



The Fertiliser Association of India

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Current News

Current news on the latest developments in fertiliser, energy, weather, agriculture, agri-business, logistics, economy, and other related areas

(The views expressed in the news items are not necessarily of FAI)

Friday, May 25, 2018

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WEATHER

IMD says 'Mekunu' could become 'extremely severe cyclone' by Friday

India Met Department (IMD) has upgraded the prognosis for very severe cyclone 'Mekunu' saying it could intensify further as 'extremely severe cyclone' ahead of landfall.

The powerful storm was traced to about 180 km East-North-East of Socotra Islands and 440 km South-South-East of Salalah, capital of Oman, latest. It is very likely to intensify further by tomorrow, move nearly northwards and then north-northwestwards and cross South Oman-South-East Yemen coasts, IMD said.

Clues on monsoon

It would make landfall buffeted by wind speeds of up to 160-170 km/hr gusting to 190 km/hr, falling under category-2 on the Saffir-Simpson scale of storm intensity. The landfall and subsequent weakening of the storm is now expected to help the Arabian Sea and the Bay of Bengal closer to home to get into their act to host the monsoon.

Rains are forecast to scale up over Kerala, Coastal Karnataka and Lakshadweep gradually from tomorrow before they precipitate the monsoon around May 29 (Tuesday next).

India Met Department (IMD) has forecast heavy rain at a few places over Kerala with heavy rain at a few places and heavy to very heavy rain over Lakshadweep on Sunday. Heavy rain is also likely over Coastal and South Interior Karnataka, and the Andaman & Nicobar Islands, Arunachal Pradesh and the rest of the North-East the same day.

Heavy rain forecast

The proceedings would assume a fresh urgency the next day with Kerala likely getting lashed by heavy to very heavy rain punctuated by extremely heavy rain at a few places.

Lakshadweep, Coastal and South Interior Karnataka as well as the North-East too would witness heavy spells as the monsoon readies to establish its pincer-like grip over land. This would come about after the monsoon picks its pieces on the trail of very severe cyclone 'Mekunu' and reorganises itself with its feet firmly grounded in both the peninsular seas.

A well-defined troughs both on the West and East coasts with embedded vortices would drive the monsoon in what looks like a strong onset phase from this week. A strong offshore trough in the South-East Arabian Sea off Kerala-Karnataka, topped up its own 'vortex,' not quite seen in the recent past, would be a highlight.

Strong troughs

To the other side, the trough off the Tamil Nadu coast and the rest of the East Coast is forecast to whip up its own low-pressure area, headed towards North-North-East. Models are of the view that the Arabian Sea vortex go on to set up a low-pressure area, though travelling away from the Goa-Mumbai coast towards Oman.

This could be a distraction, but not for long, since models suspect that the Bay on the other side could come out with another 'low' to keep monsoon on an even keel. The European Centre for Medium-Range Weather Forecasts and the US National Centres for Environmental Prediction are in agreement with the IMD's outlook here.

Satellite pictures show intense and active clouds lording it over Maldives, Sri Lanka and into the Bay of Bengal, in a typical scenario associated with monsoon onset. A heavy band of clouding moving into the Andaman & Nicobar Islands had extended cover over most of the Bay, with the seas to its South-East infested with thunderheads.

Source: The Hindu Business Line, Friday, May 25, 2018

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ENERGY

GAIL India chairman backs unbundling of firm's operations, but only after gas market matures

GAIL says it is the only company in the country that has built multiple gas pipelines in the past one decade while the private sector even after getting authorization has not laid an inch

Facing a prospect of being split into two, GAIL India Ltd on Thursday said it supports reforms such as unbundling of gas marketing and transportation business but such a move globally has been done only after gas market has matured.

In a point by point rebuttal to critics, its chairman and managing director, B.C. Tripathi, said GAIL is the only company in the country that has built multiple gas pipelines in the past one decade while the private sector even after getting authorization has not laid an inch.

Also, it has thrown open all of the 11,400-km of pipeline length to third parties for accessing on common carrier basis, he said.

In mature markets, monopoly gas transporting and marketing companies have been unbundled or split after the share of natural gas in energy mix has reached at least 15% and a well-connected pipeline network built.

Also, domestically produced natural gas forms bulk of consumption. In India, the share of natural gas in energy mix is 6.2%, its eastern and southern parts are not connected to any pipeline and domestically produced gas makes up for just 40% of the consumption.

The petroleum ministry is looking at splitting GAIL into two firms to resolve the conflict of interest in it being both the transporter and marketer of natural gas.

While the ministry feels it hasn't done enough to lay pipelines, some industry stakeholders have sought access to GAIL's vast pipeline network for transporting their own gas.

Tripathi replied to both the counts saying that "every inch of the pipeline built in the country in last few years has been by GAIL alone" and 120 entities are already using 25% of the company's pipelines on common carrier basis.

GAIL also insists that it operates the two business at arms-length principle and hasn't ever tried to use its monopolistic situation for undue commercial gains.

[Source: Live mint, Friday, May 25, 2018](#)

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Guwahati-Barauni gas pipeline to come up by 2021

As part of the government's plans to connect all northeastern states with gas pipelines, there is to be a 721 kilometre pipeline running from Guwahati to Barauni in Bihar by 2021.

S Rath, a member of the Petroleum and Natural Gas Regulatory Board (PNGRB), who was in Guwahati on Thursday, said, "Guwahati will be connected to national gas grid by a pipeline. The Haldia-Paradip- Barauni pipeline will connect Guwahati. This pipeline, with a cost of Rs 3,000 crore, is likely to be commissioned by 2021. The project will be executed by GAIL."

Rath further elaborated that there is a plan to connect all the northeastern states with gas pipeline. "This project will be executed by consortium of Indian Oil Corporation, Oil India Limited, Numaligarh Refinery Limited and GAIL. We expect the project to be awarded in next couple of months and become operational by 2023."

He added that, under the project, 1500 km of pipeline will be built, with a cost of Rs 6,000 Crore. PNGRB organised sixth road show for 9th city gas distribution bidding round in Guwahati on Thursday.

Chairperson of PNGRB, Dinesh K Sarraf said that under this gas will be provided to two districts of Kamrup(metro) and Kamrup besides Cachar, Karimganj and Hailakand. "Gomati and West Tripura is also part of the scheme."

Under the round, PNGRB has on offer 86 geographical areas covering 174 districts spread over 22 states and union territories.

After the award, gas distribution would reach 286 districts.

Source: [The Economic Times, Friday, May 25, 2018](#)

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LOGISTICS

Govt frees ships from transshipment permits for Indian entities: Nitin Gadkari

The government has done away with licensing requirement for ships chartered by Indian citizens or companies for transshipment of containers with a view to boosting coastal trade and promoting entrepreneurship, Union Minister Nitin Gadkari said today.

The government has done away with licensing requirement for ships chartered by Indian citizens or companies for transshipment of containers with a view to boosting coastal trade and promoting entrepreneurship, Union Minister Nitin Gadkari said today. The move is aimed at arresting diversion of Indian container cargo to transshipment hubs at foreign ports that has swelled to 33 per cent besides creating employment. The government has done away with licensing requirement for ships chartered by citizens of India or a company incorporated in India or a cooperative society registered in India for transportation of EXIM containers for transshipment purposes, Gadkari, who holds the portfolio of shipping, road, transport and highways, told PTI.

“The move will not only arrest diversion of Indian container cargo to foreign ports but will prove a milestone in creating entrepreneurship in shipping operations while unfurling huge opportunities for citizens including former army and navy personnel with desired skills and knowledge to charter smaller feeder vessels and participate in the fast growing container trade,” Gadkari said. This will not only result in ease of doing business but would create huge employment, the minister said. At present transshipment hubs at Singapore, Malaysia, Colombo and Jabelali near Indian coastline gets about 33 per cent of the Indian container cargo which is aggregated there before shipped to final destinations.

“Transshipment of Indian cargo at foreign transshipment ports leads to traffic growth there and job creation in other countries, loss of revenue from Indian shippers in terms of port and logistic charges and loss of foreign exchange to foreign ports as the transshipment revenues and charges are collected from Indian exporters/importers by foreign ports,” the minister said. If aggregation is done at Indian ports, jobs will be created, port charges will come and an ecosystem will be developed, he added. “Promoting transshipment in India would lead to cargo growth at Indian ports emanating not only from India but also potentially other countries in the region, which in turn would lead to creation of jobs in India, growth of accompanying ecosystem, revenue growth for Indian ports and retention of foreign exchange,” he said.

Shipping Secretary Gopal Krishna told PTI that this is one of the biggest measures in the shipping sector since 1958 and the move will in the first year, as per conservative approach, will result in at least 10 per cent reduction of the Indian container cargo transshipment to foreign ports. Ports like Vishakhapatnam, Kandla, Cochin, Tuticorin, Ennore and Chennai are likely to benefit most initially, he said. He added that Indian ports are likely to get an additional income to the tune of about Rs 200 crore on account of this.

The licensing requirement has been done away by the government in exercise of the powers conferred under section 406 of the Merchant Shipping Act, 1958.

Source: Financial Express, Friday, May 25, 2018

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AGRICULTURE

Customs duty hike, weak rupee may stop wheat imports

A weakening rupee against the dollar, coupled with the latest increase in import duty at 30 per cent will put an end to the cheap inflow of wheat in the year ahead. The Government issued a notification on Wednesday increasing the import duty on wheat to 30 per cent from the earlier 20 per cent to curb cheaper imports.

As a result, wheat prices have firmed up marginally in both spot and futures market. "Imports will be totally ruled out for now," a Southern miller said. "Even at 20 per cent duty, there were hardly any imports since April this year.

With the fall in rupee against the dollar and the hike in duty, imports will totally stop," the miller said. The rupee has declined by five per cent from the beginning of April till date.

Last fiscal, Indian wheat imports stood at around 1.5 million tonnes, down the previous year's 5.5 million tonne. Bulk of the imports were made by mills in the South from countries such as Australia and the Black Sea region, mainly Ukraine.

The Agriculture Ministry has forecast a wheat output at 98.6 million tonnes this year. Harvest is almost complete, while procurement is still going on in states such as UP, Punjab and Madhya Pradesh.

The government agencies have progressively purchased about 33.63 million tonnes of the total market arrivals of around 36.14 million tonnes.

The procurement has exceeded the targeted levels in Punjab, Haryana and Madhya Pradesh.

In Uttar Pradesh, the largest wheat producing state, the average daily procurement has been hovering around one lakh tonnes.

The Government agencies in UP, have so far procured 3.8 million tonnes of the market arrivals of 4.48 million tonnes.

Source: The Hindu Business Line, Friday, May 25, 2018

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ECONOMY

India's GDP to grow at 7.5% in FY19; Current Account Deficit and Rupee a worry, says Care Ratings report

The country's GDP growth will accelerate to 7.5 per cent this financial year, from 6.6 per cent in the last fiscal, on better performance from the industrial and agricultural sectors, a report said today.

The country's GDP growth will accelerate to 7.5 per cent this financial year, from 6.6 per cent in the last fiscal, on better performance from the industrial and agricultural sectors, a report said today. Headline inflation, lending rates, fiscal prudence, current account deficit (CAD) and exchange rates, however, are the areas of concern, the report by Care Ratings said. "We are expecting the GDP to grow by 7.5 per cent in 2018-19. This growth will be contingent upon favourable monsoon, pick up in investment and increased private sector spending supported by continued government spending," said Madan Sabnavis, chief economist, Care Ratings.

The estimates in the report have been made assuming that crude oil does not spiral over the present USD 80 per barrel and settles down at up to USD 75. The exchange rate will slip further to the 67-68 levels against the US dollar by the end of FY19, the report said, adding that the reserves will grow marginally to USD 435 billion, from USD 425 billion at present.

For the CAD, it said the wider trade deficit, an estimated slowdown in the portfolio flows and increased oil prices will result in the gap widening to up to 2.5 per cent of GDP for FY19, from the 1.7 per cent for the first nine months of FY18. The agency expects farm sector growth to inch up to 4 per cent, from the 3 per cent in the year-ago period, and industrial output growth to go up to 6 per cent, from 4.3 per cent in the previous year.

The consumer price inflation will go up to 5.5 per cent for the fiscal, from the 3.6 per cent in FY18, which may result in rate hikes of up to 0.50 per cent by the inflation-focused Reserve Bank of India during the year.

The report, however, said that the NPA-saddled banking sector will have an "upward bias" with credit growth estimated to go up to 12 per cent and deposits to swell by 10 per cent, it said, adding NPAs will be a "major challenge" for lenders. The agency feels meeting the wider 3.3 per cent target on the fiscal deficit will be difficult and adherence will depend on achievement of the Rs 80,000-crore divestment target, GST collections and tax receipts.

Source: Financial Express, Friday, May 25, 2018

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Bank credit grows at 12.64%, deposits at 7.61%

Banks' credit grew by 12.64 percent year-on-year to Rs 85,51,099 crore in the fortnight ended May 11, 2018, according to an RBI data. In the similar fortnight ended May 12, 2017, banks' advances stood at Rs 75,90,941 crore.

Banks' credit grew by 12.64 percent year-on-year to Rs 85,51,099 crore in the fortnight ended May 11, 2018, according to an RBI data. In the similar fortnight ended May 12, 2017, banks' advances stood at Rs 75,90,941 crore. In the previous fortnight ended April 27, 2018, bank credit had increased by 12.61 percent to Rs 85,38,570 crore, from Rs 75,82,391 crore in the period ended April 28, 2017.

Banks' deposits grew by 7.61 percent to Rs 1,13,92,165 crore in the fortnight ended May 11, 2018, compared with Rs 1,05,86,083 crore in the fortnight ended May 12, 2017, the data by Reserve Bank of India (RBI) showed. In the fortnight ended at April 27, 2018, deposits had grown by 8.20 percent to Rs 1,14,30,786 crore.

In March this year, the non-food bank credit rose by 8.4 percent, the same rate as in March 2017. Loans to agriculture and allied activities increased by 3.8 percent in March 2018, against an increase of 12.4 percent in March 2017. Advances to industry grew by 0.7 percent in March 2018, compared with a contraction of 1.9 percent in March 2017.

Source: Financial Express, Friday, May 25, 2018

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FOREIGN EXCHANGE RATES – Thursday, May 25, 2018

Currency	Buy (₹)		Sell (₹)	
	TT	Bill	TT	Bill
Dollar	68.4	68.43	68.31	68.3
Euro	80.13	80.17	80.05	80.04
Pound Sterling	91.66	91.70	91.54	91.53
100 Yen	62.40	62.42	62.31	62.3

Source: The Hindu Business Line, Friday, May 25, 2018

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