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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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2021 FDI flows likely to bottom out, flows to Asia resilient: UNCTAD

Global foreign direct investment (FDI) flows are expected to bottom out in 2021 and recover some lost ground with an increase of 10–15 per cent, according to the World Investment Report 2021 by the United Nations Conference on Trade and Development (UNCTAD), which recently said this would still leave FDI some 25 per cent below the 2019 level and more than 40 per cent below the recent peak in 2016.

Current forecasts show a further increase in 2022 which, at the upper bound of the projections, could bring FDI back to the 2019 level of $1.5 trillion, it said. FDI inflows to Asia will remain resilient (8 per cent); the region has stood out as an attractive destination for international investment throughout the pandemic.

A substantial recovery of FDI to Africa and to Latin America and the Caribbean is unlikely in the near term. These regions have more structural weaknesses, less fiscal space and greater reliance on greenfield investment, which is expected to remain at a low level in 2021.

The relatively modest recovery in global FDI projected for 2021 reflects lingering uncertainty about access to vaccines, the emergence of virus mutations and delays in the reopening of economic sectors.

Increased expenditures on both fixed assets and intangibles will not translate directly into a rapid FDI rebound, as confirmed by the sharp contrast between rosy forecasts for capital expenditures and still depressed forecasts for greenfield project announcements, the report said.

The FDI recovery will be uneven. Developed economies are expected to drive global growth in FDI, with 2021 growth projected at 15 per cent (from a baseline excluding conduit flows), both because of strong cross-border merger and acquisitions (M&As) and large-scale public investment support.

Source: fibre2fashion.com– July 02, 2021

HOME

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May Retail Sales Rose in Europe and Asia, But Growth Seems to be Slowing

May Retail Sales Rose in Europe and Asia, But Growth Seems to be SlowingWith restrictions easing, consumers are finally making their way to stores for some retail therapy.

Data mostly indicates gains in retail sales across parts of Europe and Asia. The data reported here is all on a year-over-year basis. But even though many countries are posting upticks in retail sales, in some cases volume has started to moderate from the higher gains reported earlier in the year.

Still, retail seems to be in good shape, or at least better than in the year-ago period, though there's still room for improvement.

In a statement Thursday, JD Sports Fashion's executive chairman Peter Cowgill issued a business update on the British retail giant's operations. He noted that the company now operates 3,300 stores in 29 countries after the DLTR and Marketing Investment Group acquisitions. "Substantially all of the stores are now trading although we continue to experience some temporary closures in parts of the Asia Pacific region," he said.

"In those markets across Europe where stores were closed in the early part of the year we saw sales retention slightly ahead of that seen in the first closure period in Spring 2020," Cowgill continued. "Trading in the immediate period after reopening was particularly encouraging in the UK as both loyal and new consumers, seeking to refresh their personal style as hospitality and workplaces began to reopen, reacted positively to JD's innovative and exciting product mix. Consistent with other retailers, store footfall remains fragile with online traffic at elevated levels."

On Monday, JD Sports said its Iberian Sports Retail Group SL has inked a deal to acquire an 80 percent stake in Deporvillage SL for 140.4 million euros ($166.8 million), of which 40.4 million euros ($48.0 million) will be paid on a deferred basis contingent on the performance of the business through Dec. 31, 2021.

JD Sports holds a 50.02 stake in Iberian, a holding firm based in Spain. Deporvillage is a Spanish online sporting goods retailer based in Catalonia. The sporting goods retailer has operations via country-specific websites in Italy, France, Portugal, Germany and the U.K., in addition to its home country. JD said revenues were 117.8 million euros ($139.9 million) for the year ended Dec. 31, 2020.

JD Sports said that Deporvillage's founders, Xavier Pladellorens and Ángel Corcuera, will retain a 20 percent stake in the business and will continue in their roles as CEO and chief purchasing officer, respectively. The company has also taken a controlling interest in British upstart Oi Polloi.

Here's how retail sales on a year-over-year basis fared in May across parts of Europe and Asia.

European retail sales

Retail sales in Denmark rose 6.4 percent, representing the third straight month of gains following the easing of lockdown restrictions. Apparel and non-food sales rose 11.5 percent. The 6.4 percent was below the 9.7 percent increase in April and far lower than the nearly 25 percent spike in March, according to data from Statistics Denmark.

Ireland's Central Statistics Office said retail sales jumped 44.0 percent year-over-year in May, on top of an 83.4 percent gain in April. The apparel, footwear and textiles sector saw the greatest volume increases, up 462 percent, but that was from a very low base due to the pandemic.

In Latvia, retail sales climbed 3.2 percent, down from the 15.6 percent jump in April, and matching the 3.2 percent gain in March, according to the Central Statistical Bureau of Latvia.

Over in Lithuania, retail sales rose 18.8 percent in May, year-over year, down from the 36.1 percent jump in April and the 21.6 percent rise in March, but still representing the third straight month of increases.

In Norway, retail sales year-over-year rose 5.6 percent in May for the second straight month. Separately, the increase in May on a month-to-month basis at 5.8 percent represented the largest increase since January 1991. According to Statistics Norway, the largest contribution to total growth was from apparel sales. Norway is one of the few countries that posted positive retail sales for the last rolling 12 months.

May's figures were above the 2.9 percent increase in April, but below the 6.8 percent gain in March. And while February sales were up 6.1 percent, that was also below the 8.2 percent rise in January. Current data shows that retail sales for the first five months of 2021 have been below some of the increases the country posted starting in June 2020, on a rolling 12-month basis. That 2020 period also saw retail sales up nearly 14 percent in the months of June, July and November.

And in Spain, retail sales for the third straight month, up 19.6 percent in May, moderating somewhat from the record 40.5 percent spike in April. April's jump in sales represented a jump from the 14.3 percent increase in March.

Retail volume was up 10.3 percent in Sweden, and represented the strongest rise in activity since May 2000. By category, sales of electronics and electrical appliances saw a 21 percent uptick, followed by apparel and footwear sales, which rose 22.5 percent. Online sales rose 18.1 percent for the same period, according to data from Statistics Sweden. The May increase was the highest since January, which saw sales up 2.4 percent. February sales were up 4.2 percent, while March rose 8.1 percent and April's increase slipped to up 7 percent.

Retail sales in the U.K. rose by 24.6 percent in May, down from the 42.4 percent spike in sales in April, year-over-year. May's figures were still higher than the 7.1 percent increase in retail sales posted for March, according to the Office for National Statistics.

Three other key trading reports for May are not yet available, but are included here for comparison purposes.

France also hasn't yet posted May retail sales figures, but April's report from Eurostat shows a 42.1 percent gain, year-over-year. Sales in March rose 24.9 percent, which was a spike from the 4 percent year-over-year gains posted in February. With the exception of November 2020, retail sales in France have been rising since June 2020, although the year-over-year percentage increases have only been in the single digits, according to Eurostat.

And Germany is another country that hasn't yet posted its May retail sales data. Sales were 4.4 percent in April, but that was below the 11.6 percent increase in March. The April report saw sales of textiles, apparel, shoes and leather goods increase 33.1 percent. Over the rolling 12 months since May 2020, retail sales on a year-over year basis have been reflecting gains, except during January 2021 when it was down 8.3 percent and February, in which sales fell 6.2 percent.

Italy's National Institute of Statistics hasn't yet provided May's retail sales report, but April saw a gain of 30.4 percent year-over-year, which was higher than the 23.5 percent rise in March.

Asia retail sales

In parts of Asia, retail sales have been up and remain in positive territory. However, there are early indications that perhaps retail volume might be starting to normalize within an up single-digit range versus past double-digit percent gains.

In Japan, the Ministry of Economy Trade and Industry said retail sales increased 8.2 percent year-over-year in May, versus market expectations of a 7.9 percent gain. The increase moderated from the 11.9 percent uptick in April, but higher than the 5.2 percent rise in March. The textiles, apparel and accessories category saw sales rise 16.7 percent in May, but that was down from the 63.7 percent increase in April.

In Hong Kong, retail sales in May rose 7.8 percent, according to the Census and Statistics Department, Hong Kong. Retail sales rose the most for jewelry, watches, clocks and valuable gifts, at up 49.5 percent, while apparel and footwear sales were up 10.7 percent. While the latest reading shows the fourth straight month of increases, the data points also showed steady year-over-year decreases since February, which saw the highest gain at up 31.6 percent. Sales slowed to 19.9 percent in March, before heading lower to 11 percent in April. Retail sales from June 2020 through January 2021 all saw declines on a year-over-year basis.

A similar pattern in might be on the way in South Korea, although probably still too early to conclude that a declining trend line is in place. Data from Statistics Korea indicated that year-over-year retail sales were flat in January, but rose to 8.2 percent in February and then climbed to 10.9 percent in March. But sales fell to 8.6 percent in April, before falling again to up 3.1 percent in May.

Source: sourcingjournal.com – July 01, 2021

HOME

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Messe Frankfurt plans next Texworld Evolution Paris in February 2022

Despite recent government announcements that regulations have been relaxed in France, several countries, particularly India, Taiwan, and Turkey, remain heavily impacted by the coronavirus crisis.

Hence, Messe Frankfurt France has decided to schedule the next edition of Texworld Evolution Paris in February 2022. As per Knitting Industry, the trade fair will be held in its usual format at the Parc des Expositions du Bourget in Paris.

In the meantime, the Messe Frankfurt France team continues to work actively on the installation of Texworld Evolution Paris – Le Showroom, which will be held from July 05 to 09, 2021.

This second and expanded edition will host the collections of 150 international companies and 7000 products and samples in two exhibition venues (the Atelier Richelieu and the 5 rue du Mail).

This intermediary event will allow buyers to exchange ideas with other professionals, to discover new creative approaches and to decode trends for the sourcing of Autumn-Winter 2022-2023 collections.

Source: fashionatingworld.com – July 01, 2021

HOME

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Here's Why Made in USA is Still Important to Fashion Consumers

Independence Day brings the country together to cheer all things American. And while the textile industry can, despite COVID, celebrate an increase in stateside manufacturing, apparel makers have continued to offshore their manufacturing, save for a handful of categories. But at a time when the fashion industry is still recovering from the losses suffered during the pandemic, makers and retailers could benefit from manufacturing at least some of their clothes in America.

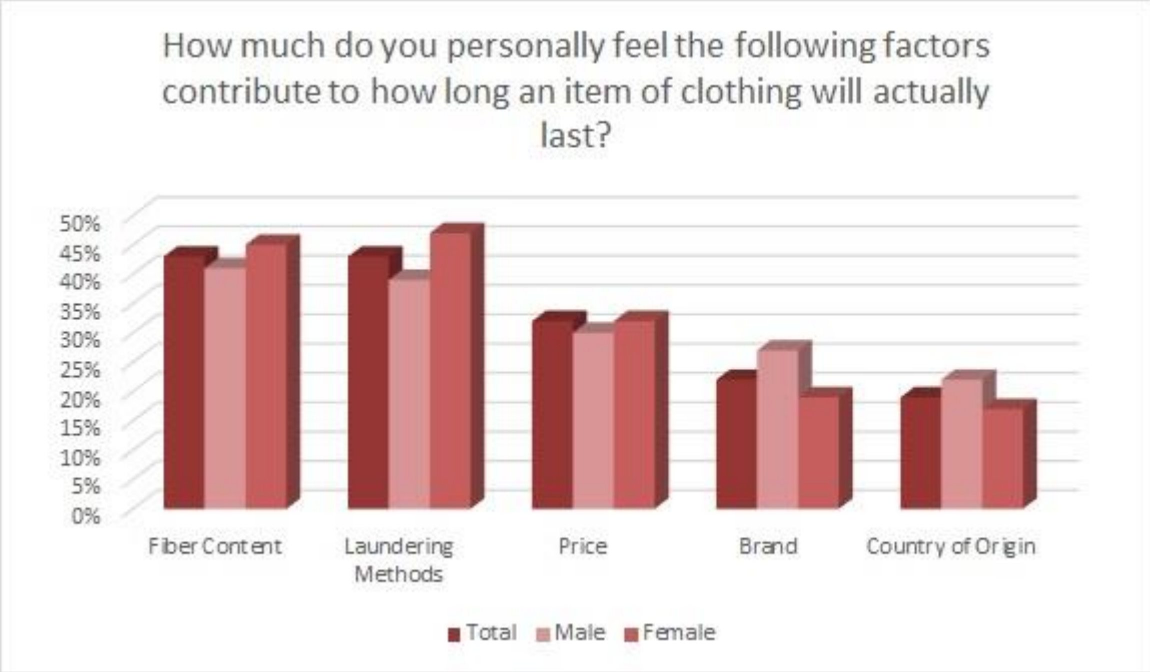
American-made goods are overwhelmingly popular, says Christie Grymes Thompson, chair of advertising, marketing, and consumer product safety for Kelley Drye & Warren, an international law firm.

"Consumer surveys consistently show over 90 percent of consumers [expressed] a favorable or somewhat favorable view of 'Made in USA' products," Grymes Thompson says in a webinar regarding "Made in USA" claims. "A lot of people think it's to help the economy, or to otherwise support their local community. Some people also think they would get better quality while recognizing they might pay a premium for that better quality or, at least, perceived better quality."

Post-Covid, McKinsey & Company says it benefits retailers and manufacturers to move at least some production closer to home.

"Part of being resilient is building an agile network of suppliers and partners," McKinsey states. "Certain major nondiscretionary retailers are diversifying their supply chains to mitigate dependencies on geographically concentrated suppliers. Retailers dependent on offshore production might explore alternative sources and locations, perhaps developing manufacturing capacity closer to core markets. Rethinking production footprints could help drive down risk while providing new value propositions for product that are sourced or made locally."

Consumers are mostly likely to say they always/usually purchase clothing marketed as made in the USA (45 percent), according to the Cotton Incorporated Lifestyle Monitor™ Survey. That's followed by clothes marketed as sustainable (30 percent), environmentally friendly (24 percent), or recycled (20 percent). And nearly half (47 percent) say knowing whether or not an item is made in the U.S. is an important factor in their clothing purchase decision.



About 1 in 5 consumers (19 percent) believe country of origin contributes to how long an item of apparel will actually last, according to the Monitor™. Further, nearly 3 in 4 shoppers (74 percent) say they check the country of origin information at least some of the time before purchasing clothes. Those aged 35-to-70 are significantly more likely than their counterparts to check a garment's country of origin (79 percent vs. 67 percent).

The University of Delaware's Dr. Sheng Lu, associate professor in the department of fashion and apparel studies, says it's not unusual to find clothes labeled, "Made in the USA with imported fabric."

"Statistical analysis shows a strong correlation between the value of U.S. apparel output, and U.S. yarn and fabric imports from 1998-to-2019," Lu says. "Textile products had accounted for over 66 percent of the total output of the U.S. textile and apparel industry as of 2019, up from only 58 percent in 1998.

U.S.-made textiles and apparel that are growing particularly quickly in some product categories are high-tech driven, Lu says, "such as medical textiles, protective clothing, specialty and industrial fabrics, and non-woven. These products are also becoming the new growth engine of U.S. textile exports."

While Grymes Thompson said consumers often think “Made in USA” correlates with job restoration, Lu says that hasn’t been the case of late: From January 2020 to January 2021, employment in the apparel industry dropped 13 percent, while jobs in textile manufacturing fell 9 percent.

“To be noted, as production turns more automated and thanks to improved productivity (i.e., the value of output per worker), U.S. textile and apparel factories have been hiring fewer workers even before the pandemic,” Lu states. “The downward trend in employment is not changing for the U.S. textile and apparel manufacturing sector.”

A service from SoftWear Automation aims to help fashion brands and retailers that would like to begin or increase production in the U.S. Sewbots-as-a-Service allows manufacturers, brands, and retailers to rent Softwear’s fully automated sewing workline. The idea is U.S.-based companies could source and manufacture in the U.S. at a lower cost than outsourcing, and with greater predictability and quality.

Brands that already make their clothes in the United States, as well as those who are considering doing so, might consider that not only do consumers value American-made apparel, but 90 percent say they would feel good about wearing clothes made with cotton that’s grown in the U.S., according to Monitor™ research. Nearly 9 of 10 consumers (86 percent) say U.S. cotton is something to be proud of, and 74 percent agree cotton grown in the U.S. is more sustainable than cotton grown in other countries. Additionally, the majority of shoppers (62 percent) say they would pay more for clothes made of cotton grown in the U.S.

“Those retailers that are thinking big and bold — taking a clean sheet view of their supply chains, making big strategic bets to reshape the supply chain’s role in value creation — can position themselves to thrive over the long term,” McKinsey states. “Creative problem solving that accepts constraints on capital availability as a given can help narrow the focus on finding flexible alternatives—and not just survive, but win.”

Source: sourcingjournal.com– July 01, 2021

HOME

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USA: Prospects for Trade Deal with Taiwan Appear Dim

The U.S. appears unlikely to pursue a trade agreement with Taiwan anytime soon despite Taipei's interest and growing congressional support. Following a recent dialogue between the two sides the White House instead highlighted a number of trade irritants on which it wants to see progress.

At a virtual meeting of their Trade and Investment Framework Agreement Council, the first such talks in nearly five years, the U.S. and Taiwan recognized progress in several areas, including Taiwan's enforcement of trade secrets protections and upcoming changes to Taiwan's medical device approval process.

However, they also acknowledged the need for intensified engagement to address outstanding trade concerns on market access for U.S. beef and pork, copyright legislation, digital piracy, financial services, investment, and regulatory transparency. Toward that end they agreed to convene meetings of several TIFA working groups, including on agriculture, intellectual property, technical barriers to trade, and investment, as well as other working-level meetings as necessary.

The two sides also agreed to form a new labor working group that will include discussion of ways to combat forced labor in global supply chains and pursue worker-centered trade policies. Other areas where additional cooperation is anticipated include wildlife trafficking, trade tools to tackle climate change, secure and resilient supply chains, and World Trade Organization reform.

The meeting also highlighted how far apart the two partners are on a potential bilateral free trade agreement. According to a Reuters article, Taiwan's chief trade negotiator said he raised the idea directly with his U.S. counterparts and noted that Taiwan believes "if we continue to work hard we will achieve our goal one day."

Last year Taiwan eased restrictions on imports of U.S. beef and pork in an effort to resolve longstanding U.S. complaints on the issue and smooth the path toward a possible FTA. A bipartisan group of dozens of U.S. senators cited that change as well as other factors in recently calling on the Biden administration to "begin laying the groundwork for negotiation of a free trade agreement, or other preliminary agreement, with Taiwan."

However, a press release from the Office of the U.S. Trade Representative made no mention of an FTA and said only that the U.S. "expressed a desire for stronger and more consistent engagement going forward."

Source: strtrade.com– July 02, 2021

HOME

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HSBC, IUCN launch study report for greener apparel sector in Sri Lanka

HSBC and Switzerland-based International Union for Conservation of Nature (IUCN) recently launched 'A road map to a greener apparel sector in Sri Lanka', the report of a study conducted over one-and-a-half years and containing key findings and recommendations for a low carbon transition.

It was supported by the Joint Apparel Associations Forum (JAAF), Sri Lanka Banks' Association, the Board of Investment Sri Lanka and the National Cleaner Production Centre.

"Our intention with this project was to formulate a common strategy for a greener apparel industry which would benefit the environment, the community and the local economy. We wanted to make available a cohesive strategic guidance and fact-based knowledge for everyone.

Putting this into action is a national effort and we hope it will be put into action through fruitful and strategic collaborations," HSBC Sri Lanka and Maldives chief executive officer Mark Prothero said.

"The long-term sustainability of the apparel sector, especially in the post-COVID-19 era, requires a transformational change to meet the demands by the global brands to reduce energy, water and chemical footprints. Essential changes are in the areas of renewable energy, zero-discharges, science-based targets, circularity, and sustainable financing," IUCN country representative Ananda Mallawatantri was quoted as saying by media reports in the country.

JAAF secretary general MPT Cooray said the study will further enlighten Sri Lankans in taking forward this agenda and small and medium enterprises, in particular, will benefit.

Source: fibre2fashion.com– July 02, 2021

HOME

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Retailers need omni-channel plans to back customer preferences: survey

Consumer shifts in how and where people buy products evolved significantly during the COVID-19 pandemic, creating new opportunities for retailers to use new channels, fulfillment strategies and payment options, according to a new survey, which highlights a growing need for retailers to invest in an omni-channel sales and marketing strategy.

The survey covered 3,000 consumers from the United States, the United Kingdom and Australia and was conducted by BigCommerce and PayPal. BigCommerce is a leading software-as-a-service (SaaS) e-commerce platform, while PayPal is a digital payment company.

As customers continue to move away from brick-and-mortar stores to digital commerce and increasingly use their phones to make purchases, an omni-channel strategy opens up the opportunity for retailers to re-evaluate their sales and marketing strategies to ensure they're meeting customers where they are the most likely to spend, a press release from the companies said citing the survey results.

While a majority of the respondents said they still prefer in-person shopping, 62.5 per cent reported doing most of their purchasing online. Close to half said they are discovering new products on social media at least once a month, and 66.7 per cent said they have made a purchase directly through their phone at least once in the past month.

How people pay for purchases is also changing. More consumers are using digital wallets both in-store and online. Prior to March 2020, digital wallets were the preferred payment option for 28.3 per cent of online shoppers globally, but that jumped to 35.2 per cent after March 2020. The increase for using digital wallets in-store was even greater, going from 12.1 per cent to 22.8 per cent.

While 95.2 per cent of respondents reported making at least one online purchase since March 2020, a slight majority across all regions reported a preference for in-person shopping. Despite that, 32.6 per cent of US respondents, 29.9 per cent of UK respondents and 29.7 per cent of Australian respondents said the convenience of online shopping still trumps any drawbacks, and new options like buy online, pick-up in store (BOPIS) are making it even more attractive.

As a preferred way to buy, BOPIS has grown substantially since March 2020, with a 373 per cent increase in the United States, where BOPIS has been slower to catch on compared to other countries.

The use of digital wallets rose in popularity during the pandemic with a global increase of 24.5 per cent online and 88.7 per cent for in-store purchases since March 2020. Respondents overwhelmingly commented that they'd prefer retailers make digital payment options more available.

Mid-market merchants are increasingly adopting buy now, pay later (BNPL) solutions for their ecommerce stores with Australia leading the way. Forty eight per cent of Australian merchants, 20 per cent of US merchants and 11 per cent of UK merchants currently offer BNPL options to customers.

Consumers seem to fall into two main categories when it comes to using these types of solutions: power users and slow adopters. Globally, 46 per cent say they've used a BNPL option at least once in the past three months. However, just 10.1 per cent globally say they have used it five or more times in that same time period.

In Australia, that number jumps to 15.5 per cent. Fifty-four per cent of global respondents—and 60.6 per cent of US respondents—have never used BNPL. Most said they were deterred by incurring fees or debt, or that they simply were not familiar with the option.

Consumers are shopping mainly at large retailers or branded ecommerce stores. Of those polled, 58.2 per cent said they shop at department stores, hypermarkets or big-box retailers, while 31.9 per cent said they purchase directly from the ecommerce stores of their favorite name brands.

Source: fibre2fashion.com– July 02, 2021

HOME

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Vietnam: Garment firms with more orders have less workers

Many garment and textile producers have received more orders in the first half of this year, but a labor shortage has prompted calls for prioritized vaccination of workers.

Most garment and textile enterprises have received orders for production till the end of this year. Over the past two months, all three plants of TNG Thai Nguyen Company have operated at full capacity to deliver their products on time.

TNG Thai Nguyen's export revenues in the first half of this year surged 31 percent against the same period last year. "Now, our concern is not to seek orders, but to produce items for partners and ship them on time," the company's chairman Nguyen Van Thoi told VnExpress Thursday.

Nguyen Xuan Duong, chairman of the Hung Yen Garment Company (Hugaco), said if the ongoing fourth wave of Covid-19 is not controlled, garment and textile enterprises would be in trouble because stopping production even for two weeks would sweep away more than 10 percent of their revenues.

"We have continuously received orders from customers in the U.S. and the European Union. Orders are sufficient now. But if enterprises fail to fulfill the contracts in terms of goods delivery, they will be fined," Duong said, adding that buyers can even refuse to receive goods delivered late.

Since production is slow, garment firms may have to transport products by air, instead of by sea, to meet delivery deadlines, he said. They will surely suffer losses then, he added.

"Most of Vietnamese garment and textile enterprises have limited capital. Well-performing firms gain annual profits of just dozens of billions of VND (VND1 billion=$43,300). If they have to cease production, they will lose all of their profits," Duong stated.

Garment and textile firms are also encountering labor shortages caused by a common employment trend in the sector.

In the first half of this year, recruitment demand in the Vietnamese garment and textile sector increased 50-60 percent against the same period last year. However, many people were no longer interested in working in the sector mainly because of low pay, according to recruitment service provider Navigos Group.

Duong said if more workers in the sector were vaccinated against Covid-19, production and export in the second half of this year would happen smoothly. His company is willing to cover the vaccination costs, he added.

Le Tien Truong, chairman of Vietnam National Textile & Garment Group (Vinatex), has proposed that the government prioritizes vaccination for workers laborers in the sector. Vinatex estimates that it needs 300,000 doses of vaccines for 150,000 workers, but only 3,000 people have received the shots so far.

Garment and textile exports rose nearly 15 percent year on year to $15.2 billion in the first half of this year,

In addition to labor shortages fueled by Covid-19 and other consequences of social distancing and lockdowns imposed by affected cities and provinces, garment and textile firms are encountering shortages caused by a common employment trend in the sector.

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Garment and textile exports rose nearly 15 percent year on year to $15.2 billion in the first half of this year, according to Vietnam's General Statistics Office. The sector has targeted an export turnover of $39 billion this year

Source: e.vnexpress.net– July 01, 2021

HOME

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Bangla apparel exporters to US more resilient than peers during COVID

Bangladeshi exporters of apparel to the United States have remained more resilient than peers during the pandemic, with shipments in the three months to April 30 down by just 1.6 per cent compared with the same period of 2019, according to New York City-based trade data company Panjiva's June 2020 research.

In contrast, exporters from India and Sri Lanka dropped shipments by 10.1 per cent and 6.4 per cent respectively, while total US imports fell by 5.3 per cent.

Bangladeshi apparel manufacturers suffered a wide range of order cancellations from retailers across Europe and the Americas, as revealed by Panjiva's June 2020 data.

Panjiva's US seaborne import data shows there was a recovery to pre-pandemic levels in May this year with a growth of 6.2 per cent versus May 2019. While most of the imports of apparel from Bangladesh are handled by freight forwarders for off-brand products, there are signs of a mixed set of strategies from the major brands.

Panjiva was acquired by S&P Global in 2018.

Shipments linked to H & M Hennes & Mauritz AB (publ), for example, increased by 13.5 per cent in the three months to May 31 compared with the same period of 2019. Imports associated with Levi Strauss & Co. and PVH Corp., meanwhile, fell by 47.8 per cent and 68.7 per cent respectively over the same period, according to a press release from S&P Global.

The renewed spread of COVID-19 and resulting lockdown in Bangladesh will also have an impact on industrial supply chains as factories will likely have to close and may suffer reduced productivity, it said.

Source: fibre2fashion.com– July 02, 2021

HOME

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Pakistan: Textile exporters demand restoration of zero rating of GST

For the first time in the history of Pakistan, exporters have been levied with 300% higher tax as compared to local businesses.

The federal government in its budget has facilitated the local SMEs and neglected, as usual, the SMEs of export sectors.

The value added textile sector had in its budget proposals demanded of the federal government to reduce income tax as well as sales tax rates for exporters but in vain.

Globally, there are no taxes on export businesses, and where taxes are levied on exports the rate is lower than the one levied on local businesses.

However, in Pakistan the situation is the opposite.

The value added textile sector is very disappointed that the government has not accorded consideration to its demands. This joint statement was made by Jawed Bilwani, chairman, Pakistan Apparel Forum, Riaz Ahmed, central chairman, Pakistan Hosiery Manufacturers & Exporters Association, Rafiq Godil, chairman, Pakistan Knitwear and Sweater Exporters Association; Feroze Alam Lari, chairman, Towel Manufacturers Association of

Pakistan; Abdus Samad, chairman, Pakistan Cloth Merchants Association, Khawaja M. Usman, former chairman, Pakistan Cotton Fashion Apparels Manufacturers & Exporters Association, Shaikh Shafiq, former chairman, Pakistan Readymade Garment Manufacturers & Exporter Association, Zulfiqar Ch., chairman, All Pakistan Textile Processing Mills Association, Khawaja Muhammad Younus, chairman, All Pakistan Bedsheets & Upholstery Manufacturers Association, Shoaib Majeed, chairman, Pakistan Denim Manufacturers & Exporters Association, Naveed Illahi, chairman, Pakistan Bedwear Exporters Association, and Yusuf Yaqoob, chairman,

Pakistan Weaving Manufacturers Association.

The textile exporters demanded restoration of Zero Rating of GST -- No Payment No Refund System.

Imposition of 17% GST has made the textile exporters specially SMEs financially unviable as their precious liquidity, without any purpose, stuck up and they throughout the year face financial difficulties to fulfill their export commitments.

It is on record that 33% SME exporters have closed their export business since imposition of 17% GST which blocked exporters' precious liquidity.

With the continuation of 17% GST in 2021-22, many more SME textile exporters who managed to survive last year shall fear closure as well in the wake of liquidity pressure. 17% GST on exports and refund after months is the key hurdle in the boost in exports.

Therefore, for the sake of survival of SMEs textile exporters and employment provided, it is highly crucial to restore no payment no refund GST regime which has been tried and tested or reduce GST rate to 5%.

Needless to mention here that the government had imposed 17% GST in 2019-20 in order to collect GST on local sales of five export sectors to which the FBR is not successful.

The FBR has miserably failed to broaden the tax base and for this purpose more than 10,000 officials of the Enforcement Department are working who are responsible to broaden the tax base.

They also expressed their concerns over and reservations about stating that the Finance Minister in the Zoom meeting, responding to the demand, had promised to suspend the EDF surcharge from now on which is deducted at the rate of 0.25% of exports value.

Source: brecorder.com– July 02, 2021

HOME

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Pakistan reports ten-year high exports in fiscal year 2021

In a press briefing, Dawood said that Pakistan's export growth increased 18% in the last financial year. Exports in June were $2.7 billion, which was the highest in a single month.

Dawood praised exporters for the high volume. Exports in the services sector were $6 billion and so the combined total exports (of goods plus services) was $31 billion. Dawood said that he was against increasing tariffs to increase government revenue.

"Changing tariffs is not easy. This should be a three- or four-year plan," he said. "In the last three years, 6,000 tariff lines have been changed." Forty-two percent of the import of raw materials and machinery has become duty-free but tariffs still need to be further reduced, he said.

Next year, tariffs on agriculture, iron ore and warehousing will be reduced. Tariffs for pharmaceuticals, footwear, tourism, food processing, and fiber optics have already been reduced. Textile exports increased 18.85% while pharmaceutical exports increased 27%. Exports of copper and copper derivatives increased 44%.

However, rice exports declined 8% during and cotton yarn exports declined 2%; raw leather by 16% and plastic exports by 6%. "It is a good sign that our exports grew despite the lockdowns around the world," he said. "The pandemic reduced exports to all countries in the region, except Bangladesh. Bangladesh's exports increased 13%."

Dawood said that they were hopeful that Pakistan exports will increase in the next two years. He said that preferential trade agreements need to be signed with Uzbekistan. The Silk Road route project needs to be discussed.

Dawood said transit trade and preferential trade agreements will also be signed with Afghanistan.

Source: samaa.tv– July 01, 2021

HOME

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NATIONAL NEWS

Govt clears extension of interest equalisation scheme till September 30

Eligible sectors can access credit at lower interest rates

In a move that will help exporters deal with the ongoing Covid-19 pandemic and the resultant slowdown in global trade, the Government has approved the extension of the Interest Equalisation Scheme up to September 30, 2021.

“Government of India has approved the extension of Interest Equalisation Scheme for Pre- and Post-Shipment Rupee Export Credit, with the same scope and coverage, for a further period of three months, i.e., up to September 30, 2021.

The extension takes effect from July 01, 2021 and ends on September 30, 2021 covering a period of three months,” the Reserve Bank of India said on Thursday.

The Interest Equalisation Scheme is popular with exporters as it allows all eligible sectors to access credit at lower interest rates with the government providing a subsidy.

How the scheme works

The scheme extends a subsidy on interest provided to exporters on pre- and post-shipment export credit varying between 3 per cent and 5 per cent.

The banks give credit at lower interest rates to exporters and the government then refunds the difference in amount to the banks.

India’s exports had posted a fall of 7.26 per cent in the financial year 2020-21 to $290.63 billion as outbound shipments had been hit massively in the initial months of the fiscal due to Covid-19 lockdown in the country and across the world.

Source: thehindubusinessline.com– July 02, 2021

HOME

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Aatmanirbhar Bharat chance to trade more with India: 77% UK firms

Seventy seven per cent of UK firms surveyed by the UK India Business Council (UKIBC) for its recent report titled 'Road to a UK-India Free Trade Agreement: Enhancing the Partnership and achieving Self-Reliance' stated that ‘Aatmanirbhar Bharat’ is an opportunity for them to engage in more business with India. A minority of businesses did, however, view the policy as protectionist.

Both governments have not only agreed on an Enhanced Trade Partnership, but have committed to start free trade agreement (FTA) negotiations by the end of this year to double trade by 2030.

The report sets out how a comprehensive UK-India FTA should accelerate self-reliance and why international investors' perceptions of Aatmanirbhar Bharat should be wholly positive.

“The report includes five recommendations that the UKIBC believes would support the Aatmanirbhar Bharat campaign's success and deliver the objectives of the Enhanced Trade Partnership and FTA.

They include a sharp focus on innovation and on digital and data sectors and an assertion that while self-reliance is pragmatic, especially in a post-pandemic world, India should remain open to free and fair trade,” UKIBC chair Richard Heald said in a statement.

"India, in its self-reliant campaign, is aiming to play a greater role in manufacturing supply chains. This is the right ambition and certainly plays to India's strengths.

To succeed, I think India will need to be an import as well as an export hub as components flow from all over the world. So, keeping tariffs and other barriers to entry low or, indeed, removing them, will really help India to achieve its objective,” UKIBC managing director Kevin McCole said.

Source: fibre2fashion.com– July 01, 2021

HOME

****

Finance Minister Smt. Nirmala Sitharaman appreciates CBIC efforts in fighting COVID-19 pandemic; says enhanced revenue collection in recent months should now be the "New Normal"

The fourth anniversary of introduction of GST, the GST Day, 2021, was marked by Central Board of Indirect Taxes and Customs (CBIC) and all its field offices across India here today. The national level programme was organised by CBIC through virtual mode on the digital platform which was attended by all field formations.

GST with enhanced revenue collections for last eight months has been instrumental in building an Aatma Nirbhar Bharat. The year marked enhanced taxpayer facilitation with COVID-19 relief packages being announced to ease the burden of compliance. As part of the programme 31 officers were awarded with the GST Day commendation certificate across all zones and to one officer posthumously.

In a message on GST Day 2021, Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman said that it is a matter of great satisfaction that we have overcome most challenges, including two waves of unprecedented COVID-19 pandemic, in providing stability to this new tax regime. The Finance Minister was happy to note the buoyant tax collections which crossed Rs. 1 lakh crore for eight months in a row with record GST collection of Rs. 1.41 lakh crore in April, 2021. The enhanced revenue collection in recent months should now be the "new normal, She added.

Smt. Sitharaman appreciated CBIC effort in recognising more than 54,000 GST taxpayers for their contribution to nation building on the eve of four years of implementation of GST. Taxpayers facilitation during pandemic involved two COVID-19 relief packages covering late fee waiver, interest rate reduction, relaxation of timelines and conducting refund drives to enhance liquidity in the hands of taxpayer. Further, GST rates on vaccines, essential medicines and products/services used for prevention and treatment of COVID-19 were also reduced.

The Finance Minister condoled the loss of 189 personnel and remembered their contribution to the national effort and noted the effort of CBIC in releasing a book "Shraddhanjali" to pay homage to these departed souls. Smt. Sitharaman also congratulated all awardees of 'Commendation Certificate' for their exceptional contribution in GST administration.

In his message, Minister of State for Finance & Corporate Affairs Shri Shri Anurag Singh Thakur expressed gratitude to trade and industry, specially MSMEs, whose continuous support and feedback has helped the Government in steadily improving GST laws, procedures and systems over last four years.

Shri Thakur condoled the loss of many precious lives from the GST family to COVID-19 pandemic. Shri Thakur congratulated all officers selected for commendation certificate for their dedication, hard work and the spirit of serving the nation.

In his virtual message played during the programme, Shri Bibek Debroy, Chairman, Prime Minister Economic Advisory Council, highlighted that GST is a work in progress which is improving by each passing day. GST has cut down on large number of indirect taxes, brought down litigations and removed inter-state restrictions. During the programme, video messages of eminent personalities from various fields were also played.

Chairman CBIC Shri M. Ajit Kumar lauded the efforts of CBIC officers in facilitating taxpayers during the pandemic and use of technology to ensure minimum physical interaction. He appreciated the taxpayers for coming back strong post covid and ensuring V-shaped recovery of economy.

CBIC effort in recognising more than 54,000 GST taxpayers for their contribution to nation building is a testimony to the fact that their support to GST is imminent.

CBIC Members highlighted the automation done over the years in GST processes and exhorted the officers to enhance the use of technology. Sh. Vivek Johri, Member GST appreciated the DGARM reports and MIS generated which is used by field formations to increase revenue collections.

Source: pib.gov.in– July 01, 2021

HOME

****

RBI's Financial Stability Report: A bag of surprises

Reserve Bank of India's Financial Stability Report is an eagerly awaited report to gauge the health of the banking system in particular and the likely stress situation. The readings from the report are encouraging just like the downward movement of the Covid curve in the country. Contrary to all expectations of NPAs increasing due to the pandemic, the report reveals that they were pretty much under control at 7.5% in March 2021. This should come as a relief to the market as earlier conjectures were in the region of 12-15%.

The other encouraging revelation is that the stress tests indicate that under normal conditions the NPA ratio will increase to 9.8% by March 2022 while the two stress scenarios could push it to 10.4% and 11.2%, respectively. But the stress scenarios look very unlikely as they involve GDP growth slumping to 6.5% or less than 1%.

Therefore, one can be confident of the quality of assets being firm even though a flag has been raised by the RBI on the migration in SMA quality. Significantly, in terms of restructured assets, the ratio is just 0.9%, which is low and surprising. Surprising because it was felt that the one-time restructuring exercise that was adopted would have led to several companies exercising this option, which is not the case.

Credit should go to the RBI and banks for managing the situation. The plan of giving moratorium during tough times and rolling back the same has helped to keep things under check. The same holds for classification of NPAs where we are back to normal. Banks too have not gone overboard in lending despite all the schemes, which has actually made NPA ratios in all sectors, except retail, to decline.

The slippage ratio which is NPAs on incremental loans is low at 2.5% which gives credit to the banks. Similarly, the coverage ratio at 68.9% has also ensured that banks were progressive here, which has maintained sanity against any future shocks. In a way it can be said to be a true team effort in containing the situation. The lessons of the past has definitely helped banks to be more cautious.

The sectors of concern for NPAs- CGEM (construction, gems and jewelry, engineering and mining) have over 15% ratio while metals, infra, power, textiles, food etc. are in double digits. Chemicals and auto have done well with 5-7% range. Retail is minor concern even though the ratio is low at 2.1% as it should not become a part of the 'culture' of not repaying. Hopefully, this is temporary as last year was tough for individuals who were out of jobs and income to service their debt.

An interesting aspect pointed out in the report is that the RBI has actually ensured that the investment valuation did not cause disruption for banks. Normally when there are large investments made in a market where the government borrowed Rs 12.8 trillion, yields should have gone up thus pushing prices down.

However, by carefully managing the yield curve with various operations like GSAP and OMOs, banks have been protected against a valuation decline. This is also indicative of the fact that in 2021-22, the picture will be replicated as the yields have been kept down, which means that banks can be comfortable with the investment portfolio.

Last, even the profit ratios look good with NIM at 3.3% and return on assets too in the positive territory. One thing that stands out is that the cost of funds was 4.7% while yield on assets was 7.6% - quite clearly the deposit holder bore the brunt as 2.9% spread looks high by any standard.

Source: business-standard.com– July 01, 2021

HOME

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Manufacturing PMI dipped to 48.1 in June, contraction for the first time after July 2020

Second wave of the pandemic coupled with local lockdowns have pushed manufacturing activities in reverse gear as Purchasing Managers' Index (PMI) for June dipped to 48.1. Loss of employment has continued.

The index, as prepared by IHS Markit, touched below the critical no-change mark of 50 for the first time since July 2020. "The latest reading pointed to a renewed deterioration in the health of the sector that was, however, moderate," the agency said. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

"The intensification of the Covid-19 crisis in India had a detrimental impact on the manufacturing economy. Growth of new orders, production, exports and input purchasing was interrupted in June as containment measures aimed at bringing the pandemic under control restrained demand. In all cases, however, rates of contraction were softer than during the first lockdown," Pollyanna De Lima, Economics Associate Director at IHS Markit said

PMI estimation

PMI data is released monthly in advance of comparable official economic data. It is is compiled from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The headline PMI is a weighted average of the following five indices: New Orders (30 per cent), Output (25 per cent), Employment (20 per cent), Suppliers' Delivery Times (15 per cent) and Stocks of Purchases (10 per cent).

According to ISH Markit, demand weakness and a reduction in production requirements led firms to restrict input purchasing in June. Buying levels fell at a marked pace that was among the fastest seen since business confidence was dampened in June by uncertainty over when the pandemic can be brought under control. Companies were at their least optimistic for almost a year. "As a result, jobs continued to be shed midway through the year. The fall in employment was marginal but took the current sequence of month-on-month contraction to 15 months," it said.

It also mentioned that falling new orders, business closures and the Covid-19 crisis triggered a reduction in output among Indian manufacturers. The decline was moderate, relative to those seen in the first half of 2020 but ended a ten-month sequence of growth.

De Lima said that companies became increasingly worried about when the pandemic will end, which resulted in downward revisions to output growth projections. As a result of subdued optimism, jobs were shed again in June. The rate of input cost inflation was stable in June, matching that recorded in May and thereby remaining above its long-run average. Companies again linked increases to global shortages of raw materials.

“Out of the three broad areas of the manufacturing sector monitored by the survey, capital goods was the worst affected area in June. Output here declined at a steep rate due to a sharp fall in sales. The sector also saw the fastest contraction in buying levels and was the only to post job shedding,” she said.

Source: thehindubusinessline.com– July 01, 2021

HOME

****

New report outlines roadmap to deepen UK-India capital markets link

A new report released in London on Thursday calls for the development of a deep, liquid corporate bond market in India to fund the country's large infrastructure investment needs and its transition to a low carbon economy.

'Unleashing the potential of the Indian Debt Capital Markets' is the first report by the City of London Corporation led UK-India Capital Markets Working Group, which emerged from the India-UK Economic Financial Dialogue last year.

City of London Corporation Policy Chair Catherine McGuinness, who launched the report during a virtual event this week, said the recommendations will enhance India's economic growth plans and journey to a low carbon economy.

These recommendations would help fund India's infrastructure investment needs and enhance its journey to a low carbon economy,? said McGuinness.

Growing liquidity, accessing capital at reasonable cost, developing the corporate bond market, and adopting global best practice are all part of that plan. India's capital markets have enormous potential to attract capital, and the UK provides access to a large and diversified global capital pool, as shown by the successful issuance of Masala bonds in London,? she said, adding that the City of London would be exploring the next steps in the process with government and industry figures.

The report, put together in partnership with law firm DLA Piper, provides 15 key recommendations to increase the depth of the bond market in India as well as making it easier for Indian companies to issue bonds overseas. The recommendations cover improving the efficiency of the primary markets, deepening liquidity in secondary markets, developing the ecosystem of products, and targeted tax, regulatory and reporting interventions to help address issues faced by issuers and investors in accessing domestic and international debt capital markets.

Ananth Narayan, Associate Professor at the SP Jain Institute of Management and Research and India Co-Chair of the City of London Corporation India-UK Capital Markets Working Group, said: The wide-ranging recommendations span areas such as primary issuances, secondary markets, taxation, regulations, product and market infrastructure, and ESG [Environmental, Social, and Governance].

While much progress has been made over the years in each of these areas, we still have miles to go and the prize of sustainable growth is worth any and all effort.”

The report is designed as a roadmap for deepening the domestic and offshore corporate bond market for India in a post- pandemic world, as well as transforming it into a competitive source of financing for issuers, and an attractive investment for a wide range of investors.

Well functioning public markets underpin growth, innovation, job creation and the transition to a low carbon economy, said Shrey Kohli, Director, Head of Debt Capital Markets, London Stock Exchange.

“In recent years, we’ve seen how public markets channel international investment into India’s modern infrastructure, build sustainable energy capacity, and support internationalisation of the rupee. We look forward to the report advancing practical policy recommendations in support of the upcoming India-UK Financial Markets Dialogue, he said.

Each member of the Working Group and the institutions which they represent have brought to the report their expert insights into how the offshore and onshore debt capital markets in India could be further developed and supported, added Joywin Mathew, Partner, Capital Markets, and UK Head of the India Practice at DLA Piper.

The report follows publication earlier this year by the UK and Indian governments of an Enhanced Trade Partnership and India-UK Roadmap to 2030, which contained a range of objectives covering financial and professional services, including boosting cooperation in green finance to help drive forward clean, sustainable infrastructure projects in India.

The City of London Corporation, the governing body of the financial hub of the UK capital known as the Square Mile, counts more than 15 Indian financial firms in the heart of London with further branches across the UK.

Source: financialexpress.com– July 01, 2021

HOME

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MCX cotton short-term trend looks bullish

Support at ₹23,500; resistance ₹25,000

The cotton continuous futures contract on the Multi Commodity Exchange of India (MCX) hit a high of ₹25,080 per bale on Wednesday and witnessed selling pressure at higher levels. But, the commodity took support at around ₹24,500 and bounced up climbing 0.45 per cent to trade at ₹24,760 levels on Thursday.

In early May 2020, the contract found support at around ₹15,000 and bottomed out. Since then, the contract has been in a long-term uptrend. Medium as well as the short-term trends are also up for the contract. However, the contract met with a vital resistance at ₹22,300 in this March and fell sharply to record a low at ₹20,150 in late March.

Subsequently, the contract resumed the uptrend and has been in a medium-term uptrend since then. It breached a key resistance at ₹22,300 in late May and continued to trend northwards. Short-term trend is also up. The contract trades well above the 21- and 50-day moving averages.

Immediate support

As long as the contract trades above the immediate support level of ₹23,500 the short-term uptrend stays positive. On the upside, a strong rally above the immediate resistance level of ₹25,000 can accelerate the contract and take it higher to ₹25,500 and then to ₹26,000 levels. Both the daily and the weekly relative strength indices are hovering in the bullish zone backing the uptrend.

Conversely, if the contract falls below the immediate support level of ₹23,500 levels will bring back selling pressure and pull the contract down to ₹23,000 and then to ₹22,250 levels.

Source: thehindubusinessline.com– July 02, 2021

HOME

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Eventful journey

A process that's meant to ease doing of business, GST is a work in progress Four years after its inception, the Goods and Services Tax (GST) remains an unsettled work of reform, not least due to the prolonged economic crisis since then. On the positive side, it has got rid of the cornucopia of rates across States that posed huge obstacles to businesses. It is a different matter though that with six-seven slabs in existence, rates can be streamlined further. But it is in the ongoing formalisation of the economy that GST is turning out to be a watershed.

With over a crore registered GST entities, it accounts for about 13-16 per cent of medium, small and micro enterprises in the country. Real-time integration of GST data with income tax and banking records will help prevent leakages and widen the tax base. In that event, it should be possible to move towards lower and fewer rates. Improved compliance is borne out by the fact that monthly collections have crossed the ₹1 lakh crore mark almost on a trend basis despite adverse economic conditions.

On the positive side, the fitment panel of the GST Council has been responsive to stakeholder grievances. Compliance has improved with the introduction of e-invoicing in October last year.

This has helped in the easy generation of e-way bills, ensuring transparent and smoother movement of goods. With goods being tracked on a real-time basis and the limited shelf-life of the e-way bill, the scope for fraud stands visibly reduced. Meanwhile, e-invoicing has reduced the possibility of fake transactions to fraudulently claim input tax credit. For a country that is not known for tax compliance, GST is turning out to be a game-changer.

However, it is ironic that GST stands at a crossroads today, thanks to rising mistrust between the Centre and States over the issue of compensation cess. The 14 per cent increase in States' revenue over the transition period, built into the statute, no longer seems workable in the context of the pandemic. Anyway, the cess period ends in a year's time and the Council needs to address demands for an extension. An amicable solution needs to be arrived at. It is troubling that GST tribunals are yet to come into being to resolve disputes. High Courts can only decide on points of law; some significant sections of the CGST law are up for review.

One includes the legality of Section 16 (2) which holds up a buyer's input tax credit if the seller has not paid GST. The courts, the Gujarat High Court in particular, have been critical of the excesses committed under Sections 69 and 132, which accord sweeping powers to arrest those guilty of error. For a measure that is meant to ease the conduct of business, this is not the right way forward.

The move to make GST return filing quarterly for small units has not worked well for them, as they have to deal with large units which have to file monthly returns. With e-invoicing falling in place, quarterly filing can perhaps be made uniform. It would be a pity if glitches become stumbling blocks in realising GST's true potential.

Source: thehindubusinessline.com– June 30, 2021

HOME

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GST@4: Government counting more hits than misses

Experts call for lot more action, especially on rate rationalisation
Over 400 goods and 80 services saw reduction in Goods & Services Tax (GST) during the first four years of the new indirect levy regime, the Finance Ministry said on Wednesday. With this, weighted GST rate has also fallen below 12 per cent.

India is entering into its fifth year of GST on Thursday after its introduction on July 1, 2017.

In a tweet, Prime Minister Narendra Modi said: “GST has been a milestone in the economic landscape of India. It has decreased the number of taxes, compliance burden & overall tax burden on common man while significantly increasing transparency, compliance and overall collection.”

In a series of tweets, the Finance Ministry highlighted achievements during the four years. However, experts call for lot more action, especially on rate rationalisation.

Talking about the achievements, the Ministry highlighted that the total levy (Centre and States) on most of the items were around 31 per cent. Barring around 28 goods, all other items have a GST rate of 18 per cent or below. Giving some examples, it said common-use items such as hair oil, toothpaste, and soap have seen their tax rates come down to 18 per cent from 29.3 per cent.

Appliances such as fridges, washing machines, vacuum cleaners, food grinders and mixers, shavers, hair clippers, water heaters, hair dryers, electric smoothing irons, TVs (up to 32 inches) have all seen tax rates being lowered to 18 per cent from 31.3 per cent.

The tax on cinema tickets—— earlier anywhere between 35-110 per cent— has been brought down to 12 per cent (where ticket rate is up to ₹100) and 18 per cent. Most items of daily use are in the zero or 5 per cent slab.

On the compliance issue, a business needs to make just 12 submissions now as against 495 submissions earlier, the Ministry said.

Hits

According to Parag Mehta, Partner at NA Shah Associates, increase in taxpayer base, introduction of e-way bill and e-invoice, increase in collection from year-to-year (ignoring pandemic period), clubbing of various taxes i.e VAT, excise, service tax etc., rationalisation of rates from time to time and hassle-free movement of goods are among key hits .

Mahesh Jaising, Partner at Deloitte India feels one of the key transformations that can be attributed to GST is the deployment of a technology enabled tax ecosystem with most steps in a compliance and review lifecycle being automated. According to Rajat Bose, Partner at Shardul Amarchand Mangaldas & Co., the biggest change due to introduction of GST has been the use of technology for undertaking compliance, generating way bills and issuing of invoices.

Misses

According to Mehta, the miss-list for the future course of action, includes delay in implementing GST returns system, continuous amendments and changes in the Act, contradicting advance ruling judgements, unnecessary blocking of input tax credit, delay in refunds, applicability of GST on inter branch transactions i.e cross allocation of HO expenses, complex return filing process and ambiguity over jurisdictions between State and Centre. “Further, four years have passed, however, petroleum products and alcohol are still outside the ambit of GST. It is high time the same are included under GST,” he said.

Jaising added that the industry is not far behind in adopting technology for GST, it may need to up its game and focus on adopting technology, not only to automate compliances but to effectively manage data and information required to respond to analytics-led enquiries from tax authorities. “The CFOs/CEOs may need to play a larger role in enabling the adoption of technology for compliance and data management, even by their vendor/partner ecosystems, to prevent tax or credit leakage at any step,” he said.

Source: thehindubusinessline.com– June 30, 2021

HOME

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Unemployment rate falls to 9.17% in June

India's unemployment rate fell to 9.17% in June after a spike to 11.9% in May from 7.97% in April due to the second Covid wave.

According to the Centre for Monitoring Indian Economy (CMIE), in June 2021, urban unemployment rate fell, but still remained high at 10.07% compared with 14.73% in May. Rural unemployment rate in June stood at 8.75% from 10.63% in May.

April and May accounted for 22.7 million job losses, according to CMIE. May 2021 was only the fourth month since at least January 2016 when overall unemployment rate breached the double-digit mark. Amidst country-wide lockdown, unemployment rate went past the mark during April, May and June last year.

The overall unemployment rate reached its peak of 23.52% in April last year, but started falling from the next month onwards. In May last year, country's unemployment rate was 21.73%. In June last year, it was 10.18%.

Sources said that gradual withdrawal of partial lockdown amidst declining number of people getting affected are pushing workforce back into work, resulting in reduction in unemployment rate amidst a slight recovery in the labour force participation rate (LFPR). From 40.5% in the week ended May 16, LFPR stood at 39.6% in the week ended June 27. The average LFPR in 2019-20 was 42.7%.

LFPR is an age-specific proportion between persons either working or actively seeking work and the total population in working age group, usually 15 years and above. Unemployment rate is a ratio between persons who are not currently in job but are actively searching for one and the total labour force.

CMIE's MD & CEO Mahesh Vyas wrote recently, "The employment rate was mostly over 37% between July 2020 and March 2021 with an average that was close to 38%. It fell to 36.8% in April and then sharply to 35.3% in May 2021. The first four weeks of June 2021 indicate a recovery that is still just short of 36%. This is a worryingly low ER."

Source: financialexpress.com– July 02, 2021

HOME

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