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INTERNATIONAL NEWS

US economy could see fastest growth in 3 decades: NRF

With more businesses reopening and bringing employees back to work, the US economy is on firm footing and could see its fastest growth in more than three decades, according to the latest issue of National Retail Federation's (NRF) Monthly Economic Review. It expects the economy to grow 6.6 per cent this year, the highest level since 7.2 per cent in 1984.

"The consumer is nearly always the key driver in the economy, and with the consumer in good financial health, a sharp demand is expected to unfold over the coming months," said NRF's chief economist Jack Kleinhenz.

"While there is a great deal of uncertainty about how fast and far this economy will grow in 2021, surveys show an increase in individuals being vaccinated, more willingness to receive a vaccination, increased spending intentions and comfort with resuming pre-pandemic behaviours like shopping, travel and family gatherings," Kleinhenz said. "This feel-better situation will likely translate into higher levels of household spending, especially around upcoming holidays like the Fourth of July and spending associated with back-to-work and back-to-school."

Among other favourable indicators, the $2.4 trillion saved by households during February alone was approximately twice the average monthly savings during pre-pandemic 2019 and comes on top of savings accumulated over the past year as consumers stayed home rather than dining out, traveling or attending sports and entertainment events, the report said.

In addition, use of consumer credit is up, with outstanding credit surging in February to its highest level since late 2017. The increase in borrowing "highlights a consumer who is growing more confident as the economy accelerates, job growth picks up and more states lift burdensome restrictions," Kleinhenz said.

NRF has revised its numbers according to the Census Bureau, which recently released its annual revision of retail sales. It now shows 2020 retail sales of $4.02 trillion rather than the $4.06 trillion originally reported. But 2020 grew 6.9 per cent over 2019 rather than 6.7 per cent because 2019 was revised down to $3.76 trillion from $3.81 trillion, the report noted.

Sales in 2020 broke the previous record of 6.3 per cent set in 2004 despite the pandemic. NRF has forecast that 2021 retail sales will grow between 6.5 per cent and 8.2 per cent over 2020 to between $4.33 trillion and $4.4 trillion.

Source: fibre2fashion.com– May 05, 2021

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Brazilian cotton prices rise 7.5% in April

Between March 31 and April 30, cotton prices in the Brazilian market rose by 7.5 per cent, closing at 5.1702 BRL/pound on April 30, the highest nominal level since March 8. Quotes surpassed 5 BRL per pound in late April, a level that was last observed in early March, according to the Center for Advanced Studies on Applied Economics (CEPEA).

The current prices offset the losses registered between the second fortnight of March and the first days of April, when lower demand pressed down quotes, influenced by the uncertainties caused by the new restrictive measures related to the covid-19 pandemic, the CEPEA said in its latest fortnightly report.

The valuations registered in April were majorly linked to sellers' firm stance regarding asking prices. These agents are aware of cotton valuations abroad, the dry weather in Brazil, which may hamper crops development, mainly the second crop, and sowing in the US. Besides, some sellers were focused on delivering the product previously purchased, making only a few batches available in the spot market, the report said.

As for the demand, the purchasers with urgent needs agreed to pay higher prices for cotton in order to close deals. However, some of these agents were away from the market, working with the product in stock.

According to data from Foreign Trade Secretariat (SECEX), the Brazilian cotton exports were at a fast pace in April, totalling 144,700 tons in the first 15 working days of the month. This volume is 60 per cent higher than that exported in April 2020 (90,600 tons). The daily average of shipments was 9,600 tons, much higher than the 4,500 tons/day in April 2020.

Source: fibre2fashion.com – May 05, 2021

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Did Sri Lanka gain from US-China trade war? An initial look

A new publication argues that Sri Lanka has not benefitted from trade and investment diversion from the US-China trade war due to weak internal fundamentals

Last week marked 100 days since President Biden assumed office, and in that time, he has not moved to roll back the tough trade stance on China that his predecessor commenced. His Commerce Secretary and US Trade Representative have both indicated unwillingness to yank the tariffs back but have hinted at room for negotiation.

In the three years that have passed since the trade war began there has been much discussion and analysis on how it has impacted countries across the world. A recently-released international publication looks at the impacts on South Asian economies, in which the implications for Sri Lanka have been explored in a specific chapter. This article summarises some aspects of the chapter.

US-China trade war: A recap

Since mid-2018 the US and China have been engaged in a trade war with several rounds of retaliatory tariffs, with both countries imposing tariffs on hundreds of billions of dollars' worth of goods. In January 2020, the two sides signed a preliminary deal (Phase One Agreement), easing the trade war.

However, average US tariffs on imports from China remain high at 19.3%, which is six times higher than before the trade war began, according to estimates by Peterson Institute for International Economics (Figure 1). These tariffs cover 66.4% of Chinese exports to the US. Similarly, average Chinese tariffs on imports from the US remain at a higher level of 20.7%, covering 58.3% of US exports to China.

While the trade war has somewhat faded into the background with the COVID-19 pandemic, the high tariffs continue to take a toll on the US and Chinese economies. Also, the economic impact of the bilateral trade war has been a great concern to other countries, given the size of the US and Chinese economies, their share in world trade and the spillover effects on the rest of the world.

Trade diversion effects

Conventional trade models provide a framework for understanding the impact of tariffs on trade: tariffs raise the prices of foreign goods with the result of reducing demand for imports. In the case of tariffs being applied only to specific countries, as in the US-China trade war, tariffs can lead to trade diversion effects as US and Chinese importers can avoid the higher tariffs by sourcing similar goods from elsewhere.

The trade war between the US and China is hurting consumers, and producers of both countries, lowering their economic well-being. The loss of the US and China has benefited the exports of competing countries not directly involved in the trade war due to increased imports from the US and China. Specifically, China's export losses in the US due to the trade war have resulted in trade diversion effects to the advantage of other countries. Moreover, companies have started to relocate their manufacturing activities out of China into other countries in Asia.

Impact of the trade war on Sri Lanka: Mixed

As a small and relatively open-market economy, Sri Lanka is particularly sensitive to trends in global trade. The tariffs imposed on China by the US raised the possibility of trade and investment diversion to Sri Lanka. While Government officials and businessmen in Sri Lanka highlighted the trade and investment opportunities for Sri Lanka to benefit from the US-China trade war, the outcome has been mixed so far.

Various trade performance indicators and simulations show that the trade war could potentially benefit the leading exports from Sri Lanka to the US – namely textiles and clothing, and plastics and rubber sectors. Table 1 shows the top imports by the US from Sri Lanka in 2018 and potential increases in imports due to trade diversion caused by the US-China Trade War.

These products are already major exports to the US where Sri Lanka enjoys a comparative advantage over China but faces stiff competition. While the trade war started in the summer of 2018, tariffs imposed on textiles and apparel imports from China into the US were back loaded and came into effect in the autumn of 2019. Based on available data up to December 2019, Sri Lanka has not been able significantly benefit from the trade war.

To be clear, large diversion of trade in textiles and clothing may only become visible with certain time lags. The industry in Sri Lanka is yet to fully capitalise on the benefit of the trade war despite the initial interests of buyers in the US, and further study is needed on the added dimension of COVID-19 and how supply chain decision-making around the pandemic interacted with those of the trade war.

Investment relocation: Negligible

Similarly, signs of 'investment diversion' to Sri Lanka are limited up to December 2019. Because of the trade war, countries in Asia stand to benefit from international companies moving their production out of China due to export similarity, low wages, and investment climate attractiveness in terms of ease of doing business and sound institutional quality.

One country which has particularly benefited most from the trade war is Vietnam due to its relatively stable government, low wages, proximity to China/ASEAN, steady economic growth, and ease of doing business. Apart from Vietnam, other top contenders that are likely to benefit include Thailand, Malaysia, Taiwan and India. Outside of Asia, Mexico is likely to attract foreign direct investment (FDI) meant for China.

Although Sri Lanka had commenced several initiatives (including investment promotion missions and forums in Colombo and Beijing) to attract Chinese-based investors, Sri Lanka's lack of readiness to promote the destination and provide conducive facilitation, held back the success of these efforts. A focussed investment promotion effort, to target specific investors in specific supply chains, was lacking. Moreover, domestic political, security and economic conditions during 2018 and 2019 further hampered the ability of the country to gain from potential investment diversion.

For Sri Lanka to have any chance of reaping the benefits of the ongoing trade war and associated shifts in trade and investment, the country will have to step up overall trade and investment reforms to boost competitiveness and create a favourable environment to attract export-oriented FDI.

Click here for more details

Source: ft.lk – May 05, 2021

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USA: Who's Opening Stores? Brands Selling the Great Outdoors

Despite the Covid-19 pandemic doing a number on apparel stores over the past year, retailers that successfully navigated the crisis are bouncing back with new openings on the docket. And two of the chains that have benefited from consumers' newfound interest in the outdoors are expanding their brick-and-mortar bases.

L.L. Bean revealed it will open seven new retail stores across the U.S. and Canada this year, while Dick's Sporting Goods will open four new stores this month, including two locations of a new off-price store concept called Going, Going, Gone!

The new Going, Going, Gone! locations, opening in Avon, Ind., and Monroeville, Pa., on May 28, will offer "surprising deals on unique finds" in footwear and apparel, with deep discounts being available at these locations throughout the year. The Going, Going, Gone! concept comes as Dick's opens another off-price Warehouse Sale location in New Orleans on May 12.

The Warehouse Sale concept also offers deep discounts on customer-favorite footwear and apparel brands, with the retailer advertising price cuts of 70 percent or more on "hundreds of items." The New Orleans store will provide a temporary popup style experience, although the retailer hasn't revealed how long it will remain open.

Dick's Sporting Goods has been on a brick-and-mortar tear in recent months, with five store openings in February and four more in March. The company then debuted an experiential "House of Sport" concept store in Victor, N.Y., which features a climbing wall and a playing field outdoors for high school sports teams, and will open another in Knoxville, Tenn., on May 19.

Following the May store openings, Dick's will have 731 Dick's Sporting Goods stores nationwide in 47 states, and 98 Golf Galaxy stores.

Meanwhile, L.L. Bean will open three new stores in the U.S. by the end of 2021, all of which are launching in open-air locations, the kinds of retail settings that have outperformed enclosed shopping malls throughout the pandemic. The first new retail location is set to open in Salem, N.H., on May 14 as part of an expansive lifestyle center—Tuscan Village—that features stores, restaurants, residential space, trails, greenspace and a pond, viewable from the back porch of the store. It will be L.L. Bean's sixth store in New Hampshire.

Additionally, new stores are on-track to open this fall in Millbury, Mass., in The Shops at Blackstone Valley—the largest open-air shopping center in Central Massachusetts—and in Amherst, N.Y., in The Boulevard—an open-air center that is home to 50 shops and restaurants. These openings mark the eighth L.L. Bean store in Massachusetts and the seventh in New York state.

"While 2020 posed many challenges to our business, including the temporary closure of all retail stores, we are committed to increasing our brick-and-mortar presence in order to serve more communities," Stephen Smith, L.L. Bean president and CEO, said in a statement. "We know that a record number of people reconnected with the outdoors amidst the pandemic, some for the first time, and we see these new habits remaining firmly in place going forward."

L.L. Bean launched a Canadian e-commerce site in 2018, and opened of its first store in the market in Oakville, Ontario, shortly after. The retailer has since opened three more stores in Canada, continuing this momentum with four new store openings across Canada by the end of the year.

The new brick-and-mortar locations are slated to open this fall in Victoria and Burnaby, British Columbia; Dartmouth, Nova Scotia; and Calgary, Alberta. The openings come in response to L.L. Bean's growing customer base in the market, which doubled in 2020, and continued customer interest in a larger physical retail presence across Canada.

With the openings, L.L. Bean will operate 61 stores in 19 states across the U.S., eight stores in Canada, along with 25 stores in Japan.

Overall, U.S. retailers collectively plan to open 3,344 stores in 2021, according to a March Coresight Research report, well ahead of the 2,649 closures announced so far this year.

The openings are also 39.5 percent more than those that were announced in March 2020, Coresight says. With that in mind, both Dick's and L.L. Bean are examples of a larger wave indicating that things are looking up for physical retail as more shoppers return to stores.

The retailers also are giving their current locations customer-friendly facelifts in anticipation of returning and new shoppers.

Dick's will roll out more experiential "Soccer Shops" inside its current stores, debut six redesigned Golf Galaxy stores and expand technology offerings in eight additional Golf Galaxy locations in select cities across the country.

The Soccer Shops are designed to offer service from in-store soccer experts who are specially trained to help customers find the equipment they need and the right fit for their cleats. The Soccer Shops will feature a variety of updated in-store elements including an elevated cleat shop and an expanded selection of licensed jerseys in select locations.

And in the case of L.L. Bean, the 108-year-old outdoor retailer announced that both its flagship store and Hunt and Fish store in Freeport, Maine, returned to a 24-hour schedule on May 3. These stores had operated under limited hours since reopening in May last year after temporarily shutting down.

The two other stores on L.L. Bean's campus—Home and Bike, and Boat & Ski—began extended hours on May 3, operating from 7 a.m. to 10 p.m.

"My great-grandfather opened our flagship store more than 100 years ago and, in 1951, he implemented our signature 24-hour operating model as a way to accommodate sportsmen and women who would drive through Freeport in the middle of the night to ensure an early start the next morning," Shawn Gorman, executive chairman of L.L. Bean, said in a statement. "Returning to 24-hour service, extending hours and opening new stores all mark milestones for our organization and communities as we look toward a post-pandemic era and see a continued interest in the outdoors."
Dick's taps TikTok influencers to boost DSG brand

Part of Dick's Sporting Goods success during the pandemic has been its focus on its private labels, including DSG, the recently launched VRST, Tommy Armour, Calia by Carrie Underwood, Quest and Fitness Gear. Vertical brands brought in $1.3 billion in sales for the retailer in 2020, and now Dick's is trying to boost its largest brand with a new partnership.

The sporting goods brand is collaborating with celebrity dance couple Stephen "tWitch" Boss and Allison Boss for its family athleisure brand, DSG. To kick off the partnership, the couple choreographed a TikTok dance challenge set to Young MC's "Bust A Move" to celebrate International Dance Day.

"DSG is a brand that's inclusive, diverse and gives back to kids in need, which are values we deeply believe in as a family," tWitch and Boss said in a statement. "DSG is built for every member of the family—so it was a natural fit for us—and there couldn't be a more fun way to kick things off than by 'busting a move!'"

Exclusively sold at Dick's stores nationwide and on dicks.com, DSG apparel and athletic equipment are designed to make movement accessible for "every athlete and every family," the company says. The line includes a variety of men's and women's apparel (sizes range in S-3XL for men and XS-3XL for women) including leggings, tanks, bras, performance tees and sweatshirts/pants ranging in price from $15 to $40. DSG also offers an expansive assortment of apparel and athletic clothing and sports equipment for kids (ranging from XXS-XL).

For every DSG item consumers buy, the retailer will donate 1 percent of the purchase price to The Dick's Sporting Goods Foundation's Sports Matter program to help save youth sports.

"Stephen and Allison embody everything DSG is all about," said Ed Plummer, senior vice president and chief marketing officer at Dick's Sporting Goods. "Just like DSG, they both actively live life to its fullest and support inclusivity for all athletes, no matter their size, skill, age or budget. We're excited to partner with the Bosses and look forward to all of the fun things we have planned together."

Source: sourcingjournal.com– May 05, 2021

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EURATEX welcomes revamped EU Industry Strategy

EURATEX, the voice of the European textile and apparel industry, has welcomed the revised EU Industry Strategy, launched today. The updated strategy proposes new measures to strengthen resilience of EU Single Market, especially in times of crisis. It addresses the need to understand dependencies in key strategic areas and presents a toolbox to address them.

"Europe’s industry is going through turbulent times as a result of the corona-pandemic; turnover in textiles and clothing sector dropped between 10 and 20 per cent. However, even bigger challenges lie ahead: serious disruptions in supply chains, soaring energy prices and protective tendencies are threatening the competitiveness of our industry," EURATEX said in a media release. Against that background, the revised EU Industry Strategy addresses very relevant issues, and underlines the need to think carefully about Europe’s industrial base. "EURATEX welcomes the initiative, including the focus on 14 “eco-systems” and the proposal to develop privileged partnerships with trusted partners," the release added.

At the same time, EURATEX has called for more consistency by the EU across its different policy areas. “We welcome the recognition that we need a strong industrial base in Europe, but at the same time are struggling to maintain that base, as our companies face significant challenges related to over-regulation and raising energy and supply costs. It feels like one hand offering you help, while the other hand squeezes you tight,” EURATEX director general Dirk Vantyghem said.

Looking at the global perspective, EURATEX said it is "not calling to close the European borders; our industrial model relies on accessing global markets. But clearly, there is a need to establish global rules to ensure fair competition, and make sure these rules are properly implemented and controlled. Also, today’s proposal to address distortions caused by foreign subsidies in the Single Market, should be welcomed in this context."

“European textiles and clothing industry went through turbulent times. Today, as part of this new EU Industry Strategy, we have an opportunity to build a new business model, based on innovation, quality, sustainability and fairness. We look forward to develop that new EU Textile strategy with all stakeholders involved,” added Vantyghem.

Source: fibre2fashion.com– May 05, 2021

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Vietnam's clothing imports rise by 18.2%

Vietnam's clothing imports rose by 18,2 per cent year-on-year in the first four months of this year to over $4.2 billion, according to the country's General Statistics Office.

Between January and April, Vietnam's clothing imports increased by 6.5 per cent to over 571,000 tonne of cotton. Their value increased by 11.7 per cent to $984 million.

Over the period, the country also imported 414,000 tonne of yarn worth $ 880 million, an increase of 23.9 percent volume wise and 19.8 percent according to value.

Last year, Vietnam imported clothing items worth $11.8 billion and exported garments and textiles worth $29.5 billion. China was Vietnam's largest supplier of cloth, followed by South Korea and Japan.

Source: fashionatingworld.com– May 05, 2021

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Highlighting achievements will help remove stigma around Bangladesh apparel industry

Bangladesh is regularly criticized for poor working conditions in its apparel factories, rising pollution, water wastage, etc. However, for several years, Bangladesh has supported apparel factories through the Accord and Alliance for Bangladesh Worker Safety agreement.

The country has also carried out major remediation works costing tens of millions of US dollars, and also rolled out key safety features across the industry, reports Daily Star. It has been ranked second in the recent 'Ethical Manufacturing Survey' by QIMA and Just Style.

Bangladesh scored 7.7 points in this survey while winner Taiwan scored 8.0. Vietnam ranked third followed by Thailand, Pakistan, Turkey, China, India and Brazil, respectively.

Labor issues in apparel factories

Bangladesh is also perpetually in the eye of storm due to labor issues in its garment factories. However, most of these issues are blown out of proportion and the industry has made significant improvements over the past few years. Bangladesh successfully eliminated child labor from apparel industry with ILO's help. It increased workers' wages and ensured their rights protection. However, mis-portrayal in the social media demeans the concerted efforts made by the manufacturers, buyers and the government to transform it.

Media's responsibility

The Daily Star report states, media needs to refrain from making sweeping comments and publishing fake news that defame the country. On the contrary, it needs to highlight the country's achievements in promoting safety and sustainability in its apparel sector. This will help it attract more investors in future.

Source: fashionatingworld.com– May 05, 2021

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Pakistan Cotton eases for 3rd day; focus turns to USDA data

ICE cotton futures edged down for a third straight session on Wednesday pressured by a firmer US dollar, but caution ahead of key federal demand and supply data kept prices oscillating in a narrow range.

Cotton contracts for July fell 0.09 cents, or 0.1%, to 87.08 cents per lb, by 12:28 p.m. EDT (1628 GMT). It traded within a range of 86.8 and 87.94 cents a lb.

The US dollar remained firm, affecting cotton demand from buyers holding other currencies and weighing slightly on prices.

The focus is on planting season and participants are “anxious to see how the USDA will project domestic and world crops for the upcoming marketing year in the May WASDE report,” Louis Rose, director of research and analytics at Tennessee-based Rose Commodity Group, said in a note. The World Agricultural Supply and Demand Estimates (WASDE) report from the US Department of Agriculture (USDA) is due a week from now on May 12.

“The market is pausing and waiting for some news on plantings and getting the crop going,” said Sid Love, commodity trading adviser at Kansas-based Sid Love Consulting. In terms of rains, “the old traditional delta cotton belt is doing a lot better, it’s just West Texas I’m worried about,” Love added.

Additionally, weekly export sales numbers from the USDA are due on Thursday, although some analysts have maintained that market reaction to that report was likely to be relatively muted.

A key factor is “the impact of the coronavirus situation in India on their production and/or consumption” especially the effect on mills in cities that are currently under lockdowns, and the same is true for the extremely dry weather in Brazil,” Love added.

Infections in top producer and key consumer India continue to surge with several major cities under mandatory curbs.

Source: brecorder.com– May 06, 2021

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NATIONAL NEWS

EU-India leaders meet to focus on trade, investment, connectivity, Covid-19

Stalled free trade pact will also be discussed

The agenda of the EU-India Leaders' meet to be held virtually later this week is likely to focus on strengthening trade, investment and connectivity to bolster the EU-India strategic partnership and building a more resilient global health system for better pandemic preparedness, sources have said. Discussion on re-starting of the stalled Free Trade Agreement (FTA) may also feature prominently.

Prime Minister Narendra Modi, European Council President Charles Michel, President of the European Commission Ursula Von Der Leyen and heads of the 27 EU member States, who will attend the meet on May 8, are expected to reaffirm their solidarity in the global fight against the Covid-19 pandemic.

Trade and investment

"India provided EU members with essential medicines earlier and now, the EU countries are contributing to help India fight the surge in infections and deaths," the source said.

On the trade and investment front, India is keen on a concrete announcement on re-starting of the stalled India-EU FTA talks that were started in 2007 but abandoned after a few years due to disagreement over issues such as import duty reduction on automobiles & parts, and wines & spirits, and increased mobility for Indian workers in the EU countries.

"The EU has given indications that it may be willing to announce a re-start of negotiations for an FTA but what shape the announcement takes is something that will have to be seen," the source said.

The leaders will focus on a way forward to facilitate bilateral trade and investment, while advancing WTO reform. "Connectivity, too, is expected to get a lot of attention," the source said. "The connectivity agreement is likely to cover areas including transport, energy, the digital world and people-to-people contacts."

The leaders are expected to reiterate their joint determination to protect our planet by fostering green growth, in line with the Paris Agreement, and in the run-up to COP26 and Biodiversity COP15, as per the European Council.

The leaders will also discuss co-ordination and co-operation on foreign and security affairs issues of mutual interest. The importance of protecting and promoting human rights and a rules-based order for a safer and more democratic world will also be on the agenda.

Source: thehindubusinessline.com– May 05, 2021

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India, UK complete enhanced deal, to begin Free Trade Agreement talks in autumn

India and the UK will begin negotiations for a comprehensive Free Trade Agreement (FTA) from autumn this year after the Enhanced Trade Partnership (ETP) was formally signed between the trade ministers on both sides on Wednesday.

Following a virtual meeting with Commerce and Industry Minister Piyush Goyal, UK International Trade Secretary Liz Truss confirmed that the ETP agreed between Prime Ministers Narendra Modi and Boris Johnson at a virtual summit on Tuesday has been officially signed off.

The trade and investment agreement worth around 1 billion pounds has been pegged as aiming for a “quantum leap” in the UK-India relationship, with India elevating the status of its relationship with the UK to a Comprehensive Strategic Partnership.

“Today I signed the UK-India Enhanced Trade Partnership with my friend Piyush Goyal, Truss said on Twitter soon after her virtual meeting with the Indian Cabinet minister.

“Together, we have committed to: negotiating a comprehensive free trade deal, starting this autumn; more than doubling trade by 2030; and reducing barriers to trade in key industries, she said.

The sign off follows talks between Modi and Johnson, which culminated in the two leaders agreeing on a 2030 Roadmap’ as a framework for strengthening ties across health, climate, trade, education, science and technology, and defence.

External Affairs Minister S Jaishankar, who is in London for the G7 Summit, said he joined those discussions and declared there was a new energy and thinking for UK-India relations visible at the virtual summit.

“We are at an inflection point in our contemporary relations. We have two Prime Ministers very determined to take the relationship to a high level,” the minister said, during a virtual Global Dialogue Series organised by India Inc. Group and the Indian High Commission in London on Wednesday.

“We have a very detailed roadmap. On the economic front, the formal name is an Enhanced Trade Partnership but the bottom line is that there will be early decisions which will increase trade on both sides, the minister said.

“We will negotiate very seriously, and I hope very expeditiously, a Free Trade Agreement with the UK. It’s a very big step. We will be one of the early countries with which UK has made that decision very formally,” he said.

Jaishankar highlighted an Innovation Partnership agreed between the two sides, which holds great promise on working together in areas such as vaccine development and genome sequencing.

“We also had an agreement with a lot of potential in terms of talent flows, which I signed with Home Secretary Priti Patel. It will encourage more Indian talent to come to the UK and will make it much easier for visa processes, he said, in relation to a new Migration and Mobility Partnership Agreement signed this week.

The agreement, in the form of a memorandum of understanding (MoU), will offer a route for young people aged 18-30 to live and work in either country for up to two years and also facilitate returns of illegal migrants as a clampdown on immigration fraud.

Source: financialexpress.com– May 05, 2021

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Textile exports fell 13% in FY21 on COVID-19 impact

'Ready-made garments declined 20.78%'

Textile and apparel exports in 2020-2021 are almost 13% less (in dollar terms) than the previous year, provisional data available with the Cotton Textiles Export Promotion Council shows.

The exports were worth $29 billion last year as against $34 billion in 2019-2020. Exports of ready-made garments declined 20.78% last financial year compared with the previous year, while exports of man-made textile items fell 21.20 %.

Dr. Siddhartha Rajagopal, the Executive Director of the Council, said exports of cotton textiles had declined 2.12%. This was mainly because of the COVID spread and its impact on exports last April and May.

However, all textile and clothing segments, including carpet, jute, apparel, and MMF products, showed significant growth in March this year and this trend is said to have continued in April too, Mr. Rajagopal said.

The final data, expected later this month, may be better even for overall textile exports in 2020-2021. Textile and clothing exports are expected to do well at least till June since countries such as the U.S. and U.K. are looking up and China has also started buying. "We expect this year to be better than last year," he added.

Even for apparel exports, the industry is anticipating a revival in global demand during the current financial year. A. Sakthivel, chairman of Apparel Export Promotion Council, pointed out that in April last year, apparel exports were just $127 million, while last month it was $1,294 million dollars.

With the current trend, the industry can look at a 20% growth in apparel exports this financial year. However, it also depends on the pandemic and its impact world over.

Source: thehindu.com– May 05, 2021

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RBI unveils Rs 50,000 crore fund support to healthcare; liquidity push

With the raging Covid pandemic putting severe stress on the economy, the Reserve Bank of India (RBI) on Wednesday unveiled a host of measures to boost fund flow to the healthcare sector and ease the pain of small borrowers and units. The RBI has opened an on-tap liquidity window of Rs 50,000 crore with tenors of up to three years at the repo rate – four per cent — till March 31, 2022 to boost provision of immediate liquidity for ramping up Covid-related healthcare infrastructure and services in the country.

Under the scheme, banks can provide fresh lending support to a wide range of entities including vaccine manufacturers, importers and suppliers of vaccines and priority medical devices, hospitals and dispensaries, pathology labs, manufactures and suppliers of oxygen and ventilators, importers of vaccines and Covid-related drugs, logistics firms and also patients for treatment, RBI Governor Shaktikanta Das said while announcing the measures.

Das said banks are being incentivised for quick delivery of credit under the scheme through extension of priority sector classification to such lending up to March 31, 2022. These loans will continue to be classified under priority sector till repayment or maturity, whichever is earlier. "Banks may deliver these loans to borrowers directly or through intermediary financial entities regulated by the RBI," Das said.

Banks are expected to create a Covid loan book under the scheme, he said. By way of an additional incentive, such banks will be eligible to park their surplus liquidity up to the size of the Covid loan book with the RBI under the reverse repo window at a rate which is 25 bps lower than the repo rate or, termed in a different way, 40 bps higher than the reverse repo rate, he said.

RBI's Rs 10,000 crore liquidity support for small finance banks

The RBI has decided to conduct special three-year long-term repo operations (SLTRO) of Rs 10,000 crore at repo rate for small finance banks, to be deployed for fresh lending of up to ?10 lakh per borrower. This is to provide further support to small business units, micro and small industries, and other unorganised sector entities adversely affected during the current wave of the pandemic.

SFBs will be permitted to reckon fresh lending to smaller MFIs (with asset size of up to Rs 500 crore) for on-lending to individual borrowers as priority sector lending. This means there will be concessions on interest rates and repayments. This facility will be available up to March 31, 2022.

Resolution framework Covid-related stressed assets of individuals, small businesses and MSMEs

The RBI said borrowers — individuals and small businesses and MSMEs — having aggregate exposure of up to Rs 25 crore and who have not availed restructuring under any of the earlier restructuring frameworks (including under the Resolution Framework 1.0 dated August 6, 2020), and who were classified as 'Standard' as on March 31, 2021 will be eligible to be considered under Resolution Framework 2.0. Restructuring under the proposed framework may be invoked up to September 30, 2021 and will have to be implemented within 90 days after invocation.

In the case of individual borrowers and small businesses who have availed restructuring of their loans under Resolution Framework 1.0, where the resolution plan permitted moratorium of less than two years, lending institutions will be permitted to use this window to modify such plans to the extent of increasing the period of moratorium and/or extending the residual tenor up to a total of 2 years.

Credit to MSME entrepreneurs

In February 2021, banks were allowed to deduct credit disbursed to new MSME borrowers from their net demand and time liabilities (NDTL) for calculation of the cash reserve ratio (CRR). In order to further incentivise inclusion of unbanked MSMEs into the banking system, this exemption currently available for exposures up to Rs 25 lakh and for credit disbursed up to the fortnight ending October 1, 2021 is being extended till December 31, 2021.

Overdraft (OD) facility for states

The RBI also announced certain relaxations in Overdraft (OD) facilities of State Governments so that they can better manage their fiscal situation in terms of their cash-flows and market borrowings.

Accordingly, the maximum number of days of OD in a quarter is being increased from 36 to 50 days and the number of consecutive days of OD from 14 to 21 days. This facility will be available up to September 11 30, 2021. The Ways and Means Advance (WMA) limits of states have already been enhanced on April 23, 2021.

KYC rationalisation

The RBI has decided to rationalise certain components of the extant KYC norms. These include (a) extending the scope of video KYC known as V-CIP (video-based customer identification process) for new categories of customers such as proprietorship firms, authorised signatories and beneficial owners of Legal Entities and for periodic updation of KYC, (b) conversion of limited KYC accounts opened on the basis of Aadhaar e-KYC authentication in non-face-to-face mode to fully KYC-compliant accounts, (c) enabling the use of KYC Identifier of Centralised KYC Registry (CKYCR) for V-CIP and submission of electronic documents (including identity documents issued through DigiLocker) as identify proof and (d) introduction of more customer-friendly 10 options, including the use of digital channels for the purpose of periodic updation of KYC details of customers.

What RBI Governor Shaktikanta Das said

GLOBAL ECONOMY: The global economy is exhibiting incipient signs of recovery as countries renew their tryst with growth, supported by monetary and fiscal stimulus. Still, activity remains uneven across countries and sectors

INFLATION: The inflation trajectory over the rest of the year 5 will be shaped by the Covid-19 infections and the impact of localised containment measures on supply chains and logistics.

BUSINESS HIT: Small businesses and financial entities at the grassroot level are bearing the biggest brunt of the second wave of infections.

RBI STANCE: We are committed to go unconventional and devise new responses as and when the situation demands.

Source: indianexpress.com– May 05, 2021

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Barclays cuts India's FY22 GDP growth estimate to 10%

The global brokerage firm Barclays has cut India's GDP growth estimate for fiscal 2021-22 to 10 per cent from 11 per cent earlier, owing to the slow pace of vaccinations and uncertainty in the number of people affected by COVID-19. It said that the localised lockdowns could cause economic losses to the tune of $38.4 billion, if they continue till June.

If the pandemic is not brought under control soon and restrictions continue till August, the GDP growth can decrease to 8.8 per cent, Barclays said in a recent report. The economy of India is expected to contract by 7.6 per cent in FY21 due to lockdowns affecting economic activities, jobs and demands.

"As India's second COVID-19 wave continues, there is growing uncertainty around the number of cases and fatalities. Slowing vaccinations are also hurting India's recovery prospects. We lower our FY 2021-22 GDP growth forecast by 1 per cent to 10 per cent to reflect this uncertainty," media reports quoted analysts at Barclays.

Barclays also said that India's vaccination programme has slowed, weighed down by rising supply constraints and logistical challenges and the move to liberalise vaccinations is not likely to have any short-term effects.

The RBI maintains that the Indian economy will grow at 10.5 per cent this fiscal.

Source: fibre2fashion.com– May 05, 2021

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Textile industries' request for lockdown relaxation turned down

Two groups of various associations of the textile industry met city police commissioner Ajay Tomar on Wednesday with different requests for relaxation in the lockdown norms. However, demands of both the groups were turned down by Tomar. One of the groups is now planning to approach the state government through ministers and MLAs with the same requests. The restrictions to keep the commercial complexes closed have been extended by the government till May 12 to contain the spread of coronavirus.

The Federation of Surat Textile Traders Association (FOSTTA) requested that shops be allowed to remain open for few hours so that the businessmen can to complete their banking work. The FOSTTA didn't demand for the markets to be allowed to open for the usual business.

The other group consisting Southern Gujarat Chamber of Commerce and Industry (SGCCI), The Federation of Gujarat Weavers Association (FOGWA), Surat Mercantile Association (SMA) and South Gujarat Textile Processors' Association (SGTPA) met the police commissioner separately and demanded that the markets to be allowed to remain open from 10 am to 4 pm.

SGCCI formed a Textile Task Force with representatives of FOGWA, SGTPA, SMA and others. In a meeting of the task force it was planned to make representation to the police and government to allow the markets to remain open for business-to-business transactions. It was also proposed that the markets can be allowed to remain open on odd-even formula.

"The committee proposed that the market should be allowed to remain open for business-to-business transactions while keeping the restrictions on for the retail customers. But the city police commissioner has turned down our requests. Now, we are making the representation to the government through ministers and MLAs," said Dinesh Navadiya, president, SGCCI.

"We do not agree with the task force's demands. But FOSTTA was demanding that we should be allowed to open our shops for a couple of hours so that we can complete our banking transactions. We respect the decision since it is needed to contain the spread of the infection," said Manoj Agarwal, president FOSTTA.

Source: timesofindia.com– May 06, 2021

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Are States' GST collections on track?

The GST mop-up in the past three years has been less than impressive and major States are staring at huge shortfalls

The need for shifting from the erstwhile VAT to Goods and Service Tax (GST) regime was felt because Value Added Tax continued to be complicated, cascading and inefficient. GST was seen as a game-changer as expectations were that it would increase the tax revenues of States by improving compliance, widen the tax net, and improve ease of filing by adopting better technology. How has the experience been so far?

GST collection for 20 major States during 2017-18 to 2019-20 has been taken for analysis; since 2020-21 was affected by the Covid-19 pandemic, it is not included. Since GST was not implemented at the beginning of a financial year, the data for 2017-18 has been annualised to get full financial year GST revenue collection.

The GST collection to GSDP (Gross State Domestic Product) ratio of States has been compared to assess the level of revenue collection effort of a State. Since 'GSDP at current prices' data for the financial year 2018-19 were not available for all States, GSDP data are taken for two years, namely 2016-17 and 2017-18.

The tax-GSDP ratio is calculated as the ratio of the average of GST collection (2017-18 to 2019-20) to the average of GSDP for two years, 2016-17 and 2017-18. Total GST (TGST) revenue for a State is the aggregate value of the State GST and remittance of Integrated GST to States for the value of inter-State inward supply goods and services and consumed in State boundaries. States with higher SGST-GSDP ratio are Maharashtra (2.3 per cent), Goa (2 per cent), Haryana (1.9) and Gujarat (1.8), and with the lowest SGST-GSDP ratio are Bihar, Andhra Pradesh, Madhya Pradesh (nearly 1 per cent), and Punjab (1.1 per cent). The average ratio is 1.5 per cent.

The IGST-GSDP ratio of States varies from 0.5 per cent (Gujarat) to 1.57 per cent (Bihar), with the average being 0.99 per cent. While Uttar Pradesh has the highest rank in average SGST collection, it ranks second in the IGST-GSDP ratio. While Maharashtra ranks second in IGST collection, it ranks 16th in IGST-GSDP ratio. Bihar, on the other hand, stands eleventh in IGST collection but ranks first in IGST-GSDP ratio.

The Total GST-GSDP ratio for 20 States ranges from 2.15 per cent (Madhya Pradesh and Andhra Pradesh) to more than 3 per cent (Goa and Maharashtra); the average is 2.48 per cent.

This suggests that, unlike the VAT regime, the GST share is more evenly distributed and no single State has benefited at the cost of others in the first three years of GST implementation.

While Maharashtra ranked first in average GST revenue collection, and second in TGST-GSDP ratio, Goa stands first in TGST-GSDP ratio but ranks twentieth in average TGST collection.

Growth in GST collection

The growth in total GST collection of States in 2018-19 varied from -13.5 per cent (Delhi) to 42.5 per cent (Bihar). In 2019-20, the growth rate of States stabilised, ranging from 5.2 per cent (Rajasthan) to 22.9 per cent (Odisha). Average growth of GST collection in 2018-19 and 2019-20 indicates that Bihar, Assam, Jharkhand, Odisha, and Madhya Pradesh recorded the highest growth, while Maharashtra, Gujarat, Tamil Nadu, Kerala, and Delhi had the lowest growth. Also, while the poor States recorded the highest growth, the richer States had lower growth. The higher growth rate of these poor states is mainly driven by higher growth in IGST remittance revenue.

Since GST is a destination-based tax system, consuming States were expected to benefit more than producing States. States with more than 50 per cent share of IGST remittance in TGST from 2017-18 to 2019-20 are Bihar (62.3 per cent), Kerala (52.9 per cent), Uttar Pradesh and Andhra Pradesh (52 per cent each), Madhya Pradesh, and Assam (51.4 per cent). On the other hand, States with a higher share of SGST in TGST from 2017-18 to 2019-20 are Haryana and Gujarat (about 78 per cent), Maharashtra (75 per cent), Chhattisgarh (71.6 per cent), and Jharkhand (69.7 per cent).

The growth in GST revenue across States has been lower than expected. They are staring at a large revenue shortfall in the next two financial years and after the expiry of the compensation period in July 2022.

States need to step up their efforts in increasing both SGST and IGST collections. They need to adopt a roadmap for better GST governance in terms of scrutiny of GST returns, audit, and enforcement activities during the next three years. Similarly, the full-fledged operationalisation of the e-invoicing system will be a big boon for States.

If these interventions are implemented effectively, States could attain the protected revenue as envisaged in the GST (Compensation) Act and come out smoothly from the compensation net by 2023-24.

Source: thehindubusinessline.com– May 05, 2021

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Manpreet seeks GST Council meeting

Punjab finance minister Manpreet Singh Badal has asked Union finance minister Nirmala Sitharaman to immediately convene a meeting of the Goods and Services Tax (GST) Council for a "serious mid-term correction" on tax issues.

In a letter to her, Manpreet said he is writing on the GST issue when the country is in the middle of battling the new Covid wave, which is more devastating in many ways than the one before. "There has been no meeting of the GST Council for the last six months even though Council's own rules drafted in terms of Article 279A of the Constitution provide holding at least one meeting every quarter," he wrote on Tuesday. His four-page letter was released on social media by Congress leader Jairam Ramesh.

The Congress leader said the GST revenues constitute nearly 50% of the tax revenues of the states, while this percentage for the Centre is nearly half of that. "States have a voting share of 75% in the GST Council. However, failure to hold any constructive consultation with states for so long in such critical times makes me wonder whether Centre has usurped all the powers of states putting the spirit of cooperative federalism – that formed the very foundation of achieving consensus on the epic reform – on the backburner," he charged.

Badal said some issues that require urgent discussion in the context of Covid are whether GST should be exempted on hand sanitizers, face masks, gloves, PPE kits, temperature check equipment, oximeters, ventilators and the like and cut in interest rates under GST law. "How do we provide relief to sectors most impacted by Covid such as MSMEs, aviation, hotels, entertainment, commercial realty, retail? Whether an amnesty scheme is needed to condone delays in payment of taxes during Covid period?" he asked.

He also said that with oversight given a go-by, the harassment of taxpayers had taken an entirely new dimension with officers resorting to threats of arrest, provisional attachment of productive assets and freezing of bank accounts with any establishment norms.

Source: hindustantimes.com– May 06, 2021

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India's central bank announces additional measures to help MSMES

Based on its continuing assessment of macroeconomic situation and financial market conditions, the Reserve Bank of India, the country's central bank, has today announced further measures. These include term liquidity facility of ₹50,000 crore to ease access to emergency health services, and Resolution Framework 2.0 for COVID Related Stressed Assets of MSMEs.

"To boost provision of immediate liquidity for ramping up COVID related healthcare infrastructure and services in the country, an on-tap liquidity window of ₹50,000 crore with tenors of up to three years at the repo rate is being opened till March 31, 2022," RBI Governor Shaktikanta Das said in a statement.

Under the scheme, banks can provide fresh lending support to a wide range of entities including vaccine manufactures; importers/suppliers of vaccines and priority medical devices; hospitals/dispensaries; pathology labs; manufactures and suppliers of oxygen and ventilators; importers of vaccines and COVID related drugs; logistics firms and also patients for treatment. "Banks are being incentivised for quick delivery of credit under the scheme through extension of priority sector classification to such lending up to March 31, 2022. These loans will continue to be classified under priority sector till repayment or maturity, whichever is earlier," Das said.

Secondly, to provide further support to small business units, micro and small industries, and other unorganised sector entities adversely affected during the current wave of the pandemic, the RBI has decided to conduct special three-year long-term repo operations (SLTRO) of ₹10,000 crore at repo rate for the Small Finance Banks (SFBs), to be deployed for fresh lending of up to ₹10 lakh per borrower. This facility will be available till October 31, 2021.

Thirdly, to address the emergent liquidity position of smaller Micro-Finance Institutions (MFIs), Das said "Small Finance Banks (SFBs) are now being permitted to reckon fresh lending to smaller MFIs (with asset size of up to ₹500 crore) for on-lending to individual borrowers as priority sector lending. This facility will be available up to March 31, 2022."

Fourthly, recognising that the most vulnerable category of borrowers are individual borrowers, small businesses and MSMEs during the resurgence of COVID-19 pandemic in India in recent weeks and the associated containment measures adopted at local/regional levels, RBI has announced 'Resolution Framework 2.0 for COVID Related Stressed Assets of Individuals, Small Businesses and MSMEs'.

Borrowers i.e. individuals and small businesses and MSMEs having aggregate exposure of upto ₹25 crore and who have not availed restructuring under any of the earlier restructuring frameworks (including under the Resolution Framework 1.0 dated August 6, 2020), and who were classified as 'Standard' as on March 31, 2021 shall be eligible to be considered under Resolution Framework 2.0. Restructuring under the proposed framework may be invoked up to September 30, 2021 and shall have to be implemented within 90 days after invocation.

In respect of individual borrowers and small businesses who have availed restructuring of their loans under Resolution Framework 1.0, where the resolution plan permitted moratorium of less than two years, "lending institutions are being permitted to use this window to modify such plans to the extent of increasing the period of moratorium and/or extending the residual tenor up to a total of 2 years. Other conditions will remain the same."

In respect of small businesses and MSMEs restructured earlier, "lending institutions are also being permitted as a one-time measure, to review the working capital sanctioned limits, based on a reassessment of the working capital cycle, margins, etc."

Lastly, Das said, with a view to incentivise credit flow to the micro, small, and medium enterprise (MSME) borrowers, in February 2021 Scheduled Commercial Banks were allowed to deduct credit disbursed to new MSME borrowers from their net demand and time liabilities (NDTL) for calculation of the cash reserve ratio (CRR). "In order to further incentivise inclusion of unbanked MSMEs into the banking system, this exemption currently available for exposures up to ₹25 lakh and for credit disbursed up to the fortnight ending October 1, 2021 is being extended till December 31, 2021."

Source: fibre2fashion.com – May 05, 2021

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GSTN issues Module wise New Functionalities deployed on GST Portal for Taxpayers

The Goods and Services Tax Network (GSTN) has issued module-wise new functionalities deployed on the GST Portal for taxpayers.

Various new functionalities are implemented on the GST Portal, from time to time, for GST stakeholders. These functionalities pertain to different modules such as Registration, Returns, Advance Ruling, Payment, Refund and other miscellaneous topics. Various webinars are also conducted as well informational videos prepared on these functionalities and posted on GSTNs dedicated YouTube channel for the benefit of the stakeholders.

New Functionalities in respect of Registration and Webinars in April 2021

In the Month of April, 2021, the GSTN has enabled the Auto Generation of Form GSTR-2B, for the taxpayers under QRMP scheme, use of Matching Offline Tool by the taxpayers under QRMP scheme, Auto-population in Form GSTR-3B of ITC, for taxpayers in QRMP Scheme, Auto-population of liability in Form GSTR- 3B, for taxpayers under QRMP Scheme, Generation of Form GSTR-11, based on Form GSTR-1/5 and a webinar on New Taxpayer Functionalities related to Registration and Returns.

New Functionalities in respect of Registration, Returns, Refunds, Audit Assessment and Adjudication, Front Office, Enforcement Advance Ruling Appeals and Webinars conducted for the period of January-March, 2021

In case of registration from January-March, 2021 the GSTN has enabled Aadhaar Authentication enabled for Persons/ applicants applying for GST registration through MCA portal in SPICe -AGILE Form, Disabling entering Aadhaar number by Taxpayers/Applicants in registration application, Selection of Core Business Activity by existing Taxpayers on the GST Portal, Post TRN Login, Tracking of Registration Application Status, Deemed approval of Registration Application in Form GST REG-01, Field for capturing validity period, in case of SEZ unit and SEZ developers, in Form GST REG-01, Facility to upload documents in Form GST REG-13, Aadhaar Authentication and e-KYC changes for Existing Taxpayers.

In case of Returns from January-March, 2021 the GSTN has enabled RESET button enabled on GST Portal for Form GSTR-1/ IFF (Invoice Furnishing Facility), Reporting and paying interest & other amounts, in Form GSTR-

5A by OIDAR registrants, Download of Table 5 data, after filing, enabled for Form GST ITC-04, Issuance of Form GSTR 3A, for Non Filing of GSTR-3B Returns to taxpayers, under QRMP scheme, Discontinuation of filing of Form GSTR-9A, for FY 2019-20 & onwards, Facility to file NIL Form GST ITC-03 by the taxpayers opting in to Composition scheme, Validation of date on entry of invoices of cancelled suppliers and date of registration, in Form GSTR-6 and showing of tax period and filing status in Excel download of Form GSTR 6A, Implementation of 35% Challan in QRMP Scheme in Form GST PMT-06 for making payment, Editing the Auto- population of some data in Form GSTR-3B, Allowing reporting of GSTINs and tax deducted of OIDARs, in Form GSTR-7, by TDS deductors, Notice in Form GSTR-3A for Non Filing of GSTR-3B Returns, Invoice Furnishing Facility (IFF) facility for taxpayers under Quarterly Returns Monthly Payment (QRMP) Scheme.

In case of Refund from January-March, 2021 the GSTN has enabled filing of refund application in Form GST RFD-01, by exporter of services (with payment of tax), in cases of Foreign exchange fluctuations, Pre login Tracking of Refund Application Status, Enabling taxpayers/ applicants with (only) TRN, to manually enter bank account details in Refund Application in Form GST RFD-01, Filing of Refund application by taxpayers under QRMP scheme.

In the case of Audit from January-March, 2021 the GSTN has enabled Audit related functionalities made available to taxpayers.

In the case of Assessment and Adjudication from January-March, 2021 the GSTN has enabled Selection of two more reasons for voluntary payment in Form GST DRC-03.

In the case of Front Office from January-March, 2021 the GSTN has enabled Status of Aadhaar authentication or E-KYC verification of a GSTIN in search tax payer functionality, Change in label and functionality of HSN / Service Classification Code Tax Rate search, and Additional information about taxpayers under Search Taxpayer functionality.

In the case of Enforcemnet from January-March, 2021 the GSTN has enabled Auto-generation of Form GST DRC-01 and its availability to the taxpayer on the GST Portal. In the case of Advance Ruling from January-March, 2021 the GSTN has enabled Saving Advance Ruling/Advance Ruling Appeal applications by applicants.

In the case of appeals from January-March, 2021 the GSTN has enabled Filing appeal against Refund order in Form GST APL 01.

New Functionalities in respect of Registration, Return Module, E-way, Bill, Advance ruling, Taxpayer Dash board and Search Taxpayer Functionality for the period of October-December, 2020

In case of registration from October-December, 2020 the GSTN has enabled Aadhaar Authentications in Form GST REG-01, during Registration, for all type of taxpayers (except PSU, Govt Bodies, Statutory Body and Local Authority), Filing an application for cancellation of Registration by GST Practitioner (Form GST PCT -06), PAN based Registration details to be shown to Taxpayers, Suspension status of GSTIN in certain cases, Showing Jurisdiction of CBIC and States/ UTs on the basis of PIN.

In case of Return Module from October-December, 2020 the GSTN has enabled Quarterly Returns Monthly Payment (QRMP) Scheme, Import of e-invoice data into Form GSTR-1 of the taxpayers, Authentication through EVC, for filing of returns through GSPs, for taxpayers for whom DSC is not mandatory, Auto-populated Form GSTR- 3B in PDF format for the taxpayers, Interest payable in Form GSTR-3B under the CGST and SGST/UTGST heads can now be different, and Filing NIL Form GST CMP 08 through SMS, on GST Portal.

In the case of the E-Way Bill from October-December, 2020 the GSTN has enabled online filing of the application (Form GST EWB 05) by the taxpayer for un-blocking of E-Way Bill (EWB) generation facility, Blocking of E-Way Bill (EWB) generation facility for taxpayers with AATO over Rs 5 Cr., after 15th October 2020. In case of Advance Ruling from October-December, 2020 the GSTN has enabled Deposit of fees under CGST or IGST heads for filing an application of Advance ruling or an appeal.

In case of Taxpayer Dash board and Search Taxpayer Functionality from October-December, 2020 the GSTN has enabled Displaying Annual Aggregate Turnover (AATO) to taxpayer's on their Dashboard and View of Annual Aggregate Turnover of a Taxpayer, under "Search Taxpayer" on GST Portal (Post Login).

Source: taxscan.in – May 05, 2021

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RBI must not delegate

Why ask IBA to compute loan relief amount?

On March 27, 2020, the Reserve Bank of India notified the Covid-19 package to provide relief measures to industries for terms loans, working capital facilities and restructuring of stressed assets.

The Small Scale Industrial Manufacturers Association of Haryana filed a writ petition in the Supreme Court for an appropriate direction or order directing the Union of India and others to take effective and remedial measures to redress the financial strain faced by the industrial sector, particularly MSMEs due to the coronavirus pandemic. The Association submitted that the measures announced did not offer any substantial relief, aid or assistance to the borrowers.

On March 23, 2021, the Supreme Court disposed of the writ petition. It dismissed the reliefs sought by the Small Scale Industrial Manufacturers Association of Haryana, including:

(i) Total waiver of interest during the moratorium period,
(ii) Extension of the period of moratorium,
(iii) Need for sector-wise reliefs provided by the RBI and,
(iv) That the Centre/RBI must provide for further reliefs over and above the packages already extended.

However, the Supreme Court provided relief from the compound interest charged by banks and 'directed that there shall not be any charge of interest on interest/compound interest/penal interest during the moratorium period and any amount already recovered under the same head, namely, interest on interest/penal interest/compound interest, shall be refunded or given credit/adjusted in the next instalment of the loan account'.

Further the court also vacated the interim relief granted earlier not to declare the accounts of respective borrowers as Non-Performing Assets.

The Supreme Court directions are very clear leaving no scope for differing interpretation. By and large banks are happy as the court has directed them to refund only the compound/penal interest and approved levying the contracted interest charge. As the court has not specified who has to bear this burden of refund of compound/penal interest, it is likely that individual banks will bear this cost and the government may not come to their rescue. Now, to implement the court order, the RBI issued a notification on April 7, 2021 to banks that .

(i) The judgment should be implemented uniformly in letter and spirit by all,
(ii) The methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association,
(iii) This should be in consultation with other industry participants/bodies, and
(iv) This should be adopted by all lending institutions as board-approved policy.

It is not clear why this job has been assigned to the IBA. The court direction is clear. Even if there is a possibility of any different interpretation, the RBI can to provide interpretation and direct financial institutions to implement the scheme of refund of compound/penal interest uniformly. Is the IBA more competent than the RBI?

What is the status of IBA? As claimed by the IBA, it is a voluntary association of member banks. Though neither a governmental entity nor a regulatory authority, it is not amenable to writ jurisdiction of courts nor subject to the RTI Act. Before the Chief Labour Commissioner Central (Delhi), the IBA has submitted that “the Government does not exercise control over the functioning of IBA”

It is also not clear why the other industry participants/bodies should be consulted for implementation of the court order. The Court has not provided any such direction.

One expects the central bank to do its business of regulating financial institutions without delegating that job to some other non-entity.

Source: thehindubusinessline.com– May 05, 2021

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