

# Exports down 1.1%, contract for 3rd month in a row

Imports plunge 16.3% in Oct, the highest in FY20

**SUBHAYAN CHAKRABORTY**  
New Delhi, 15 November

Lower receipts from processed petroleum exports and depressed global crude prices led to exports in October contracting for a third straight month. The decline in exports stood at 1.1 per cent in October, lower than the 6.57 per cent fall in September. Outbound trade contracted in four of the first-seven months of the 2019-20 fiscal year. In the current financial year till October, cumulative exports stood at \$186 billion, 2.2 per cent lower than the corresponding period in the last financial year. However, officials stressed that major sectors such as gems and jewellery, and engineering goods, which are seeing growth, signal favourable times for exports. Nonetheless, officials remain worried about falling imports, which contracted in October by the highest margin in FY20. Imports shrank by 16.4 per cent in October, higher than September's 13.85 per cent contraction. Inbound goods have contract-

ed for the previous five consecutive months, showing low demand for both consumer and industrial items — a hallmark of slowdown. India imported \$306 billion worth of goods during the April-October period, 8.37 per cent lower than imports in the corresponding period of the last year. As a result, merchandise trade deficit remained relatively low at \$11.01 billion after the \$10.86-billion deficit in September, a seven-month low. Cumulative trade deficit reached \$94 billion till October. The sharp slide in the merchandise trade deficit in October 2019 relative to October 2018 was primarily driven by a considerable reduction in imports of petroleum products, led by both prices and volumes, as well as various industrial inputs, and some consumer items," said Aditi Nayar, principal economist at ICRA.

**Beak exports**

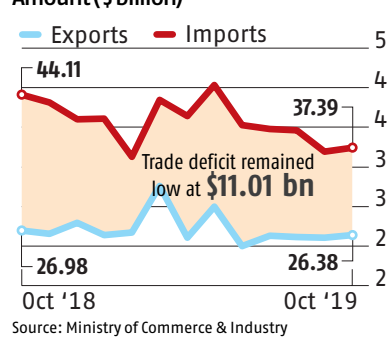
According to the data released by the commerce and industry ministry on Friday, exports stood at \$26.03 billion in the latest month. An unprecedented 18 of the 30 major export sectors saw contrac-



tion, down from 22 in September. Critical exports such as those of processed petroleum continued to take a beating, with receipts falling by 14.6 per cent in October to \$3.62 billion. Petroleum exports had fallen by more than 18 per cent in September. For gems and jewellery, the slowdown that had gripped the sector periodically since November gave way to rare growth in October, with exports rising by 6 per cent in October to \$3.7 billion. The sector had con-

**ON A DECLINE**

Merchandise trade over last 1 year



tracted by 5.56 per cent in September with experts blaming the availability of trade credit after the Nirav Modi scam. Engineering exports, on the other hand, managed to rise by 1.2 per cent in October, breaking a long spell of contraction, which had last seen shipments shrink by 6.2 per cent in September and 9.35 per cent in August. The sector accounts for 25 per cent of the forex earned. "The pace of de-growth for October has come down but overall, the

picture remains challenging," Engineering Export Promotion Council Chairman Ravi Sehgal said. Elsewhere, contraction continued. Export of readymade garments, in which India's export competitiveness has fallen over the past fiscal year, contracted by 2.1 per cent in October. The sector had shown signs of steady recovery in July, with 7.66 per cent growth but contraction has continued ever since. Exports of non-oil and non-gems and jewellery products rose after months, rising a marginal 0.6 per cent to \$19 billion. The de-growth in the sector had been receding steadily over the past four months and contraction had stood at 4.2 per cent in September, down from 5.61 per cent in August. "Sluggishness in economies worldwide, coupled with the trade war between US and China, Brexit, and developments in Iran, Turkey, and Iraq other gulf countries, has escalated the problem. The downside risks still remain," said Sharad Kumar Saraf, president of the Federation of Indian Export Organisations. Service exports, however, continued growth streak, rising by 7 per cent in September to earn \$170.4 billion in September, taking total earnings in the cur-

rent fiscal year to \$107 billion. Earnings had grown by 10 per cent in August. **Imports slide** Crude oil, the largest component of the import bill, saw the cost of inbound shipments fall by 32 per cent to \$9.6 billion, as compared to \$8.9 billion in September. Crude oil imports had shown significant reduction in value terms throughout FY20 with global prices tanking. On the other hand, gold — the second-largest item in the import bill — continued to fall, albeit by smaller margins. Incoming gold shipments narrowed by a moderate 4.7 per cent after massive drops of 50 per cent, 62 per cent, and 42 per cent in the past three months. Imports of the precious metal had continued to see an uptick in early 2019 before crashing since June, even as the industry had continued to see volatility. Non-oil and non-gold imports — a sign of domestic industrial demand — fell for a 12th straight month in October, contracting by 10 per cent, higher than September's 8.88 per cent. Experts said they expect the current account deficit to halve to \$8-9 billion in the second quarter (Q2) of FY20 now, as lower-than-anticipated trade deficits become the norm.

## India, US resolve key trade issues; may sign initial pact

**PRESS TRUST OF INDIA**  
Washington, 15 November

India and the US are understood to have resolved most of the important trade issues, paving the way for an 'initial trade package' wherein the two countries are looking for an equitable market access. The much-needed progress is believed to have been made during the meeting between the Union Commerce and Industry Minister Piyush Goyal and US Trade Representatives Robert Lighthizer in Washington DC on Wednesday. The two leaders spoke over phone again on Thursday. A US delegation is slated to travel to India next week to give a final shape to what is being described as an initial trade package which will eventually pave the way for a major trade pact between the two countries. Trade issues started cropping up between the countries when the US imposed high customs duties on certain steel and aluminium products, which are affecting India's exports of these items to America. The US had also rolled back export incentives for Indian exporters, under its Generalized System of Preferences (GSP)



Union Commerce and Industry Minister Piyush Goyal discussed a wide range of issues with US trade representatives in Washington DC over the past few days

programme. India exports goods worth about \$6 billion to America under the scheme. In retaliation, India imposed high customs duties on 28 US products, including almonds. Goyal and Lighthizer are believed to have had a constructive meeting in Washington on Wednesday, during which they covered a very wide range of issues that are on the table on the trade side. A number of very important items that were on the table are

understood to have been resolved and are reported to have been made part of the initial trade package that the two countries are working on. Goyal had a behind the scene engagements in Washington and left for New York on Wednesday evening. On Thursday afternoon, he and Lighthizer had another telephonic conversation as a follow up to their meeting a day earlier. Good progress has been achieved, according to those

familiar with the trade talks. The two countries then will continue discussions on a more substantive India-US agreement on trade. While the final details of the initial trade package continue to be under wraps, the two countries are looking for an understanding based on equitable market access. Both India and the US have been working on this principle and there is some level of measure of success, it is understood. During the meeting, Indian officials from Ministry of Agriculture, Union Health Ministry and Indian Council of Medical Research are also believed to have participated in the deliberations. Last month, Finance Minister Nirmala Sitharaman, during a lecture at Columbia University's School of International and Public Affairs in the US, said trade negotiations between India and the US were going well and will conclude sooner than expected. "I think the trade talks would conclude sooner. The talks are going on very well. Yes, we couldn't conclude it before the Prime Minister's visit (to the US) happened. But both sides are engaged with all commitment," Sitharaman had said.

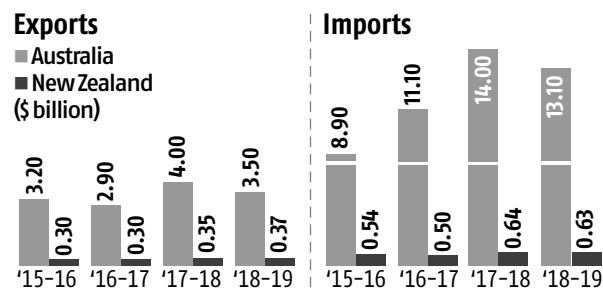
## Australia, New Zealand continue to bat for India's entry into RCEP

**SUBHAYAN CHAKRABORTY**  
New Delhi, 15 November

Australia and New Zealand continue to push for India's inclusion in the proposed Regional Comprehensive Economic Partnership (RCEP) pact, weeks after New Delhi pulled out of it. Officials of both the nations have been in touch with other partners in the free-trade agreement and were the real force behind the RCEP nations deciding to keep the door open for India to join at a later date, say sources in the know. The countries are not interested in aligning more with export powerhouse China even as hopes of gaining access to India, the single-largest potential market, evaporate, said diplomatic sources. As a result, the nations have continued back-channeling efforts and have been crucial intermediaries between India and China, they added.

To focus on the RCEP, India had earlier decided to hold off talks on bilateral free-trade agreements with both the nations. Now, with the government aiming for a deal with the US and deciding to restart similar talks with the European Union, the two southern nations are wary of missing out on trade with India. Interest Down Under India figures significantly in Australia's global trade plans. A report on bilateral trade — An India Economic Strategy to 2035, penned by former Australian High Commissioner to India Peter N Varghese — has batted for more economic linkages between the nations at a time Indian businesses have been scouting for new overseas markets, egged on by the government. The report mentions India as the single-most significant growth opportunity for Australia. India has also been

**INDIA'S BUSINESS DOWN UNDER**



AUSTRALIA	NEW ZEALAND
<b>Major exports</b>	<b>Major exports</b>
■ Refined petroleum	■ Apparels, home furnishings
■ Railways*	■ Jewellery
■ Diamonds	■ Railways*
<small>*Including parts &amp; equipment</small>	<small>*Including parts &amp; equipment</small>
<b>Major imports</b>	<b>Major imports</b>
■ Coal	■ Wood (mostly pine), wood pulp
■ Iron and copper ores	■ Paper
■ Unwrought gold	■ Coal

Source : Commerce Department

deemed crucial by a section of Australian policymakers if the country is to reduce its trade reliance on China and Japan. The 500-page report has been submitted to the Australian Prime Minister's office and the country is streamlining the official recommendations on the report. The door to the RCEP has been consciously kept open for India by other nations, and the government needs to reassess its position, Verghese recently said in New Delhi. Official statistics show that India's exports to Australia stood at \$3.5 billion in the last financial year, while imports were pegged at upwards of \$13 billion. While lower crude oil prices have hit realisations from processed petroleum shipments, most other categories of exports have also stagnated. On the other hand, the principal reason for the yawning trade deficit has been

Australian coal and natural gas exports worth over \$9.6 billion. Canberra also hopes to position itself as a major supplier for India's farm needs, especially in the volatile pulses trade. In 2017-18, the country had sent over \$924 million worth of chickpeas and pulses, and \$125.63 million worth of wheat. While these have dropped to only \$24 million after the government put in restrictions on imports, the cyclical nature of India's high-quality pulses requirements has got Canberra hopeful. Aussie agriculture majors such as GrainCorp and Olam Australia are looking to scale up business in India and nearby markets, said a senior diplomatic source. **'Milking' the issue** However, it may be difficult for New Zealand to gain even if India joins the RCEP as its top export sector — dairy — is something Indian policy-

**Rajnath: PM stayed out of deal keeping Northeast in mind**



Prime Minister Narendra Modi decided to stay out of RCEP keeping in mind India's economic interests, especially of northeastern states, Defence Minister Rajnath Singh said on Friday. He said if India had joined the RCEP, farmers, labourers, and industries would have been adversely affected. "At the recent ASEAN Summit in Bangkok, our PM took a very important decision that India will not be part of it. This is not a small thing," Singh said after inaugurating the Sisseri Bridge in Arunachal Pradesh. **PTI**

## US not complying with India steel ruling: WTO

**AFP/PTI**  
Geneva, 15 November

A World Trade Organization (WTO) panel ruled on Friday that Washington had failed to fully comply with a five-year-old ruling in a dispute over import duties on Indian steel products. India first filed its complaint at the WTO in 2012, after Washington imposed duties of nearly 300 per cent on imports of products including carbon-quality steel pipes, after complaining that Indian steel manufacturers were benefitting from unfair subsidies. The global trade body then ruled in 2014 that the duties constituted a breach of global trade rules, and



ordered Washington to bring its practices into line. But India complained that

Washington was failing to comply with that ruling and asked the WTO to weigh in again. In the ruling on Friday, the WTO's Dispute Settlement Body rejected several charges by India but found that the US had "failed to comply with the recommendations and rulings of the DSB in the original dispute." "We recommend that the United States bring its measures into conformity with its obligations," the ruling said. The WTO polices global trade accords in an effort to offer its member economies a level playing field. Its panels can authorise retaliatory trade measures by the wronged party if its rival fails to fall into line.

**Interest Down Under**

India figures significantly in Australia's global trade plans. A report on bilateral trade — An India Economic Strategy to 2035, penned by former Australian High Commissioner to India Peter N Varghese — has batted for more economic linkages between the nations at a time Indian businesses have been scouting for new overseas markets, egged on by the government. The report mentions India as the single-most significant growth opportunity for Australia. India has also been

# Winter Session to take up long-awaited data privacy Bill

Deals with handling, processing of consumer data by corporations

**YUVRAJ MALIK & PEERZADA ABRAR**  
Bengaluru, 15 November

The Personal Data Protection Bill has been listed to be tabled in the Winter Session of Parliament which will begin on Monday, a notification on the Lok Sabha website said. The long-awaited Bill deals with handling and processing of consumer data by corporate entities, while introducing restrictions and penalties. The draft Bill, which was released last year, created a huge controversy, with several global technology companies alleging that the move will curtail their ability of doing business in the country apart from driving cost of operations. The proposals are mostly based on a report submitted by Justice B N Srikrishna in July 2018. The draft Bill has since gone through at least two updates based on inputs received from industry. While the final contour of the Bill is yet to be known, the draft version, which was made public earlier, said

**WHAT'S IN STORE**

After ensuring the passage of a record 30 Bills in the first session of the current Lok Sabha, the Narendra Modi government has listed 35 Bills in the Winter Session that begins on Monday. Twenty-seven of these will be new Bills

COMPILED BY ARCHIS MOHAN

Some of the new bills to be introduced	
■ Citizenship Amendment Bill	■ Mines and Minerals (Development and Regulation) Amendment Bill
■ Personal Data Protection Bill	■ Industrial Relations Code Bill
■ Companies Amendment Bill	■ MSME Development
■ Insolvency and Bankruptcy Amendment Bill	

(Amendment) Bill

- International Financial Services Centres Authority Bill
- Pesticides Management
- Multi-State Cooperative Societies laws

businesses were required to seek explicit consent for the data they collect on consumers. They are also required to mandatorily obtain consent from consumers to use their data sparingly and only for purposes stated, apart from storing 'sensitive' consumer data only within Indian borders. The Bill also proposes a fine of up to ₹15 crore or 4 per cent of the firm's

turnover in the case of a breach, and setting up of a data protection authority, an appellate authority that will decide on such matters. The proposed law was feared to have far-reaching implications for big tech firms such as Google and Facebook that operate out of India, requiring them to re-tune their businesses. These global technology companies have been arguing that the

proposals will shoot up their operating costs and, in some cases, prohibit delivering some internet services. "The government has conducted two rounds of industry consultations on the draft data privacy Bill, one public and another selective limited consultation with only certain stakeholders. However, till date the final draft has not been put in the public domain and there remains



A highlight of the Winter Session will be Prime Minister Narendra Modi addressing a joint sitting of Parliament on the Constitution Day on November 26

much concern among the multinational corporations and corporate entities with regard to the data localisation requirements," said Salman Waris, managing partner at New Delhi-based specialist technology law firm TechLegis Advocates & Solicitors. "If the draft Bill is passed in the present form, it's going to have far-reaching implications for the corporate sector and adversely affect the ease of doing business and increase overall costs besides introducing a host of regulatory compliance obligations." In a recent interview to *Business Standard*, Daniel Castro, vice-president of the Washington DC-based think-tank Information Technology and Innovation Foundation (ITIF), said that policies like data localisation are not a good idea. "They force companies to start storing data locally within the country which moves away from the most secure servers developed in the most secure operating environment to a domestic implementation that may not be on a par with global security standards," said Castro, also the director of ITIF's Center for Data Innovation.

**Health Ministry to push Bill seeking up to 10 yrs' jail for assault on docs**

The Union Health Ministry will push for a key legislation, which seeks to punish people who assault on-duty doctors and other health care professionals by imposing a jail term of up to 10 years, in the upcoming Winter Session of Parliament, officials said. The Health Ministry has asked all other ministries involved in the inter-ministerial consultations over The Health Services Personnel and Clinical Establishments (Prohibition of Violence and Damage to Property) Bill, 2019 to send their comments at the earliest so that the draft law can be finalised and placed before the Cabinet next week. **PTI**