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INTERNATIONAL NEWS

UK, US sign deal to suspend dispute hitting luxury sector

UK and US have signed an agreement to suspend a long-running trade dispute that hit export sales of luxury goods, until 2026. As per Fashion Network, the two countries have agreed to end a 17-year trade dispute that grew out of subsidies for plane-makers Boeing and Airbus and resulted in retaliatory tariffs of up to 25% on exports of key luxury goods.

The UK had made the first by suspending retaliatory tariffs on the US earlier this year. The US then agreed to a four-month tariff suspension while a more durable deal was negotiated.

Helen Brocklebank, CEO, Walpole said, luxury goods shouldn't become part of a trade war about plane parts. Liz Truss, International Trade Secretary, UK, added, the deal will support jobs across the country and is fantastic news for major employers.

The deal will help UK focus on taking its trading relationship with the US to the next level, including working more closely to challenge unfair practices and using the power of free trade to build back better from the pandemic, Truss added.

Source: fashionatingworld.com– June 22, 2021

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Vietnam's garment and textile export revenue increases by 21.2%

Vietnam's revenue from garment and textile exports increased 21.2 per cent year on year to about $15.2 billion during the first five months of 2021, reveal from Vietnam Textile and Apparel Association (VITAS). During January-May 2021, Vietnam's fiber and yarn exports soared 60.1 per cent year-on-year to $2.1 billion while fabric exports increased 26.4 per cent to $947 million As per Vietnam Plus, the country's garment and textile imports increased by 33.4 per cent to $10.2 billion during the period.

The Ministry of Industry and Trade attributed growth to positive signals from the country's major export markets as well as domestic businesses' effective utilization of opportunities from free trade agreements (FTAs) which have been signed and put in place. The US remained the largest importer of Vietnam's garments and textiles with imports increasing 24.4 per cent to $6.02 billion and accounting for 49.2 per cent of the sector's total revenue.

Japan was the second largest importer with imports worth $1.31 billion followed by the European Union with $1.21 billion worth of imports and the Republic of Korea with $1.07 billion imports.

Source: fashionatingworld.com– June 22, 2021

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Investment flows to developing Asia defy COVID-19, grow by 4%: UNCTAD

Foreign direct investment (FDI) flows to developing countries in Asia increased by 4 per cent to $535 billion in 2020, reflecting resilience amid global FDI contraction, according to the recently released World Investment Report 2021 by the United Nations Conference on Trade and Development (UNCTAD). Growth was driven by China, Hong Kong, India and the United Arab Emirates (UAE).

FDI contracted elsewhere in the region, which was the world's largest FDI recipient in 2019 and received more than half of global FDI last year. In economies where FDI is concentrated in tourism or manufacturing, contractions were particularly severe.

"FDI prospects in 2021 for Asia are more favourable than the global average, because of recovery in trade, manufacturing activities and a strong GDP growth forecast," UNCTAD director of investment and enterprise James Zhan said in a press note.

FDI in South Asia rose by 20 per cent to $71 billion, driven mainly by a 27 per cent rise in FDI in India to $64 billion. In India, robust investment in information and communication technology (ICT) and construction bolstered FDI inflows. Cross-border M&As surged by 83 per cent to $27 billion, with major deals involving ICT, health, infrastructure and energy.

FDI fell in other South Asian economies that rely on export-oriented garment manufacturing. Inflows in Bangladesh and Sri Lanka contracted by 11 per cent and 43 per cent respectively. In Pakistan, FDI was down by 6 per cent to $2.1 billion, cushioned by continued investments in power generation and telecommunication industries.

Flows to East Asia rose by 21 per cent to $292 billion, inflated by the FDI recovery in Hong Kong, which surged by 62 per cent (to $119 billion), after a sharp fall of FDI in 2019 and due to corporate reconfigurations by multinational enterprises (MNEs) headquartered there.

In China, FDI growth picked up pace in 2020 (growing by 6 per cent to $149 billion), reflecting the country's success in containing the pandemic and its rapid GDP growth recovery. The growth was driven by technology-related industries, e-commerce and research and development.

In South Korea, FDI declined by 4 per cent to $9 billion. Though the country was among the earliest to contain the COVID-19 outbreak and economic growth remained strong, a large drop in cross-border mergers and acquisitions (M&As) due to large divestments led to a decline in investment.

South-East Asia, an engine of global FDI growth for the past decade, recorded a 25 per cent FDI contraction to $136 billion. Singapore, Indonesia and Vietnam, the region's largest FDI recipients in that order, all witnessed declining FDI. FDI to Singapore fell by 21 per cent to $91 billion, to Indonesia by 22 per cent to $19 billion, and to Vietnam by 2 per cent to $16 billion.

Lockdown measures, successive waves of COVID-19 infection, supply chain disruption, falling corporate earnings, economic uncertainties and delayed investment plans were key reasons for the contraction.

In Thailand, FDI sank to minus $6 billion, driven by the divestment of Tesco (United Kingdom) to a Thai investor group for $10 billion. In Malaysia, FDI fell by 55 per cent to $3 billion. FDI in Cambodia was flat at $3.6 billion thanks to inflows in finance. In Myanmar, FDI dropped by 34 per cent to $1.8 billion.

FDI flows in West Asia increased by 9 per cent to $37 billion in 2020, driven by marked increase in M&As (60 per cent to $21 billion) in natural resource-related projects.

FDI in the United Arab Emirates rose by 11 per cent to $20 billion because of significant acquisitions in the energy sector. FDI in Saudi Arabia remained robust; inflows increased by 20 per cent to $5.5 billion, with investments concentrating in financial services, retail, e-commerce and ICT.

FDI in Turkey decreased by 15 per cent to $7.9 billion. Investment picked up towards the end of the year ($2.3 billion in the fourth quarter), preventing a steeper decline.

Outward FDI (OFDI) from Asia increased by 7 per cent to $389 billion—the only region recording expansion in outflows. This underscores the region's prominence as an important investor for the developing region, UNCTAD said.

The growth was driven by strong investment from Hong Kong and Thailand. China, the largest investor country in 2020, saw OFDI stabilising at $133 billion. The country's tighter screening of OFDI, added to heightened scrutiny by the United States of investments originating from China, weighed on the country's OFDI since 2017.

FDI prospects for the region are more favourable than the global outlook, with a projected growth of 5 per cent to 10 per cent, thanks to resilient intraregional value chains and strong economic growth prospects, UNCTAD said. Signs of trade and industrial production recovering in the second half of 2020 provide a strong foundation for FDI growth in 2021.

Manufacturing, an important FDI sector for the region, already showed signs of recovery in the second half of 2020. However, in smaller economies oriented towards services and labour-intensive industries, particularly hospitality, tourism and garments, FDI could decline further in 2021, UNCTAD added.

Source: fibre2fashion.com– June 22, 2021

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Indonesia, Canada open talks on comprehensive trade deal

Indonesia and Canada have opened negotiations over a Comprehensive Economic Partnership Agreement (ICA-CEPA) expected to spur bilateral trade and investment.

Indonesia's Trade Minister, Muhammad Lutfi, and Canada's Minister of Small Business, Export Promotion and International Trade, Mary Ng, officially launched the negotiations during a virtual ceremony on Monday (June 21) is an extension of President Joko Widodo's instruction to have Indonesia actively negotiate international trade deals to open new markets, especially new export markets, amid the pandemic, " said Lutfi.

The ICA-CEPA marks Indonesia's second comprehensive trade agreement with a country from the Americas after Indonesia ratified a CEPA with Chile in 2019.

Canada's and Indonesia's bilateral trade value is quite small, amounting to just over US$2 billion in 2020, compared with the neighbouring United States, the figure for which amounted to over $27 billion in the same year, according to Statistics Indonesia (BPS) data.

Canada was Indonesia's 15th biggest foreign investor last year, with investments standing at $175.3 million, according to Investment Coordinating Board (BKPM) data.

In comparison, the US invested $749.7 million, making it the eight biggest investor.

"Once it is concluded, an Indonesia-Canada CEPA will level the playing field and allow Indonesian businesses to compete with exporters from Canada's other free trade partners, " said Canadian Ambassador Cameron MacKay in a statement issued by the Canadian Embassy in Jakarta.

Indonesia lags behind Southeast Asian peers Malaysia, Singapore, Vietnam and Brunei, which signed free trade agreements with Canada in 2018 through membership of the Comprehensive Progressive Agreement for the Tran-Pacific Partnership (CPTPP).

The embassy's statement said that, in 2020, Canada's top exports to Indonesia were cereals, fertilisers, wood pulp, oilseeds and machinery while its top imports were rubber, electrical and electronic equipment and textiles.

"A comprehensive agreement can provide Canadians with enhanced access to Southeast Asian supply chains, unlock opportunities for world-class Canadian goods and services in this rapidly growing market, and drive long-term job creation and sustainable, inclusive growth for generations to come, " said Minister Ng, also in the embassy's statement.

University of Indonesia (UI) economist Fithra Faisal, a specialist in international trade, said the ICA-CEPA would help Indonesian businesses access more non-traditional markets and therefore boost exports, especially from the agricultural and small and medium enterprises (SMEs) sectors.

Fithra added that the ICA-CEPA would give Indonesian businesses more options to source suppliers of raw materials and high-tech goods and to source investors. The Canadian embassy's statement noted that Canada was the only G7 country with free trade access to every other G7 country.

Canada also has free trade agreements with over 50 countries around the world, including Japan, Vietnam and Singapore.

"This can bring us closer to participating in the global value chain, especially in North America, " Fithra told The Jakarta Post on Monday.

Source: thestar.com.my– June 22, 2021

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Israel allows agricultural, textile exports from Gaza

Israel allowed a limited resumption of commercial exports from the Gaza Strip on Monday in what it called a "conditional" measure one month after a truce halted 11 days of fighting with the Palestinian enclave's Hamas rulers.

Gaza border officials said the easing of Israeli restrictions would last two to three days and would apply to agricultural goods and some textiles, reports Reuters.

Israel keeps tight controls Gaza crossings, with support from neighbouring Egypt, citing threats from Hamas. The Israeli restrictions were intensified during the May fighting, effectively halting all exports.

But with the Egyptian-mediated ceasefire largely holding, Israel said some exports would be allowed out through its territory as of Monday morning.

"Following a security evaluation, a decision has been made for the first time since the end of (the fighting) to enable ... (the) limited export of agricultural produce from the Gaza Strip," COGAT, a branch of Israel's Defence Ministry, said.

COGAT said the measure was approved by Prime Minister Naftali Bennett's government and was "conditional upon the preservation of security stability".

Egypt stepped up its Israel-Hamas mediation last week after incendiary balloons launched from Gaza drew retaliatory Israeli airstrikes on Hamas sites, challenging the fragile ceasefire.

But with that flare-up having ebbed since early Friday, some workers in Gaza voiced hope that the easing of Israeli restrictions would last, and potentially be expanded. Some 10,000 people in Gaza, home to 2.0 million people, work in textiles.

"This could be a start ... today we exported clothing, and tomorrow, maybe something else," said Gaza truck driver Ismail Abu Suleiman, 55, who transports export-bound goods to Israel's Kerem Shalom border crossing.

Gaza's agriculture ministry said farmers had lost $16 million due to the restrictions on exports.

Source: thefinancialexpress.com.bd– June 21, 2021

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Togo hopes cotton output to rebound after 43% drop in 2020

Togo's cotton output is expected to return to pre-pandemic levels in the next season, after shrinking by 43 per cent last year due to unfavourable weather and falling prices, according to the New Cotton Company of Togo (NSCT), the nation's largest cotton producer. The country's cotton output was 66,000 tonnes in 2020, down by 43 per cent from the previous season.

"Overall, at the national level, results have been disappointing," NSCT deputy director Martin Drevon told a recent press conference. He said that the steep decline over the course of the pandemic resulted from a combination of declining prices, poor seed quality and bad weather, newspapers in the country reported.

Meanwhile, Olam International, the majority stakeholder in NSCT, plans to invest CFA4.6 billion in the 2021-2022 cotton campaign. It eyes an output of 135,000 tonnes for the season.

Part of the funds will be spent on industrial infrastructure, tech equipment, management software, including the NSCT's integrated management software package SAP which will serve to manage farmers' environment. CFA2.5bn will be used to renovate factories and buy spare parts.

For the new campaign, NSCT has decided to use a weather alert system, to avoid rain issues encountered the previous season. Togo's total cotton output in 2019 was 117,000 tonnes.

Although Togo's export revenues mostly come from petroleum, cotton accounted for around 5.8 per cent of its total exports in 2019, according to data from the Observatory of Economic Complexity.

In parallel, NSCT will have to pre-finance the new cotton season, injecting CFA9 billion in the purchase of inputs, and make advance payments for major producers. The funds will be recovered at the end of the campaign, the company said.

Source: fibre2fashion.com– June 22, 2021

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Pakistan: Budget: growth-debt trade-off

The annual budget is a reflection of the government's priorities.

Alternatively, it is an opportunity to materialise economic recovery, growth, and inclusivity through fiscal management. On June 11, the current government announced its fourth budget with a total outlay of Rs8.487 trillion and gross revenue receipts (tax and non-tax) of Rs7.909 trillion.

The budget is presumed to be growth-oriented, as the focus has been shifted from stabilisation to a growth-centric phase where some incentives have been offered to various sectors. Among these, support to industrialists, exporters, stocks traders, and construction and services sectors through reduction or exemption in duties or taxes are the obvious ones.

Likewise, social protection to marginalised groups, loan facilities to low-income households, fiscal stimulus through 61% increase in the Public Sector Development Programme (PSDP) have all been setting the stage for continuity in growth. These incentives notwithstanding, the budget entail a deficit of Rs3.99 trillion which may further aggravate Pakistan's debt situation. In other words, we have to understand the dynamics of the growth-debt trade-off in order to ensure sustainability in growth without adding further to the country's debt-burden.

In 2020-21, amid the Covid-19 pandemic and the consequent global slowdown, Pakistan surpassed growth projections, with GDP growth of 3.96% against a target of 2.1%. The GDP growth is based on 2.77, 3.57 and 4.43% growth in agriculture, industrial and services sectors, respectively. Thanks to the growth in large-scale manufacturing, and wholesale and retail trade combined with a surge in remittances which made this progress possible.

Growth with stabilisation in terms of improved fiscal deficit and current account is encouraging but needs sustainability. In other words, economic growth must spur investment as periods of higher economic growth in Pakistan have usually been associated with higher final consumption, especially household consumption, leaving little space for capital accumulation.

To ensure continuity, the government set a growth target at 4.8% for 2021-22, with a claim to put the economy on path of a growth rate of 6-7% in the

next two to three years. In order to make it possible, the government has approved around Rs2.135 trillion developmental budgets, including Rs900 billion federal PSDP while Rs1.235 trillion for provincial PSDP, which is around 61% higher than that of previous year.

The priorities in this regard are water and food security, CPEC-related projects, climate change, social sector, projects under public-private partnership (PPP), allocations for marginalised areas, etc. In addition to increase in PSDP, the budget offers a variety of incentives to the private sector. To support industrial sector, the government aims to give away Rs119 billion to industries and individuals. These include Rs42 billion relief in customs duty (CD), Rs19 billion in sales tax (ST) and federal excise duty (FED), and Rs58 billion in income tax (IT).

For instance, withdrawing FED on industrial units in the erstwhile Fata/Pata, reduction in FED from 17% to 16% on telecommunication, withdrawal of FED and value-added tax (VAT) and reduction in ST on small cars are some of the relief measures. Likewise, reduction in CD and additional customs duty (ACD) on 328 tariff lines related to raw materials, chemicals and intermediate goods for the chemical, engineering and leather industry would boost exports in these sectors by lowering the cost of raw materials.

Similar would be the effect of reduction or exemption in CD, ACD and RD on imports of 584 tariff lines including fabric in the value chain of the textile sector. With respect to trading, the reduction in capital gains tax on stocks from 15% to 12.5%, removal of withholding taxes on banking transactions, stock exchange transactions, margin financing, air travel services, debit and credit card-based international transactions, and mineral explorations would encourage economic activities in the country.

Further, support to SMEs through the allocation of Rs12 billion, and focus on low-income households through Rs500,000 interest-free business loans, Rs200,000 interest-free loans for tractors and machinery, and Rs2 million worth of low-interest loan for house building would have beneficial effects on the country’s economic growth.

As far as the cost side of this fiscal stimulus is concerned; the budget entails a gross deficit of Rs3.99 trillion. Of the gross revenues of Rs7.909 trillion, the center will have a net amount of Rs4.497 trillion after transferring Rs3.142 trillion to provinces under National Finance Commission (NFC). As is proposed in the budget, the deficit will be plugged by Rs1.2 trillion in

external financing and Rs2.4 trillion in domestic financing, with the remainder from privatisation proceeds.

A combined allocation of Rs4.43 trillion for defense and debt-servicing implies that the entire PSDP and around 41% of the current expenditure will be financed through borrowings. Given proceeds from privatisation of around Rs252 billion and a forecast surplus of Rs570 billion from the provinces, a gross of Rs3.168 trillion will be added to total debt of the country which constitute roughly 6% of GDP. At present, the debt-to-GDP ratio is approximated to be around 87% in June 2021 while the limit fixed in Fiscal Responsibility and Debt Limitation Act of 2005 is 60% of GDP.

These statistics suggest that we have already crossed the optimal limit of debt to GDP ratio. In other words, we are pursuing expansionary fiscal policy amid a huge burden of debt, including both the domestic and external components of debt. What needs to be done amid this growth-debt trade-off? I would like to posit that a two-pronged strategy should be pursued. First, economic growth must be pursued as growth is essential for sustainability of debt.

A simple arithmetic shows that if our economy grew by 7% for 15 years, our prospective GDP would be around $700 billion at current exchange rate in 2035. This translates into an increase in revenues of around $100 billion if we impose a simple flat tax rate of 20% on the growth component of GDP. However, this increment in revenues can only be capitalised on if we contain fiscal deficit during the same period. In fact, deficit financing is a short-run phenomenon which is worth if it generates economic growth and if it does not, then it is a debt-increasing instrument.

Thus, as a second strategy, we have to keep fiscal deficit in a manageable limit, which can be assessed by comparing economic growth with the cost of borrowing. It is shown in a recent knowledge brief of Pakistan Institute of Development Economics (PIDE) that as long as the cost of borrowing is less than economic growth, the debt-burden will not rise. Thus, we can ensure the sustainability of the current debt by higher economic growth and reduction in reliance on future borrowing.

Source: tribune.com.pk– June 22, 2021

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NATIONAL NEWS

Centre holds inter-ministerial meetings to fix tariff boundaries under RoDTEP

Details of the scheme for remitting input duties to exporters may be announced soon

The Centre is holding top-level inter-ministerial meetings to give a final shape to the much-awaited Remission of Duties and Taxes on Exported Products (RoDTEP) scheme for exporters and take the crucial decision on the ceilings or exclusions to be woven in so that finances are not over-stretched, said an official close to the development.

“It is clear that the government does not want to exclude any particular sector and is considering all 11,000 tariff lines for coverage under RoDTEP. But to keep expenditure in check, it has to make some exclusions.

“Options may be to put some sort of a ceiling on the payouts or favour smaller units over the larger ones,” the official told BusinessLine.

VAT on fuel

The RoDTEP scheme, announced on January 1 with the simultaneous withdrawal of the popular Merchandise Export from India Scheme (MEIS), seeks to refund exporters the embedded duties/taxes that are not rebated under other schemes.

These include VAT on fuel used in transportation, mandi tax, and duty on electricity used during manufacturing.

“As it has been more than five months since the scheme was announced and the Commerce and Finance Ministries were been finding it difficult to arrive at an agreement on the product coverage and rates, the matter is now being discussed at the inter-ministerial level with participation at the highest level, including the PMO,” said the official.

The final scheme is expected to be announced soon once all the loose ends are tied up, the official added.

Higher payouts

The problem is that while the rates of remission under RoDTEP were calculated diligently by an expert committee under GK Pillai, former Secretary for Home and Commerce, taking into account all input taxes that go into a particular export, the payouts on the basis of the recommended rates were turning out to be much higher than what the budgeted amount of ₹13,000 crore per annum could provide for.

“There is now an understanding that the annual outlay for the budget could be increased to about ₹17,000 crore or a little higher, but that may not be enough to provide remission on all input taxes to all units across sectors. Some lines need to be drawn, and that is what the inter-ministerial meetings are discussing,” said the official.

The initial amount budgeted for RoDTEP was around ₹50,000 crore, which was on a par with the amount budgeted in the past for the MEIS scheme that covered a little more than 8,000 items and provided refunds at 2-4 per cent of the export value. Some industry sources say that to cover 11,000 items under RoDTEP scheme, a much higher amount than the allocated ₹ 17,000 crore would be needed.

India’s exports are back on the growth track, rising 116 per cent in April-May 2021 to $62.89 billion, after declining 7.26 per cent in 2020-21 to $290.63 billion due to Covid-19 pandemic disruptions.

“The Commerce and Finance Ministries were earlier considering limiting the product coverage, but it turned out to be a very politically sensitive issue. The government may finally decide to provide some kind of a ceiling on the payouts made under the scheme as it may also be difficult to restrict the scheme to just the small units. Whatever the decision is, it will probably be taken soon,” said the official.

Withdrawal of MEIS

The MEIS scheme had to be withdrawn as it was identified by the WTO as an export subsidy since the reimbursements could not be directly linked to the input duties paid by exporters.

Source: thehindubusinessline.com– June 22, 2021

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Shri Piyush Goyal chairs the review meeting on Single window system for industrial clearances and approvals

Union Minister of Commerce & Industry, Railways and Consumer Affairs, Food & Public Distribution, Shri Piyush Goyal today said that we will soon have the soft launch of the first phase of the National Single windowsystem. The digital platform will allow investors to identify and apply for various pre-operations approvals required for commencing a business in India.

There will be 17 Ministries/Departments and 14 states onboard in the first phase which is likely to be launched soon, the Minister said during the review meeting of Single window system held today.MoS, Commerce and Industry, Shri Som Prakash also attended the meeting.

Shri Goyal expressed the hope that it will be a seamless interface where all the facilities from land purchasing to all the information needed to businesses and industrialists will be available. He said that the "Single window" would be a genuine one, acting as a one-stop solution to all the problems or requirements of the investors.

This would provide end-to-end facilitation, support, including pre-investment advisory, information related to land banks and facilitating clearances at Central and State levels, he added. It will facilitate the investors to know the approvals required to establish a particular business and let them apply for those approvals to commence business, see the status of those approvals as well as provide/seek clarifications regarding the same- all in one platform.

Shri Goyal also emphasized on the security and the authentication of the critical data used in this platform. He said all security measures should be in place to safeguard the critical data. He also suggested for third party auditing of the platform before its launch.

The Minister appreciated all the Ministries/Departments and states for showing enthusiasm, interest and open-mindedness in speedily working on developing the project, despite Covid-19 hurdles.

"It is because of your exemplary contribution, cooperation and hard work that such a huge exercise has reached at an advance stage now", he said.

Shri Goyal said that learning from the past experiences we should go on improving it in the future. He hoped that its success will be a real tribute to Dr Guruprasad Mahapatra,Secretary DPIIT who recently left for his heavenly abode.

The participants in the meeting gave status report on their preparedness on being on board of the portal. They were told to register in the portal, try out various use cases and identify areas for improvement.

Source: pib.gov.in– June 22, 2021

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Stalin urges nine CMs to oppose draft Indian Ports Bill

Tamil Nadu chief minister MK Stalin on Tuesday wrote to his counterparts in nine states, proposing that all coastal states and Union territories object to the new draft Indian Ports Bill, 2021, and take joint action to prevent any move to dilute the powers vested with the states.

He requested the Gujarat, Maharashtra, Goa, Karnataka, Kerala, Andhra Pradesh, Odisha, West Bengal and Puducherry governments to communicate their opposition to the Bill during the Maritime State Development Council (MSDC) meeting on Thursday.

Stalin said the Union ministry of ports, shipping and waterways has framed a new draft Indian Ports Bill, 2021, to modify the current management model of minor ports. A meeting of the MSDC has been called with the state ministers to discuss the Bill.

As per the Indian Ports Act, 1908, the powers to plan, develop, regulate and control minor ports vests with the state governments concerned. However, the new draft Bill proposes to transfer many of these powers to the MSDC, which has so far only been an advisory body. Further, many powers exercised by state governments will be taken over by the Union government, the letter said.

Stalin said the Bill, if passed, will have long-term adverse implications for the management of minor ports. "We have already taken up the issue with the Union ministry for ports and shipping, strongly opposing such steps to reduce the autonomous role of states in the regulation and management of minor ports," he said.

Source: financialexpress.com– June 23, 2021

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New rules belabour e-commerce

One could be forgiven for thinking the fresh set of draft rules for the e-commerce sector has been drafted by the department for promotion of industry and internal trade (DPIIT) and not the consumer affairs ministry, given many of the clauses have more to do with the platforms and the sellers rather than consumers.

But even if these were the DPIIT's rules, they are way too complicated, and in the absence of specifics, leave room for a lot of debate and litigation. Indeed, so clumsily are these drafted, they would trip up even the most careful and conscientious of businesses.

If the objective is to empower the bureaucrats even more than they already are, and leave businessmen rattled, these guidelines will achieve that. But even before any endeavour to study these, it is hard to recall such detailed guidelines having been drawn up for the brick&mortar retailers.

After all, for any business, the rules need to be fair and equitable across segments. More important, if one is working to protect the rights and interests of consumers—which is what this is meant to be about—it is only fair there should a similar set of rules and regulations for brick&mortar stores.

The draft rules seem to apply to all hues of e-commerce players; experts are yet unsure whether the logistics companies are also governed by these. Above all, they are trying to unscramble the many clauses that deal with related parties. Pending a detailed study of the changes to the Consumer Protection (E-Commerce) Rules, 2020, experts fear these will further entangle e-commerce companies in red tape.

The government has attempted to reassure the sector with an additional secretary in the consumer affairs ministry saying on Tuesday that the ministry "will not regulate" the trade on e-commerce platforms and that the e-commerce players need not be anxious about the proposed changes in the rules. Unfortunately, the industry is unconvinced; it believes the rules are being put in place because the government wants more control.

The additional secretary said that the government would not seek disclosures on flash sales and would allow discount sales which benefit consumers—but not "fraudulent flash" ones. The point is that sales and

discounts are always good for the consumer, so where is the need for any discussion on flash sales? Also, if a specified set of sellers wants to sell goods on a platforms, at a certain price, do customers not gain?

After all, single-brand brick&mortar players do organise sales; moreover, even in multi-brand stores, select brands do offer discounts from time to time. Even kiranas give preferential treatment to vendors. Restrictive rules should not be applied to one set of players in the industry.

There is also a clause on cross-selling, which the industry believes, can be used to harass players. Whether it is the rules on the liability of a marketplace or on private labels, the objective seems to be to limit the operations of the sector. To be sure, e-commerce platforms need to be transparent on the use of consumer-data. The world over, the authorities are attempting to rein in the dominance of BigTech.

But, sadly, these guidelines will impact small e-commerce entities and the thousands of MSMEs who are benefiting from the marketplaces. The government seems to be missing this point altogether. It is ironic that in a year in which the e-commerce industry has been of so much use to households and is creating thousands of jobs and attracting foreign capital, the government wants to put more impediments in its way.

Source: financialexpress.com– June 23, 2021

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‘Tying reforms, incentives helped widen adoption’

India has moved from a model of ‘reforms by stealth and compulsion’ to a new model of ‘reforms by conviction and incentives’, Prime Minister Narendra Modi said on Tuesday, referring to States being granted additional borrowing limits last year under a reform-linked window.

Raising enough resources for public welfare while ensuring sustainability is proving to be one of the biggest challenges for governments during the pandemic, the PM pointed out, but Indian States were able to borrow an extra ₹1.06 lakh crore in 2020-21 (FY21).

“For a large nation with complex challenges as ours, this was a unique experience. We have often seen that for various reasons, schemes and reforms remain unoperational, often for years,” he said in a post on the job search and social networking portal LinkedIn.

“Officials who have been working on these reforms suggest that without this incentive of additional funds, enactment of these policies would have taken years. This was a pleasant departure from the past where the Centre & States came together to roll out public-friendly reforms in a short span of time amidst the pandemic,” Mr. Modi wrote.

In May 2020, under the Aatmanirbhar Bharat package, the Centre had permitted States governments to borrow an additional 2% of Gross State Domestic Product (GSDP), but half of it was contingent on implementation of four specified reforms. Twenty three States availed of additional borrowings of ₹1.06 lakh crore out of a potential ₹2.14 lakh crore.

“Each of the reforms was linked to improving the Ease of Living to the public and particularly the poor, the vulnerable, and the middle class. Secondly, they also promoted fiscal sustainability,” Mr. Modi wrote.

Seventeen States that facilitated ration-card portability and installed electronic point-of-sale devices at fair price shops were granted additional borrowings amounting to ₹37,600 crore, the PM noted. Similarly, 20 States completed reforms to ease the red tape faced by businesses to avail borrowings of ₹39,521 crore.

“The third reform required States to notify floor rates of property tax and of water & sewerage charges, in consonance with stamp duty guideline values

for property transactions and current costs respectively, in urban areas. 11 states completed these reforms and were granted additional borrowing of ₹15,957 crore," he added, stressing that the urban poor would benefit the most from this step.

The least traction was seen for the Union government's reform idea of replacing free electricity for farmers with a Direct Benefit Transfer. States were asked to frame a scheme with actual implementation in one district on a pilot basis by the end of 2021, for an additional borrowing limit of 0.15% of GSDP. Loans worth another 0.10% of GSDP were linked to reducing the gap between revenues and costs and reducing technical and commercial losses in the power sector.

"13 States implemented at least one component, while 6 States implemented the DBT component. As a result, ₹13,201 crore of additional borrowings was permitted," the PM said in his post.

"This nudge for reform is rare in Indian public finance. This was a nudge, incentivising the States to adopt progressive policies to avail additional funds. The results of this exercise are not only encouraging but also run contrary to the notion that there are limited takers for sound economic policies," the PM emphasised.

Source: thehindu.com– June 23, 2021

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India forced to ease anti-China policies

Cutting out the Chinese would have meant reworking budgets and slowing down critical projects

For India, it's an alarming situation building up across the border. The Chinese are constructing three new airbases and upgrading five others in Xinjiang and Tibet. Simultaneously, they are creating new highways and rail links and rapidly expanding logistical facilities for the People's Liberation Army.

What the Chinese are preparing for is abundantly clear: if there's ever a Sino-Indian conflict, Beijing wants to be able to bring overwhelming force to bear. That leaves the question of whether the Chinese are looking at this potential eventuality from a defensive angle or whether they're considering triggering a fight themselves.

The new bases and the ones being upgraded are coming up all the way from Kashgar in the west to Chengdu Bangda in the east. A new dual-use airport is being built at Shigatse Tingri which lies only 230 km from Doklam where India and China confronted each other in 2017.

Underlying China's drive to improve the military and civilian facilities in Tibet and Xinjiang is an effort to meld the two border provinces and bring them closer to the rest of the country. But, at the same time, China's moves to build its military strength in the region have clearly accelerated ever since the Galwan clash a year ago.

For India, Galwan upended our foreign policy calculations. Suddenly, our greatest enemy was not Pakistan but China, an altogether more muscular foe. And the Chinese, according to former foreign secretary Shyam Saran, aren't likely to ease the pressure on us in the foreseeable future because it wants to show the world that it's the unquestionable boss in Asia.

In dealing with the Chinese challenge and radically recast our policy priorities, the fact is we have few good options. Away from the icy Himalayan military arena, the government declared Chinese companies like Huawei persona non grata last year. Social media player TikTok also became an easy target. Beyond that, the government quickly discovered excluding Chinese companies from India was easier said than done.

Imports steady

That reality became overwhelmingly evident in the annual trade figures which revealed India's 2020-21 imports from China held steady at $65.21 billion, virtually unchanged from the previous year's $65.26 billion. But this was in a year when imports fell overall. So the upshot was China had a 16-per-cent share of India's import basket, up from 13 per cent the year before.

What, you ask? Blame it on surging demand for pharmaceutical ingredients from China, on which we're still worryingly dependent for basic drugs like antibiotics and painkillers, as well as demand for components for electronic products like mobile phones.

Also, many Indian manufacturers were hit hard by lockdowns and resulting logistical jams and took time to restart their units. As a result, imports were the lone option. From the Indian side, our exports to China also increased, driven largely by iron ore. The Chinese have been importing huge iron ore quantities as they cut back on Australian purchases due to their ongoing feud with Canberra. Indian companies have been happy to step into the breach.

In other ways, too, the government has been forced to ease off on its anti-China policies. Last July, it ordered Chinese firms would need a number of clearances, including one from the Home Ministry to take part in public-sector procurement. More recently, it retreated from that tough line, saying companies with Chinese technology-transfer deals could go ahead. Also, Indian companies required more cheaply priced components only available from Chinese companies. Cutting out the Chinese would have meant reworking budgets and slowing down critical projects. Even then, the government rules are still causing problems and will have to be further amended.

Does all this mean we really have no options to counter the Chinese and must reluctantly bow down and acknowledge them as the most powerful country in Asia? Fortunately for us, former US President Donald Trump decided to take an extremely aggressive anti-Chinese stand and President Joe Biden is walking the same path. Significantly, one of Biden's first major foreign policy initiatives was to hold a virtual meeting of the Quad, the four-nation group of the US, India, Japan and Australia.

While his first in-person meeting was the G7 in Cornwall, followed a stopover at NATO and his tete-a-tete with Russian President Vladimir

Putin. But even at these sessions there was a dragon in the room. Many foreign policy analysts now are suggesting Biden should ease back on the confrontation with Russia and focus on China as its true rival in the global Numero Uno stakes. But for Washington too, even with the deep-rooted Sino-US animosity, the economic interdependence between the two countries complicates the way forward.

And there are differing views on the Quad's potential effectiveness. For the US, the main interest is the South China Sea. Many analysts argue the possibility of the US, Japan and Australia coming to India's aid in the event of any military clash is unrealistic. Others insist the utility of the Quad is only just beginning. The Americans can supply military intelligence, provide us with satellite pictures in Ladakh and, at a later stage, also help us track shipping in the Indian Ocean.

In Asia, China is using its Belt and Road Initiative to create a zone where all roads lead to Beijing in a manner of speaking. But almost every country in Asia fears Beijing's might and bullying tactics (except for smaller Communist countries like Laos and Cambodia) which could work to India's commercial and tactical advantage. The Europeans, however, are pushing Biden to take a less antagonistic approach to dealings with China, mindful of Beijing's economic clout as the second-most important power globally.

Interestingly, despite the cross-border ill-feeling, many Chinese companies still view India as a lucrative market. The 15-month standoff means that big-name projects like Great Wall aren't likely to drive in here at high speed. But other firms continue to regard India as a market of the future. Companies like TikTok, for instance, would likely be very happy to return if it became possible.

How else can we counter the Chinese? Shyam Saran suggests we forge closer links with our neighbours like Bangladesh, Sri Lanka and Nepal. and allow imports freely from them. If Pakistan could be brought into such a region where trade takes place, that would be even better. But that's a big if. Still, if we can strengthen our hand with other countries in the region, it would give us a fighting chance to hold our own against the mighty dragon next door.

Source: thehindubusinessline.com– June 22, 2021

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‘Amendments in e-commerce rules being proposed to safeguard consumer rights’

Prohibition on certain kinds of back-to-back flash sales have been proposed

The Consumer Affairs Ministry on Tuesday said that the provision of mandatory registration for e-commerce entities with the Department for Promotion of Industry and Internal Trade (DPIIT) has been proposed to bring in accountability and encourage genuine players in the e-commerce space. The Ministry added that prohibition on certain kinds of back-to-back flash sales have been proposed to safeguard consumer interests and bring in an enabling provision for them to be able to make complaints against unfair trade practices.

The Ministry said that it has proposed substantive amendments in the Consumer Protection e-commerce Rules after receiving complaints that e-commerce entities were manipulating search results to promote certain sellers, give preferential treatment to some sellers, indirectly operating the sellers on their platform and impinging the free choice of consumers.

Replying to queries on the Ministry’s proposed amendment to prohibit flash sales, Nidhi Khare, Additional Secretary, Department of Consumer Affairs told mediapersons, “Players will be able to continue to do their conventional discounted flash sales. The proposed amendments refer to specific flash sales in which a particular seller or a group of sellers is buying whatever is being offered on the e-commerce marketplace entity during the flash sale. So the consumers get a very limited choice and it also makes other businesses, especially MSMEs uncompetitive.”

“We are observing that these practices are increasingly coming into notice even in the western countries where shell companies, which are controlled by the e-commerce marketplace, are formed just for fronting these activities. In these cases, a seller does not carry any inventory or order fulfilment capability but merely places a “flash or back-to-back” order with another seller controlled by the platform.

So these are fraudulent practices that are limiting competition and making other sellers unviable,” she added.

Officials said that the Ministry will not be regulating e-commerce entities as that comes under the purview of DPIIT which is in the process of finalising the e-commerce policy. “We are not saying that we will begin investigating every flash sale or regulating every flash sale. We are not asking for any disclosure from companies on flash sales. The aim is to bring in an enabling provision for consumers to be able to make complaints if they felt they were cheated. We can take suo-moto cognizance.

We are also looking at bringing in third-parties for data-mining and use of tools such as AI,” Khare added.

The Ministry said that the concept of “fallback liability” for marketplace e-commerce platforms has also been proposed to further strengthen these regulations as the space has evolved considerably.

The new draft for e-commerce rules have also proposed other amendments which include that e-commerce entities will need to ensure that related parties and associated enterprises are not enlisted as sellers for sale to consumer directly and use of marketplace brand’s entity for promotion and sale of goods will not be permitted, which are likely to also tighten rules against sale of private labels.

Source: thehindubusinessline.com– June 22, 2021

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Online textile industry can deliver next unicorns

Did anyone ever think even in the wildest of dreams that one day the coronavirus will arrive in India, that too all the way from China, and change the existing things to such a great extent that it will impact our daily life? Everything has changed in the post-COVID-19 era – our work from the office is now work from home, our travel and tourism are reducing to new lows, our meetings are now mostly virtual, events have gone online. But there is a silver lining as well: many people, sectors, and industries have turned the crisis into an opportunity. One such sector is the textile industry.

The Indian textiles and apparel industry contributed 2.3% to India's GDP, 13% to industrial production, and 12% to export earnings (as of March 22, 2021). Moreover, exports of readymade garments (of all textiles) were worth USD 1.04 billion (as of November 2020).
Turning crisis into opportunity

The crisis situation has provided a big opportunity for the online textile industry. The sales in the online textile industry witnessed a jump in various cities and states of India during the lockdown.

It goes without saying that cloth is one of the basic needs of mankind. It is nothing less than any essential commodity, and that's why even during the lockdown online textile industry witnessed a boom in sales. The lockdown failed to leave any negative impact on the online textile industry because of its operations in the virtual space leaving no room for human or physical contact to further spread coronavirus in the country. The online textile industry even registered an increasing trend in sales due to no dependency on the offline industry, for example, wholesalers, semi-wholesalers, retailers, and middle persons.

The next unicorns in new-age India

With such an increasing and upward trend being witnessed in the online textile industry, retailers with a presence on the internet have a big possibility to become the unicorns (that is, a company with a value of over USD 1 billion) of new-age India.

When the lockdown was imposed, it was the summer season, and people did their summer-related purchases online as retail shops were not allowed to

open. With all these developments in place, businesses of the online retail industry also witnessed a spike in revenue sheets.

The online textile industry has all the valid reasons to give birth to new unicorns in India. During the lockdown, shopping was taking place through the online route and most of the customers were happy with the online experience.

Right from choosing items to trying them, even the return policies created a win-win situation for shoppers on the internet as customers felt very comfortable purchasing their stuff online. It has been predicted by many textile industry experts that the trend of increased sales in the online textile industry will continue to persist in the future as well. And, hence, the birth of online retailer unicorns is imminent.

Textile e-retailers: The game-changers of 2021

In 2021, e-retailers will prove to be a big game-changer by playing a pivotal role in the recovery of the Indian economy. When the economy shows green shoots, the future of the online textile industry looks promising in the wake of increased domestic consumption after a lockdown in addition to export demand playing an important role.

Even the government has made it clear that the textile sector is one of the key focus areas of new policies being framed to achieve the target of becoming a USD 5 trillion economy. The government in its budget 2021-22 proposed a scheme for setting up mega textile parks to make the textile industry in India globally competitive. The initiative is also aimed to attract large investments and boost employment generation through the creation of world-class infrastructure.

Seven mega textile parks will be established over three years as part of the scheme. They will have integrated facilities and a quick turnaround time for minimising transportation losses, eyeing big-ticket investments in the sector. Now, with such a massive level of production in the textile sector due to the unprecedented boost by the government, e-retailers are going to be the biggest beneficiary of these developments. Online shoppers have already tasted the convenience, trust, and comfort of shopping on the internet and will continue to enjoy and avail benefits in the future as well. And, e-retailers will emerge as the biggest winners in this entire success journey of the online textile industry.

Role of technology and trends

Technology can play the role of big brother in reviving, rejuvenating, and reinvigorating the Indian textile industry. Undoubtedly, tech support is vital to any sector but when it comes to textile, it becomes even more important due to the integral role of machines right from sourcing raw material to giving final shape to the products that eventually consumers are going to get.

Further, our textile industry is expected to witness some new trends in the future – increased demand for natural fibers and shifting focus towards non-woven fabrics to name a few.

The Indian textiles industry's potential

The Indian textiles industry has immense potential to register an indelible mark while contributing to the growth and success story of the nation, but the sector needs more support from the government in the form of policy initiatives and a crackdown on red-tapism involved in availing schemes meant for the textile industry.

The government has decided to rationalise the duties on raw material inputs. But more export promotion policies are required for the textiles sector, like in the past when the government allowed 100% FDI in the sector under the automatic route.

The Indian textile industry is entering into a no-holds-barred phase where the sky is the limit, provided it gets robust support from the government in terms of policies, promotions, and incentives so that the domain can move up the ladder and chart its own course in the right direction.

Source: dqindia.com– June 22, 2021

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Get skilling right

In a recent interview with The Hindu, Tata Steel global CEO & MD and CII president TV Narendran observed that one of the reasons India's manufacturing sector ails is failure to give "enough importance to vocational skills". Narendran believes companies need to pay more for skills; also, while we are willing to pay engineers from top colleges a premium, little attention is paid to the training antecedents while "hiring a welder or a fabricator".

He could not be more correct, much needs to be done to get India's skilling ecosystem right. The government's skilling missions from the past and the current flagship scheme, the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), have helped.

But the scale of effort required is evident from the placement record: 62.7 lakh candidates have been enrolled under PMKVY's recognition of prior learning segment, of whom 61.38 lakh have been trained, 53.75 assessed and 50.83 certified against one crore targeted—the PMKVY dashboard says only 75% of those certified have been placed so far.

Of the 49.72 lakh enrolled for short-term training, 45.37 lakh have been trained and 37.58 lakh assessed—only 19.75 of this lot have been reported by the training partner as placed. There is a need to factor in falsified placement data, too; a 2018 CAG report revealed just a third of the placement claims related to the Rajasthan skilling programme over 2014-17 was genuine. Bear in mind, India's the working class is likely to see falling employment opportunities with the pandemic having badly bruised MSMEs.

Also, with continuing tech-leaps across sectors, the skills required today, and for the future, bear little resemblance to those needed even just half a decade ago. So, the skilling effort will also have to be about training people for future employability.

Dedicated skills universities, such as the one run by TeamLease, are probably a good idea where, in association with industry organisations, students can get a diploma along with some basic education in, say, management.

It would also be a good idea to encourage existing colleges/universities to branch out into these areas. The government can, wherever possible, provide some kind of stipend since students may need to give up their jobs as well.

The pandemic has also queered the pitch for skilling in other ways. More are likely to seek employment opportunities around their native places than in distant cities. We should heed the suggestions of S Ramadorai, the adviser to the PM in the NSDC, to help people find skills-training opportunities closer home, perhaps through mobile skilling centres.

The PanIIT Alumni Reach for Jharkhand Foundation, a joint venture between the Jharkhand government and the PanIIT Alumni Reach for India Foundation, is doing this in all districts of the state. Another crucial factor to get the skilling ecosystem right would be to have an easy-access electronic platform that matches skills available in villages and small towns to the job opportunities in the nearby cities as well as elsewhere in the country. Companies must play a big role too, either through CSR or through direct involvement in skilling. Else, the country faces an employment problem that could get increasingly challenging with each year of delay.

Source: financialexpress.com– June 23, 2021

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Explained: What draft Consumer Protection Rules for Amazon, Flipkart, others mean for MSME sellers

The amendments proposed on Monday to Consumer Protection (E-commerce) Rules, which were notified July last year, signalled stricter compliance for e-commerce companies such as Amazon, Walmart-owned Flipkart, and others that have been under the constant regulatory radar over alleged business malpractices by trade bodies. In fact, the Ministry of Consumer Affairs, Food & Public Distribution, announcing the proposed changes, in a statement on Monday categorically noted that that there was an "evident lack of regulatory oversight in e-commerce which required some urgent action".

The draft rules were in response to complaints from traders, associations, and consumers against "widespread cheating and unfair trade practices being observed in the e-commerce ecosystem." Indian e-commerce sector, which is seeing increased participation from India Inc's heavyweights including Reliance, Tata, etc., has micro, small, and medium enterprise (MSME) sellers central to its growth. The changes proposed to the Rules by the government also catered to such sellers who have been voicing alleged unfair treatment to them by e-commerce companies. Here's a low-down on the proposed additions to the Rules by the government with respect to the seller community.

E-commerce companies enabling the sale of imported goods or services on the marketplace will have to provide a ranking for goods and ensure that the ranking parameters do not discriminate against domestic goods and sellers. The government had last year also stated that e-commerce entities will have to provide an explanation of the main parameters which, individually or collectively, are most significant in determining the ranking of goods or sellers and the relative importance of such parameters through an "easily and publicly available description drafted in plain and intelligible language."

"While the intent of this law is clear, its implementation might be a challenge, given that products are served up in search queries that are quite different from each other. Ranking them in a consistent way might be difficult, and may not essentially give the signals to the consumer that it intends to provide," Utkarsh Sinha, Managing Director, Bexley Advisors told Financial Express Online.

The government also noted that the marketplace will be subject to a fallback liability in case its seller fails to deliver the order due to "negligent conduct, omission or commission of any act by such seller in fulfilling the duties and liabilities" that causes loss to the consumer. "In any business, there has to be some liability to make sure you do the best. If the govt doesn't penalize the company, the company will do what it wants. Future is e-commerce and once you have committed to selling goods online, e-commerce players should have liability for it. We particularly don't penalize sellers if the problem is genuine such as the product has gone bad or they don't have stock. It is part of service industry to deal with such concerns," Prateek Ruhail, Founder at organic beauty marketplace Vanity Wagon told Financial Express Online.

The draft maintained that sellers of a common category should not be treated differently by the logistics partners of e-commerce marketplaces. The logistics company will have to provide a disclaimer including terms and conditions governing its relationship with sellers on the marketplace and, a description of any differentiated treatment which it gives or might give between sellers of the same category.

"Parity with larger sellers, including those owned or co-owned by the e-commerce platform has long been a demand held by small traders. However, its implementation would be key as there are legitimate algorithmic cues – ranging from the price offered, the seller's reputation, and their customer satisfaction ratings – that determine the positioning of a particular item on a search query," added Sinha. Nonetheless, it is arguable that true undifferentiated parity may actually be detrimental for the consumer, who has come to rely on the e-commerce platform to filter up the most appropriate results, accounting for these factors.

Every marketplace will have to ensure that none of its related parties and associated businesses are enlisted as sellers for sale to consumers directly, the government proposed adding that marketplace should not sell goods or services to any person who is registered as seller on its platform. "Prohibition of sale of goods at any marketplace by its related entities will be a game-changer as we have seen that so far the global e-commerce companies were controlling the sale through their preferred sellers. With this provision, the chances of having preferred sellers will be very bleak," said B.C.Bhartia, National President and Praveen Khandelwal, Secretary General, CAIT. The traders' body represents 8 crore traders in India including those selling on e-marketplaces.

The government also suggested that every e-commerce marketplace will have to prominently display the name of the seller in the same font size in its invoice as that of the e-commerce entity's name. Separately, the government proposed that the invoice of everyday order and the entity's registration number with the Department for Promotion of Industry and Internal Trade (DPIIT) should be displayed prominently to users in a clear and accessible manner on its platform.

Source: financialexpress.com– June 22, 2021

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CBIC issues clarifications on dynamic QR code for companies with Rs 500 crore plus turnover

Dynamic QR code was applicable from 1 December 2020 for businesses with more than Rs 500 crore turnover on B2C supplies, the government had waived off any penalty for the non-compliance of the same up-to 30 June 2021, provided that the Dynamic QR code is duly generated effective from July 1, 2021.

The Central Board of Indirect Taxes and Customs (CBIC) has clarified that businesses above Rs 500 crore turnover supplying services to entity located overseas and receiving payments through RBI aproved mediums, need not issue quick response or QR code, on the invoice.

The Board added that in case of part payment only the amount payable should reflect in the QR code. The clarifications also indicate that government is unlikely to extend the penalty waiver period beyond June 30, and full implementation will begin from July 1.

"With the last date fast approaching, the government is in process of clearing the confusion and doubts among the industry players so as to ensure maximum compliance. Given this, the businesses should gear up with their requisite IT changes if not already done, and difficulties if any should be timely brought to the attention of the government," said Abhishek Jain, Tax Partner, EY.

Dynamic QR code was applicable from 1 December 2020 for businesses with more than Rs 500 crore turnover on B2C supplies, the government had waived off any penalty for the non-compliance of the same up-to 30 June 2021, provided that the Dynamic QR code is duly generated effective from July 1, 2021.

The Board also clarified that in case where the invoice number is not available at the time of digital display of dynamic QR code in case of over the counter sales and the invoice number and invoices are generated after receipt of payment, the unique order ID or unique sales reference number, which is uniquely linked to the invoice issued for the said transaction, may be provided in the Dynamic QR Code for digital display, as long as the details of such unique order ID/ sales reference number linkage with the invoice are available on the processing system of the merchant/ supplier

and the cross reference of such payment along with unique order ID/ sales reference number are also provided on the invoice.

It added that separate details of bank account and IFSC may not be provided in the Dynamic QR Code along with UPI ID.

The Board added that any invoice, issued to such person having a Unique Identity Number (UIN), shall be considered as invoice issued for a B2C supply and shall be required to comply with the requirement of Dynamic QR Code.

Source: economictimes.com– June 22, 2021

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Soon, industrial units can buy 100% renewable power

Industrial units and businesses across the country will soon be able to meet their entire power requirement via renewable energy (RE) sources, a move that could boost their goodwill image and help reduce their carbon footprint.

Announcing a 'green tariff mechanism' towards this end on Tuesday, Union power minister RK Singh said the necessary guidelines would be issued shortly. Currently, in most parts of the country, discoms supply power to industries from a common pool created out of purchases that include thermal and hydel power too, besides RE.

"The green tariff will the weighted average of the cost of procurement of green energy, which should be slightly lower than the overall energy prices," Singh said.

However, experts pointed out that green tariffs could vary from state to state, and for discoms which had contracted substantial quantum of renewable energy in the earlier years — when solar and wind power tariffs were significantly higher than the current rates — the average RE power purchase cost could even be higher than purchase cost of conventional sources of energy.

Similar provisions for green tariffs are already in place in Karnataka since FY12. Recently, Maharashtra became the latest state to allow green tariffs for consumers willing to meet their power requirement through RE sources. The Maharashtra power regulator, through its March order, allowed discoms in the state to levy `0.66/unit green tariff over and above their usual power tariffs from interested consumers.

Corporate India is increasingly trying to reduce their carbon footprint and many corporate consumers already receive RE power through the 'open access' mechanism. The upcoming guidelines are seen to support the industries which are either not eligible to avail open access or do not have the necessary resources and expertise.

"If the industry wants to tie up with a developer for green power supply, then the open access applications for such systems will have to be approved within 15 days," Singh said, adding that "now such applications take six months or even a year to get approved".

A provision for a separate green tariff is also seen to reduce the hesitation of discoms in going for power purchase from RE sources, as this mechanism will not impact general tariffs. In order to manage the infirm nature of RE power, discoms have to make alternative arrangements to procure balancing electricity for stabilising the grid. The cost of balancing renewables has been estimated to be in the range of `1.10/unit by Central Electricity Authority.

The minister was addressing the media at a virtual curtain raiser press conference on “India’s role as global champion for the energy transition theme of the UN high level dialogue on energy 2021”.

As FE has recently reported, Singh said that the government will put green hydrogen consumption obligations on fertiliser producers and petroleum refiners. “We are also coming up with bids for green hydrogen,” Singh stated, adding that “parties will set up greenfield solar, wind or solar-wind hybrid projects and the product I want is green hydrogen, and whoever agrees to supply green hydrogen at the least price, will get the order”.

Solar and wind plants can produce green hydrogen through electrolysis, a process wherein the electricity generated is put in water to create hydrogen and oxygen.

Source: financialexpress.com– June 23, 2021

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