders say most of their business comes from consumers and small businesses with little access to the formal banking system -- only a third of Chinese have credit cards, according to the central bank.

"Most of our borrowers are in third or fourth tier cities," said a marketing employee at lending platform Guangxindai, who declined to give her name. "They have a hard time getting credit cards from banks."

# US hits Vietnam with huge duties on steel made with Chinese material

AFP, Washington

**T** HE United States on Tuesday imposed huge duties on some steel imports from Vietnam, saying they were produced with Chinese material already subject to retaliatory penalties.

The products will be subject to US punitive duties of up to 265 percent of their value, the Commerce Department said in a statement, yet another in a series of aggressive trade enforcement steps by President Donald Trump's administration, many targeting China.

US imports from Vietnam have skyrocketed since the US imposed duties on the Chinese

product two years ago, indicating companies are circumventing US duties by passing through Vietnam, the Commerce Department said.

The duties on the Chinese product were designed to compensate for product produced at below cost and dumped into the US market.

Since then, imports of corrosion-resistant steel from Vietnam have jumped to \$80 million a year from just \$2 million, while cold-rolled steel surged to \$215 million from \$9 million, according to the statement.

The duties imposed are a preliminary finding in the complaint filed by six US steel

manufacturers, and the department will announce a final decision in February.

Importers of the product from Vietnam can file for an exemption from the duties if they can prove the material used in production originated outside of China.

Washington has stepped up adversarial trade actions with China since Trump took office in January on a nationalist economic agenda, imposing duties on Chinese aluminum foil and plywood, among other goods.

Beijing reacted harshly last week after Washington opened an anti-dumping probe of Chinese common aluminum alloy sheet worth hundreds of millions of dollars annually.