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**1. GST and foreign trade** – India’s newly launched Goods and Services Tax (GST) is expected to bring significant changes for trade. Previously, goods imports were subject to multiple duties including basic custom duty, countervailing duty, special additional duty. In the new regime, integrated goods and services tax (IGST) replaces the previous indirect taxes and treats imports in the same way as inter-state transactions. However, basic customs duty will continue to apply. Since GST is a destination-based tax, IGST will be levied in the state where imported goods/services are consumed/received. In the case of services imports, IGST has replaced service tax. Exports are zero-rated. A trader may either export without the payment of IGST under bond or letter of undertaking or, pay the IGST and claim refund later. In both cases, traders are required to provide details of GST invoice in the shipping bill. Early reports suggested that there has been a collection of \$600m in IGST in the first 10 days itself. The government is expected to release further information including in its mid-term review of the national foreign trade policy in September.

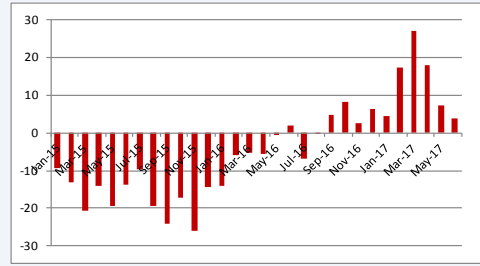
**2. India at WTO** – Commerce Minister Nirmala Sitharaman visited Geneva on 18-20 July to discuss developments with key WTO members and the WTO DG Roberto Azevedo ahead of the 11<sup>th</sup> Ministerial Conference (MC11) in December this year. She stated that a permanent solution on public stockholding for food security should be part of MC11 as well as the Special Safeguard Mechanism, a tool that will allow developing countries to raise tariffs temporarily to deal with import surges or price falls to protect against agricultural import surges. The public stockholding discussion refers to running of programmes for food security in developing countries that use potentially trade-distorting subsidies to procure food-grains.

India has recently informed the WTO that it was within the permissible farm subsidy limit between 2011-12 and 2013-14. Government highlighted that fertiliser, irrigation and power subsidy fell to \$22.8bn in FY14 from \$29.1bn in FY11 and \$14.7bn was spent on public stockholding in FY14 down from \$13.8bn in FY11. The Minister also addressed the Graduate Institute of International and Development Studies on the subject of ‘Reclaiming Multilateralism’ ([read here](#)).

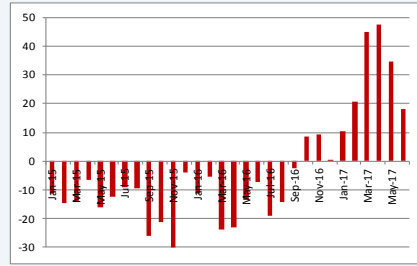
**3. EU – India Investment Fund** – The EU and India have announced the setting up of an Investment Facilitation Mechanism (IFM) for European investments into India. This agreement builds on the outcome of the 13<sup>th</sup> EU-India Summit held in Brussels in March 2016 and aims to allow for close coordination between the EU and India in promoting and facilitating member states’ investment in India. The bloc is one of the top foreign investors in India exceeding \$81.5bn as of March 2017. This mechanism will be with India’s Department of Industrial Policy Promotion and is meant to be complimentary to any bilateral fast track mechanisms members states may have with India. The UK and India signed their fast track mechanism during PM Modi’s visit in 2015.

**Merchandise trade: exports/imports / trade balance**

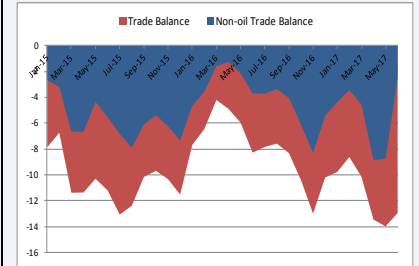
**Export growth (% y/y)**



**Imports (% y/y)**

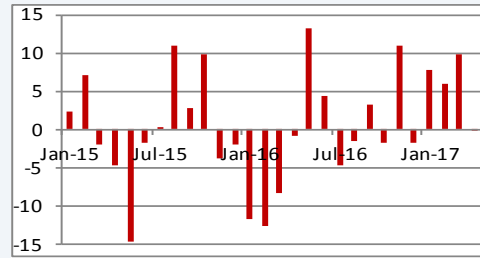


**Trade balance (\$bn)**

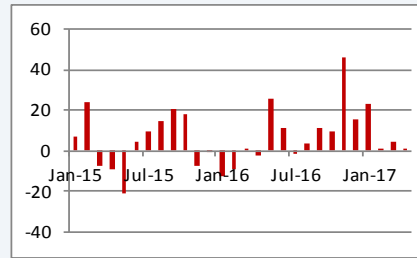


**Services trade: exports / imports / trade balance**

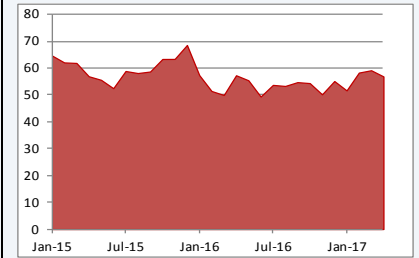
**Export growth (% y/y)**



**Imports (% y/y)**

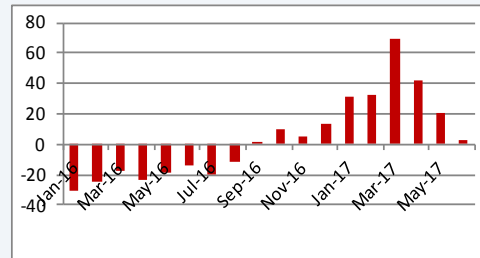


**Trade balance (\$bn)**

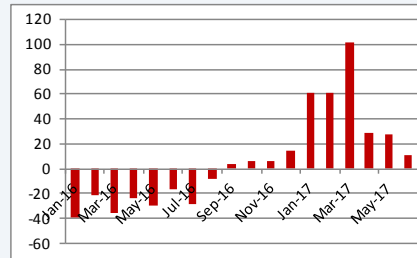


**Petroleum Oil Lubricant (POL) trade**

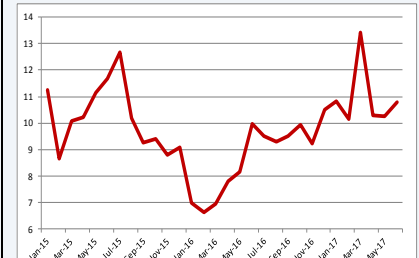
**Export growth (% y/y)**



**Imports (% y/y)**

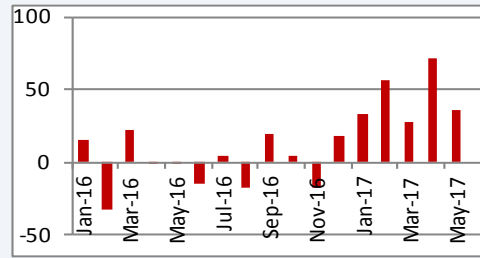


**Trade balance (\$bn)**

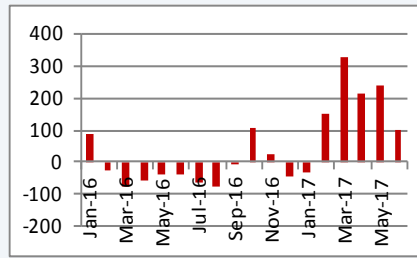


**Gold trade**

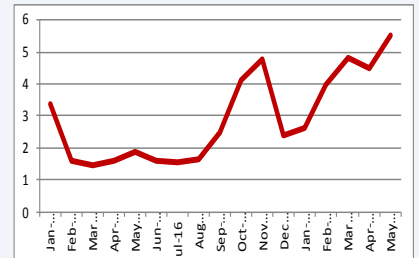
**Export growth (% y/y)**



**Imports (% y/y)**

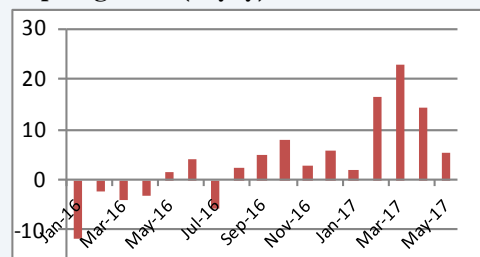


**Trade balance (\$bn)**

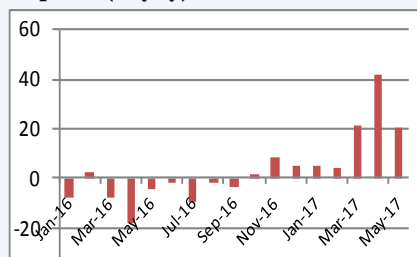


**Non oil/non gold trade**

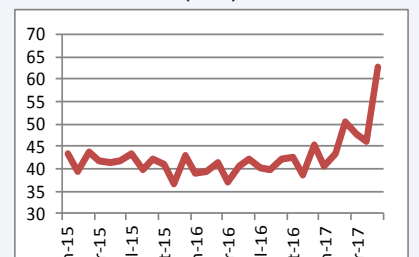
**Export growth (% y/y)**



**Imports (% y/y)**



**Trade balance (\$bn)**



Data Sources : Government of India and Reserve Bank of India official statistics

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Read our analysis on the [India Economic Share Point](#)