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*)

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WEATHER

Heavy rain pounds East; Central India next in line

The slow-moving depression in the Bay of Bengal has crossed the Odisha coast and weakened a round but not before dumping heavy to very heavy rain over a large swathe spread practically over the entire landscape.

Its capacity to influence weather over distances of hundreds of kilometres in all directions was evident in the manner in which it pushed the monsoon's reach to the whole country on Wednesday, breaking out of a prolonged gridlock in the north-west.

Covers entire land

The India Met Department (IMD) said the monsoon covered the entire landscape four days behind schedule, after it entered the remaining parts of west Rajasthan, Haryana and Punjab.

This belt had received surplus pre-monsoon showers, which, in a way, was responsible for the resistance that the monsoon ran into. Cooled surface builds higher pressure, which does not allow rain clouds to form.

On Wednesday, the IMD located the rain-driving well-marked low-pressure area over interior Odisha. It is expected to move to the west with a slight bias to west-northwest, heading towards Gujarat and adjoining south-west Rajasthan.

It may weaken along the way but without any meaningful impact on its rain generating capacity. It would continue to bring moderate to heavy rainfall over parts of Chhattisgarh, east and west Madhya Pradesh and Gujarat.

Successor on the way

It will flare up a second time over west Madhya Pradesh and Gujarat on July 22, 23 and 24, bringing even heavier rain even as it induces the formation of another potent low-pressure area over north-west Bay of Bengal by July 25.

In its outlook valid for Thursday, the IMD has warned of heavy to very heavy rain at a few places over Konkan and Goa, which includes Mumbai.

The heavy rain belt will be active over Madhya Pradesh, Vidarbha, Chhattisgarh, central Maharashtra, coastal and south interior Karnataka. Heavy rain has been forecast for parts of north-west India, Gujarat, Marathawada, Telangana and Kerala.

There is not much change in the forecast for the two to three days that follow (i.e. the rest of this week) given that the current weather system will sign off from the West only to usher in a successor announces from the East.

It is likely that the same pattern of rainfall might come back to visit East, Central and West India next week, though the US Climate Prediction Centre doubts if it would be able to match the intensity of the previous round.

(This article was published on July 19, 2017)

Source: The Hindu Business Line, Thursday, July 20, 2017

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FERTILISER

Higher chinese 'benchmark price' could make potash costlier

Higher Chinese 'benchmark price' could make potash costlier

RAJESH BHAYANI
Mumbai, 19 July

The projection of a normal monsoon this year might have brought some cheer to Indian farmers, but they are still facing the prospect of having to pay higher prices for potash, or fertiliser potassium. Reason: China, the world's largest buyer of potash, has signed an annual agreement with producers at a higher price, which traditionally acts as a benchmark for the whole market. So, India, another important potash consumer, which will soon start negotiations, could find it difficult to seal the deal at last year's price.

The new price is expected to be higher than last year's which importers will pass on to consumers, according to government sources.

The two biggest potash producers — Potash Corp of Saskatchewan and Russia's Uralkali — have recently cut output to tighten supply and stem price decline of the nutrient, which helps boost crop quality and yields.

Uralkali has settled its potash contract with China for supply until the end of 2017 at $230 a tonne CFR (cost and freight). Uralkali announced that its trading subsidiary had negotiated with Chinese consortium including Sinochem, CNAMPGC, and CNOOC for potash deliveries during the August-December period at this rate.

More on business-standard.com

Source: Busines-Standard, Thursday, July 20, 2017

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ECONOMY

Tax rates under GST will not be revised unless there is an anomaly: CBEC chief
Vanaja Sarna promises to go slow on enforcing laws, give time for industry to settle down

The government on Wednesday said that tax rates under the Goods and Services Tax (GST) will not be revised unless there is an anomaly, but promised to go slow on enforcement actions in the first six months on genuine mistakes.

"The issue has snowballed…The textile sector is taxed for the first time. So anybody who comes into the net would feel the pinch," said Vanaja N Sarna, Chairperson, Central Board of Excise and Customs, at a CII event. She said the CBEC has received representations from textile traders and is looking into their demands.

"Unless there is something not fully justified or there is an anomaly, I don't think there is a reason to look at any rates at the moment," she said, adding that many other sectors have also sought correction in rates.

Textile traders in Surat have called off their strike against the five per cent GST on fabric and yarns after the Centre promised to look into their demands.

Meanwhile, giving industry time to settle down into the new levy, the CBEC chief promised that the taxmen will not strictly enforce the GST laws for the first three to six months.

"CBEC has enforcement authorities and I have specifically asked them to go slow for the first three to six months. I don't want small cases to be made," Sarna said.

Pointing out that the CBEC has also been handholding traders and explaining all issues relating to the new levy to them, she said, "I'm definitely not looking at any hard line attitude to start with, we would want it to settle down."

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'India's economy set to reclaim top spot for growth this year'

GST likely to add one-two percentage points to GDP growth: Reuters poll

India will reclaim its position as the fastest growing major global economy this year, partly propelled by benefits from a new tax system and bolstered by an expected central bank interest rate cut, a Reuters poll showed. Having been in the offing for close to two decades, the goods and services tax (GST), which the government touts as the biggest domestic tax reform since independence, was introduced on July 1 and has bolstered economists' outlook.

The new national tax will replace multiple cascading taxes levied by the central and state governments which economists in the poll were unanimous in saying would have either a positive or very positive effect on long-term GDP growth.The median forecast from the poll of over 35 economists showed India's economy is expected to expand 7.3 per cent in the fiscal year ending March 2018, after slowing sharply at the start of 2017 following last year's government move to scrap high-value banknotes.

While that is a downgrade from the previous poll's forecast of 7.5 per cent, it is better than the International Monetary Fund's projection of 7.2 per cent.It is also stronger than a similar Reuters poll of economists predicting China will grow by 6.6 per cent in calendar year 2017.

“The GST is likely to add one-two percentage points to GDP growth in the medium to long term with dismantling of tax barriers and by creating a unified market, further improving the competitiveness of exporters and in general, the ease of operating in India,” said Tushar Arora, senior economist at HDFC Bank.

Nifty hits record high

Indian shares are on the rise for the same reasons.

The NSE Index hit a record high on Monday. It has surged 20 per cent so far this year and a separate recent Reuters poll showed the rally is expected continue over the remainder of the year.

Adding to the brighter outlook, monsoon rains this year are forecast to be above average - a boon for the farm sector that accounts for about 15 per cent of India's $2 trillion economy and employs more than half the country's 1.3 billion people.If the rains are good, that would lead to bumper grain production and a further slide in food prices which economists said could lend support to Asia's third-largest economy.

Retail inflation

India's annual retail inflation eased to 1.54 per cent in June, its slowest pace in more than five years, but is expected to begin rising again through to mid-2018.

With inflation currently well below its target, the central bank is expected to cut borrowing costs by 25 basis points (bps) at its next meeting on August 2. It had last cut rates, by the same amount, to 6.25 percent in October 2016.

Having changed its monetary policy stance to neutral from accommodative at the start of the year, the Reserve Bank of India (RBI) softened its position on policy in June in view of the sharp drop in retail inflation.

“We believe the RBI has space to undertake some modest easing over the next few months and yet meet its 4 percent target comfortably,” noted Pranjul Bhandari, chief economist at HSBC Securities and Capital Markets.

After the expected cut in August, analysts believe the RBI will stand pat until at least the end of next year.

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Taxpayer base likely to reach 90 lakh, says GSTN Chairman

Experts feel GST covers most goods and services with few exemptions, encourages more compliance

The taxpayer base seems to have expanded significantly under the Goods and Services Tax (GST) and the GST Network expects the total registrations for the new tax to touch at least 90 lakh in the coming months.

“We will cross 80 lakh within the next two-three days. We don’t know how many taxpayers will come in, but at least another 10 lakh are likely,” said Navin Kumar, Chairman, GSTN, adding that the system is ready for more registrations.

The government had initially projected a total of 70-80 lakh taxpayers to migrate and enrol for the new levy.

“Our expectation based on a study we had got done was that the taxpayer base will expand by five per cent annually, meaning 4 lakh new registrations every year,” he told BusinessLine.

Kumar said the total registrations have already touched 78 lakh. Since the registration window was re-opened last month, total enrolments have averaged between 10,000 and 15,000 every day while another 40,000 existing taxpayers have migrated daily.

The GSTN expects that at least another 800 taxpayers will be registered as suppliers for e-commerce firms, once the window opens next week.

Expressing satisfaction over the surge in taxpayers under GST, Finance Minister Arun Jaitley had said earlier this week that the estimate of 80 lakh will be breached. The government has been confident that this will also yield more revenue but has not made any projection for GST collections till now.

Experts point out that the expansion of the taxpayer base is partly because GST now covers almost all goods and services with few exemptions. Further, with provisions to maintain the input tax credit and compliance rating of sellers, it also encourages more compliance. The number of taxpayers is likely to rise even further.

“We expect that eventually at least 2 crore businesses will be registered under GST,” said Sudhir Singh, Managing Director, Marg ERP. According to experts, over the past few days, many businesses that were not paying taxes previously have realised the benefits of enrolling for GST. If an item is taxable, there is little scope for the seller to remain outside the GST net, they point out.

More services on GSTN

Meanwhile, the GSTN is also set to launch the invoice uploading facility later this month, Kumar said adding that businesses will be encouraged to do real time or atleast regular upload of invoices on the portal.

The GSTN will also make services for amending registrations, registration by non-resident foreign taxpayers and registration of casual taxpayer available by next week.

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FOREIGN EXCHANGE RATES – Wednesday, July 19, 2017

Currency	Buy (₹)		Sell (₹)	
	TT	Bill	TT	Bill
Dollar	64.34	64.37	64.25	64.24
Euro	74.15	74.18	74.07	74.06
Pound Sterling	83.84	83.88	83.74	83.73
100 Yen	57.43	57.46	57.34	57.33

Source: The Hindu Business Line, Thursday, July 20, 2017

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