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INTERNATIONAL NEWS

Eurozone GDP recovers quicker than expected after lockdowns: EU report

The eurozone economy recovered more rapidly than considered earlier from its winter lockdowns, according to a new report released by the European Union (EU). Seasonally adjusted gross domestic product (GDP) increased by 14.3 per cent in the euro area and by 13.8 per cent in the EU in the second quarter of 2021 compared with the same quarter of the previous year.

Compared with the previous quarter of this year, the GDP increased by 2.2 per cent in the eurozone and by 2.1 per cent in the EU in the second quarter.

Household final consumption expenditure increased by 3.7 per cent in the second quarter, as people returned to shops, hospitality venues and leisure sites.

The picture of course varies from country to country. Ireland recorded the sharpest increase of GDP compared to the previous quarter (plus 6.3 per cent), followed by Portugal (plus 4.9 per cent), the report said.

Declines were observed in Malta (minus 0.5 per cent) and Croatia (minus 0.2 per cent).

Government spending also boosted growth, through stimulus packages and health measures to fight the COVID-19 pandemic.

The number of employed persons increased by 0.7 per cent in both the euro area and in the EU in the second quarter compared with the previous quarter. In the first quarter this year, employment had decreased by 0.2 per cent in both the euro area and the EU, the report added.

Source: fibre2fashion.com– Sep 18, 2021

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China wants to join CPTPP; Japan to consult members to respond to bid

Chinese commerce minister Wang Wentao recently submitted an application to New Zealand's trade minister Damien O'Connor to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the former's commerce ministry said. Current CPTPP chair Japan said it will consult members to respond to China's request, offering no timeline.

As the depositary for the CPTPP, the New Zealand government handles various administrative tasks for the pact. Wang and O'Connor held a telephone conference to discuss the next steps following China's application, the Chinese ministry said.

"Japan believes that it's necessary to determine whether China, which submitted a request to join the TPP-11, is ready to meet its extremely high standards," Japanese economy minister Yasutoshi Nishimura was quoted by a global newswire as telling journalists.

The CPTPP was signed by 11 countries, including Australia, Canada, Chile, Japan and New Zealand in 2018. Former President Donald Trump withdrew the United States from the pact in 2017.

The United Kingdom began negotiations in June this year to enter the trade pact, while Thailand has also indicated its interest in joining.

Beijing has lobbied for its inclusion in the pact, including by highlighting that the Chinese and Australian economies have enormous potential for cooperation. However, relations between the two countries have soured.

Domestic reforms within China are a precondition to qualify as policies like subsidies to state-owned enterprises that distort competition are forbidden by the CPTPP. As China has been strengthening the state sector, negotiations to join may reportedly enter a stalemate from the beginnning.

Source: fibre2fashion.com– Sep 18, 2021

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Iran's annual trade with SCO members stand at $28b

Ruhollah Latifi put the weight of commodities traded between the two sides at over 55 million tons, IRIB reported.

Iran's export to the SCO members was 46 million tons valued at $13.6 billion during the mentioned year, while the imports from the mentioned countries stood at nine million tons worth $13.2 billion in the said time span, according to Latifi.

Iran has cross-border trade with 11 key member states and observer states of the Shanghai Agreement, including China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Mongolia, Pakistan, India, Afghanistan, and Belarus, among them the largest volume of trade was with China which is $18.9 billion, the IRICA spokesman stated.

India with $3.4 billion worth of trade, Afghanistan with $2.3 billion, Russia with $1.6 billion, and Pakistan with $1.2 billion were next in terms of trade volume, the official said.

As for other SCO members, trade with Uzbekistan stood at $256 million, with Kazakhstan at $205 million, with Kyrgyzstan $51 million, and the value of trade with Belarus stood at $30 million, while trade with Tajikistan reached $24 million and $3 million of goods were traded with Mongolia.

According to Latifi, Iran had the highest trade volume with China and the lowest trade volume with Mongolia among the member states of the Shanghai Cooperation Organization.

The official put the Islamic Republic's trade with the SCO members at $12.5 billion in the first five months of the current Iranian calendar year (March 21-August 22).

Iran export basket to SCO members includes a variety of fish and seafood, vegetables, fruits, textiles and clothing, industrial and agricultural machinery, home appliances, petrochemicals, pistachios and nuts, while imported products are often industrial raw materials, machinery parts, meat, medicine, chemical products, medical equipment, auto parts and spare parts, as well as all kinds of fabrics and artifacts.

The Shanghai Cooperation Organization (SCO), or Shanghai Pact, is a Eurasian political, economic, and security alliance, the creation of which was announced on June 15, 2001 in Shanghai, China by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan; the Shanghai Cooperation Organization Charter, formally establishing the organization, was signed in June 2002 and entered into force on September 19, 2003.

Source: tehrantimes.com– Sep 17, 2021

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Uniqlo Product Stalled as Covid-19 Rages in Vietnam

Uniqlo is the latest retailer to succumb to shipping bottlenecks due to Vietnam's Covid-19 woes.

The retailer warned on its Japanese website Thursday that it will be releasing some clothing items later than scheduled because of production and distribution delays in the beleaguered Southeast Asian nation, which is in the throes of a debilitating outbreak of the delta variant.

The four items, part of the Fast Retailing-owned company's Uniqlo U collection of "Future LifeWear essentials," comprise a men's merino-blend full-zipper sweater, a men's hoodie sweatshirt, a pair of men's sweatpants and a girls' mock-neck sweatshirt dress. They were planned to debut at the store between late September and mid-October. No ETA was given.

"We can confirm that a limited number of Uniqlo U items will not be available at Uniqlo stores in Japan until after the official launch date," a spokesperson told Sourcing Journal. "The delay is due to temporary production delays at some of our partner factories in Vietnam because of lockdowns necessitated by the spread of Covid-19 in the country."

Once a model for keeping Covid-19 in check, Vietnam has been inundated by a surge of infections that have crippled its apparel and footwear supply chain and sent brands and retailers scrambling for alternatives. The extension of business hub—and outbreak epicenter—Ho Chi Minch City's lockdown till the end of September is likely to inflict further social and economic pain, even as cases show few signs of abating. Vietnam has recorded more than 656,000 positive cases and 16,400 deaths, most of them since May. One-third of the country's apparel and footwear factories has essentially been put on ice.

The crushing uncertainty led Wall Street research firm BTIG to recently downgrade Nike shares, noting that two months of "virtually no unit production" at the sportswear giant's factory partners in Vietnam have jettisoned 80 million pairs of shoes. Another four months at half capacity could cost the Just Do It firm to lose out on 160 million pairs in total.

Abercrombie & Fitch, Chicos, Dicks, J.Jill, Lululemon, Torrid and Vera Bradley have admitted to similar sourcing headaches as a result of shuttered factories, congested ports and container shortages. In August, Under

Armour spoke of a "very fluid situation" in Vietnam, while Adidas warned investors that disruptions could have a "negative effect" on profits in the second half.

One executive told Roger Rawlins, CEO of the footwear conglomerate Designer Brands, that he saw six years of supply-chain work unravel in six days. "When you think about the amount of effort everyone was putting into getting out of China, and now one of the places where you can get goods is China—it really is crazy, the rollercoaster that everybody's been on," he said at a recent management conference.

Source: sourcingjournal.com– Sep 17, 2021

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Bangladesh seeks letter of credit for unlicensed exporters

Bangladesh commerce ministry has asked stakeholders to allow apparel exporters without a bond license with back-to-back letter of credit (LC). To settle this issue, stakeholders hope to amend the VAT law and the Bangladesh Bank guidelines At a meeting directed Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) informed how many readymade and terry towel factories do not have a bond license, how many workers the factories have and how much the factories export.

The revenue board in a letter on August 31 had requested the Bangladesh Bank not to allow non-bonded apparel factories to enjoy back-to-back LC, as it contradicts the central bank's guidelines. The board's move put around 500 knitwear and home textile exporters without a bond license in a limbo. Stakeholders say if the back-to-back LC benefit goes, more than 500 RMG and home textile factories will no longer be able to procure raw materials and accessories from local and foreign sources on credit.

In a back-to-back LC, an importer issues an LC to an exporter and the exporter can use it as collateral to get another LC issued for sourcing raw materials and accessories on credit. If the facility goes, RMG and home textile factories will have to make full payments plus VAT in cash for local purchases, which will make their survival very difficult.

Source: fashionatingworld.com– Sep 17, 2021

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Bangladesh: Harnessing man-made fibre potential vital for Bangladesh economy

As Bangladesh struggles to keep its position as the second-largest apparel exporter of the world, the country is desperately in need of policy support to make a solid foothold on potential man-made fibre (MMF) in which its rival marches ahead.

This apparel sub-sector holds the prospect of emerging as the game-changer in global textile trade, as is evident from its growth, outmatching the traditional wear.

Over the decade the world has seen a spectacular growth of the MMF sector in apparel trade, but, in Bangladesh, the contribution of MMF to the country's apparel basket is less than 30 per cent, far below the world average of 63 per cent.

Industry experts say that if the country fails to boost the share of MMF in the trade cake, it may slip from its present ranking as one of the top apparel exporters.

The share of cotton in fibre consumption was 41 per cent 10 years ago but now dwindled to 26 per cent whereas the share of MMF grew to 63 per cent.

"There is no doubt that we have to enhance our share in MMF products, but we are not getting proper policy support," Mohammad Ali Khokon, President of Bangladesh Textiles Mills' Association (BTMA), told the FE.

"We have urged the government to reduce VAT on the MMF from TK 6 to TK 3, but that was not materialised yet," he said, adding that VAT for the cotton yarn is TK 3.

"On the other hand, setting up MMF factory is a huge cost-intensive issue and we sought duty waiver on import of capital machinery for the setting up of MMF factories. But the authorities concerned have not responded positively to our demand," Mr Khokon said.

According to the BTMA president the textile mills have 13 million spindles of which only 15 per contribute to MMF products.

Dr Mostafizur Rahman, Distinguished Fellow at the Centre for Policy Dialogue (CPD), thinks that a string of measures can be taken by the government to boost the MMF sector.

"There should be credit support from the various government funds, including Bangladesh Bank's export fund, as this is a capital-intensive sector. The government can also establish dedicated industrial park for this sector with infrastructure support," he said.

"There should also be support for skills development as this is comparatively a new sector to us," he suggests.

Vietnam, which is Bangladesh's main competitor, is "ahead of us in MMF sector", he reminded.

Chairman of the Policy Research Institute Dr Zaidi Sattar thinks that luring foreign investment is crucial for enhancing the MMF sector.

"Worldwide, the demand for MMF is growing, and it is a high-value-added product, so we need to take measures to strengthen this sector," he said.

Global fibre consumption is growing, having risen to 108 million tonnes in 2019 from 100 million tonnes in 2016.

The share of the synthetic fibres is 63 per cent, and according to an international survey by Lenzing the MMF market will see a steady growth at a rate of 3-4 per cent up to 2024.

Experts say the global fibre consumption will rise to 140 million tonnes of which the share of MMF will be 108 million tonnes.

Wood Mackenzie, an international industry-research firm, in 2018 said cotton contributes only 26 per cent of the total fibre consumption, whereas polyester as 56 per cent followed by polypropylene with 4.9 per cent, nylon 4.8 per cent, and acrylic 1.6 per cent.

Industry-insiders say the growth of MMF results from rising demand for MMF-based apparel in fashion industry.

"It is also cost-effective and easily recyclable, unlike cotton," a RMG buyer said.

MMF has versatile use in end-use categories such as sportswear, leisurewear, women dresses, home textiles, automotives, carpets and other industrial sectors. All this makes it an ideal 'fibre of the future, he added.

Bangladesh has established itself as a strong producer in the ready-made garment sector with more than 4,600 factories operating. In the spinning sector, around 430 mills are operating out of which only 27 are producing manmade yarn, in particular, polyester. The production facilities for other manmade fibres like polypropylene, nylon, acrylic etc have yet to be established in Bangladesh

According to a report, in the year 2019, the global manmade-apparel trade stood at around $179 billion with Bangladesh holding roughly 5-percent market share, whereas its main rival, Vietnam, had a 10- percent share.

The 27 factories producing manmade yarns in Bangladesh meet only 20 percent of the national demand.

Foreign investors are, however, eager to set up MMF factories in Bangladesh sensing a huge untapped demand. Korean textile company Youngone has invested $65 million in 3 factories and announced its plan to invest another $120 million for another 2 MMF factories in the Korean EPZ, owned by the company.

Talking to the FE, Chairman of the company Kihak Sung said Youngone already started manufacturing polyester fabrics in the two state-of-the-art factories, each having a 430,000-square-foot floor space.

"Both factories will be expanded soon," he added.

Industry analysts suggest that incentives in producing MMF can also lure huge FDI into the country as Bangladesh has a strong forward linkage in the apparel sector.

Source: thefinancialexpress.com.bd– Sep 18, 2021

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Pakistani: Textile, clothing exports grow 29pc in 2MFY22

Pakistan's textile and clothing exports posted impressive growth in the first two months of this year increasing by 28.67 per cent to $2.93 billion compared to $2.28bn over the year, data released by the Pakistan Bureau of Statistics (PBS) showed on Friday.

It is believed that the easing of lockdown in North American and European countries — top markets for Pakistani textile goods — will help boost the exports. The demand for textiles collapsed during the first wave of the Covid-19 pandemic, but it recovered in the outgoing fiscal year.

In the last budget, the government has drastically reduced duty and taxes on imports of several hundred raw materials to bring down the input cost of exportable products. Liquidity issues were also resolved to a large extent by timely releasing refunds.

The PBS data showed ready-made garments exports jumped by 22.57pc in value and in quantity by 21.63pc during July-Aug FY22, while those of knitwear edged up 34.12pc in value and 14.22pc in quantity, bed wear posted positive growth of 24.50pc in value and it drifted in quantity by 23.06pc.

Towel exports were up by 20.67pc in value and 14.59pc in quantity, whereas those of cotton cloth rose by 24.74pc in value and dipped by 76.51pc in quantity.

Among primary commodities, cotton yarn exports surged by 67.97pc, while yarn other than cotton by 123pc. The export of made-up articles — excluding towels — rose by 21.26pc, and tents, canvas and tarpaulin dipped by a massive 37.19pc during the months under review. The export of raw cotton declined by 100pc during the months under review.

The import of textile machinery increased by 160.5pc in July-Aug FY22 — a sign that expansion or modernisation projects were taken up by the textile industry during the months.

To bridge the shortfall in the domestic sector, the industry imported 102,408 tonnes of raw cotton in July-Aug FY22 against 74,799 tonnes last year, an increase of 36.91pc.

Similarly, the import of synthetic fibre posted growth of 17.27pc as industry imported 91,118 tonnes this year as against 77,701 tonnes. The import of synthetic and artificial silk yarn stood at 78,059 tonnes this year as against 52,406 tonnes last year, a rise of 48.95pc. The import of worn clothing recorded a growth of 282pc to 186,299 tonnes this year as against 48,644 tonnes last year.

The overall country's exports posted a growth of over 27.98pc year-on-year to $4.587bn in July-Aug FY22 compared to $3.584bn in the corresponding period last year.

Source: dawn.com– Sep 18, 2021

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NATIONAL NEWS

Recommendations of 45th GST Council Meeting

The GST Council's 45th meeting was held today in Lucknow under the chairmanship of the Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman. The GST Council has *inter-alia* made the **following recommendations relating to changes in GST rates on supply of goods and services and changes related to GST law and procedure:**

I. Recommendations relating to GST rates on goods and services
A. COVID-19 relief measure in form of GST rate concessions
1. Extension of existing concessional GST rates (currently valid till 30th September, 2021) on following Covid-19 treatment drugs, up to 31st December, 2021, namely-
Amphotericin B -nil
Remdesivir – 5%
Tocilizumab -nil
Anti-coagulants like Heparin – 5%

2. Reduction of GST rate to 5% on more Covid-19 treatment drugs, up to 31st December, 2021, namely-
Itolizumab
Posaconazole
Infliximab
Favipiravir
Casirivimab & Imdevimab
2-Deoxy-D-Glucose
Bamlanivimab & Etesevimab

B. Major recommendations on GST rate changes in relation to Goods [w.e.f 1.10.2021 unless otherwise stated]

Click here for details

Source: pib.gov.in– Sep 17, 2021

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UK hopes to soon complete FTA talks with India

Speaking at industry body CII's India-UK Annual Conference, he said there have been productive discussions on how the trade pact can act as a means to connect the two economies and to double bilateral trade over the next decade.

Recently, Commerce and Industry Minister Piyush Goyal said the two countries are moving towards an early harvest trade agreement, with a comprehensive FTA as the next step.

The UK on Friday expressed hope that it will be able to soon complete the negotiations for the proposed Free Trade Agreement (FTA) with India, a move aimed at further enhancing trade and investment ties between the two countries.

“I can confidently predict that we will complete the India-UK FTA before we see an India-EU (European Union) FTA completed,” UK Investment Minister Lord Gerry Grimstone said.

Speaking at industry body CII’s India-UK Annual Conference, he said there have been productive discussions on how the trade pact can act as a means to connect the two economies and to double bilateral trade over the next decade.

India and the UK are aiming to start negotiations for the proposed bilateral FTA by November 1.

Recently, Commerce and Industry Minister Piyush Goyal said the two countries are moving towards an early harvest trade agreement, with a comprehensive FTA as the next step.

In a FTA, two or more trading partners significantly reduce or eliminate customs duties on the maximum number of goods traded between them besides liberalising norms to promote trade in services and investments. In an interim trade pact, customs duties are removed on a limited number of goods.

The bilateral trade between the two nations stood at USD 13.11 billion in 2020-21 as against USD 15.45 billion in 2019-20. Trade balance is in favour of India, according to the data from the Indian commerce ministry.

Grimstone also said that “our focus is on boosting investments, exports, addressing market access issues, removing trade barriers that are hindering growth and unleashing the potential for economic growth”.

India is working on creating a robust FTA with the UK, Gaitri Issar Kumar, High Commissioner of India to the UK, said.

India is the second largest FDI contributor in the UK and 850 Indian companies contributed a net revenue of over GBP 50 billion.

Source: financialexpress.com– Sep 17, 2021

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Commerce Ministry fixes December 31 as deadline for exporters to submit

Under services export from India Scheme (SEIS), they can file applications for exports made during 2018-20.

The last date for exporters to submit online applications to claim their pending dues under different export promotion schemes will be December 31, according to a notification of the commerce ministry. On September 9, the government announced to release Rs 56,027 crore against pending tax refunds of exporters under different export incentive schemes.

For claiming pending refunds under merchandise exports from India Scheme (MEIS), the ministry said, exporters can submit applications for exports made in the period July 1, 2018 to March 31, 2019 and from April 1, 2019 to March 31, 2020 and from April 2020 to December 31, 2020. Under services export from India Scheme (SEIS), they can file applications for exports made during 2018-20.

"The last date for submitting online applications under MEIS, SEIS, ROSCTL, ROSL and 2 per cent additional adhoc incentive has been notified to be December 31, 2021," it said. Similarly, textile exporters can file applications for exports made during March 7, 2019 to December 31, 2020 under RoSCTL (Rebate of State and Central Levies and Taxes) scheme.

It added that after December 31, no further applications would be allowed to be submitted and they would become time-barred. Further, the validity period of duty credit scrips or certificates issued on or after September 16, 2021 shall be 12 months from the date of issue.

Commenting on this, former FIEO President S K Saraf said that the decision of extending the last date for application of scrip-based schemes is a welcome move. It shows the government's sensitivity to the difficulties faced by exporters in these challenging times, he said adding, however, the DGFT needs to make the application portals operational and ensure their continuous working.

Source: financialexpress.com– Sep 17, 2021

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Land-locked Central Asian countries can benefit by connecting with India's market, says Modi

Prime Minister Narendra Modi has said that member countries of the Shanghai Cooperation Organisation (SCO) should get their young entrepreneurs and start-ups connected to promote innovative spirit and compete with the developed world by becoming a stakeholder in emerging technologies.

"Whether it is technologies like UPI and Rupay Card to increase financial inclusion or digital platforms like our Aarogya-Setu and COWIN in the fight against Covid, we have voluntarily shared these with other countries as well. We will be happy to share these open source technologies also with our SCO partners and to organise capacity building activities for this," Modi said in his virtual address at the SCO Summit on Friday.

The SCO grouping includes China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, India and Pakistan. It is also now ready to extend full membership to Iran. "I welcome Iran as a new member State of the SCO. I also welcome the three new Dialogue Partners — Saudi Arabia, Egypt and Qatar. The expansion of SCO shows the growing influence of our organisation. SCO will become stronger and more credible with new members and dialogue partners," the PM said.

Modi also expressed hope that SCO partners will actively participate in the calendar of activities that has been built for India's Presidency of SCO-RATS (Regional Anti-Terrorist Structure).

Economic potential

Pointing out that the economic potential of the region had remained untapped due to radicalisation and insecurity, be it mineral wealth or intra-SCO trade, Modi said that the focus has to be on enhancing mutual connectivity. "The role of Central Asia in history has been that of a connectivity bridge between major regional markets. This was also the basis of the prosperity of this region. India is committed to increasing its connectivity with Central Asia," he said.

Land-locked Central Asian countries can benefit immensely by connecting with India's vast market, the PM added. However, many connectivity options are not open to them today due to lack of mutual trust. "Our investment in Iran's Chabahar port and our efforts towards the International North-South Corridor are driven by this reality," he said.

Source: thehindubusinessline.com– Sep 17, 2021

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UNCTAD projects Indian economy to expand to 4-yr high of 7.2% in 2021

The United Nations Conference on Trade and Development (UNCTAD) has, in its Trade and Development Report 2021, pegged India's economic growth rate to hit a four-year high of 7.2 per cent this year against a contraction of 7 per cent last year. It projected India's economy to outpace all other major economies next year even though the growth would be slower—6.7 per cent.

At this rate, India would be the fastest growing economy after China, which is projected to grow by 8.3 per cent this year. The report said India's economy, which shrank by seven per cent in 2020, showed strong growth of 1.9 per cent in the first quarter of this year on the back of the momentum of the second half of 2020 and supported by government spending in goods and services.

Calculations were based on gross domestic product (GDP) at constant dollars in 2015.

"Meanwhile, a severe and broadly unanticipated second wave of the pandemic, compounded by bottlenecks in the vaccine roll-out, hit the country in the second quarter, on top of rising food and general price inflation, forcing widespread lockdowns and drastic consumption and investment adjustments," the UN body said.

The report said while other Asian economies have, throughout 2020 and into 2021, seen the largest portfolio outflows of all regions–including substantive non-resident investor flight from domestic sovereign bond markets in some cases–the region overall has benefited most from inflows of other investments as well as from strong foreign direct investment, in particular, into India.

UNCTAD flagged the issue of high retail inflation in India, but did not take into account the easing of the rate of price rise in recent times. It said In India, consumer inflation was already at six per cent before the pandemic. The Covid-19 shock caused a temporary dip in prices, but as the economy recovered and food prices accelerated, the country returned to a six per cent inflation rate in mid-2021.

Source: fibre2fashion.com– Sep 18, 2021

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Spiralling freight cost a global phenomenon: Goyal

Describing shortage of containers and the spiralling freight costs as an international phenomena in the post-pandemic times, Union industries minister Piyush Goyal claimed that the government has limited role in this role to play in the demand-driven market.

"However, government departments concerned are closely monitoring the situation and issuing necessary instructions to departments. I held meetings with railway and shipping ministries and discussed the issues and are looking into how we can play a role in cooling down the prices. We are also trying to bring transparency," the minister told TOI on Friday.

"After the second Covid wave there was a sudden increase in our exports and international trade. Therefore, the demand in India for containers as well as ships have increased," explained Goyal, who also claimed that exporters and various trade associations have flagged off the issue multiple times in the past six months.

In another query on exemption of pharma and chemical industries from Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, Goyal said, "Only two or three sectors have been requested to bear with us for a certain period and they have been exempted."

He expressed his happiness with the exporters on them being "so magnanimous that they have taken this gracefully" and that exports continue to rise. "India has never before exported 165 billion dollar between April to August.

Our exporters are trying to meet the high targets," he said.

The minister further pointed out that many industries are being given significant support under the RoDTEP and Rebate of State and Central Taxes and Levies (RoSCTL) scheme as well. He said that the industry players have appreciated Prime Minister Narendra Modi's efforts to reimburse indirect taxes.

"Covid has been a trying time for all of us and there is a greater need to put our resources into healthcare infrastructure, providing vaccines to all eligible at scorching pace. All of these require resources and only a few sectors have been exempted for certain time," Goyal added.

The Union minister on a visit to the city on Friday participated in various events organised to mark the 71st birthday of PM Modi. After arriving in the city, Goyal attended a gift distribution ceremony for divyang children at the Disable Welfare Trust, and also examined a mega vaccination drive before he attended an interactive session with members of Southern Gujarat Chamber of Commerce and Industry.

Goyal also visited Surat Diamond Bourse, textile industries in Sachin and an exhibition on achievements of PM Modi.

Source: timesofindia.com– Sep 18, 2021

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Inverted duty on textiles to be corrected from Jan '22: Indian FM

Inverted duty on textiles and footwear will be corrected from January 1, 2022, India's finance minister Nirmala Sitharaman said at a press conference today. She was addressing the media after chairing the 45th meeting of the Goods and Service Tax (GST) Council in Lucknow. Currently, certain inputs are taxed at a higher rate than finished goods. "GST rate changes in order to correct inverted duty structure, in footwear and textiles sector, as was discussed in earlier GST Council Meeting and was deferred for an appropriate time, will be implemented with effect from 01.01.2022," an official statement issued after the press conference said.

Textiles and footwear businesses are unable to claim input-tax credit (ITC) because raw materials like yarn and fabric are taxed at a higher rate than the finished goods (clothing and apparel). The GST Council had discussed the issue of inverted duty structure in the past, but had not reached any conclusion, particularly last year, as reducing GST on raw material would result in loss of revenue.

The main impact of inverted duty structure in on the working capital of the businesses. It is because the GST paid at higher rates on raw materials is blocked till the government releases refund. The GST Council held its physical meeting today after a gap of 16 months. The Council had last met physically on March 14, 2020 in New Delhi.

The gross GST revenue collected in the month of August 2021 was ₹1,12,020 crore of which CGST was ₹20,522 crore, SGST was ₹26,605 crore, IGST was ₹56,247 crore (including ₹26,884 crore collected on import of goods) and Cess was ₹8,646 crore (including ₹646 crore collected on import of goods).

The revenues for the month of August 2021 were 30 per cent higher than the GST revenues in the same month last year. During the month, the revenues from domestic transaction (including import of services) were 27 per cent higher than the revenues from these sources during the same month last year. Even as compared to the August revenues in 2019-20 of ₹98,202 crore, this is a growth of 14 per cent.

Source: fibre2fashion.com– Sep 17, 2021

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GST rate changes, clarifications a 'mixed bag' for industry

Some miffed over petrol, diesel being left out of GST net

The latest GST council decisions came as a mixed bag for industry even as several of them hailed the government move to announce clarifications around the exact rates that would apply on several items including carbonated fruit beverages of fruit drink, pure henna powder, and tamarind seeds.

FORTIFIED RICE KERNEL

B V Krishna Rao, Pattabhi Agro, a rice miller in Kakinada, told BusinessLine that the reduction in GST of fortified rice kernel from 18 per cent to 5 per cent for Integrated Child Development Scheme (ICDS) is a "right move" and would help industry to promote its products across the spectrum.

Rao said that there was an ambiguity in the rules on the GST rate to be applied (some were bidding for tenders at 18 per cent and some at 5 per cent) and now there is clarity from the government that the rate will be 5 per cent. "This will give a level playing field for all manufacturers across the country", Rao said.

Fortified rice is a new item under GST that has come in the last three to six months, especially after Food Corporation of India has started to push fortified rice across the food chain.

FOOTWEAR, TEXTILES

The GST Council has agreed to bring in GST rate changes to correct the inverted duty structure on footwear and textiles from January 1, 2022. This had been a longstanding issue for the sector.

As the textile sector attracts different GST rates for different components, one has to see where the rates stabilise for different items, said Sanjay Jain, Chairman, National Textiles Committee, Indian Chamber of Commerce (ICC). "There is a mixed feeling in the industry on the government's decision to correct inverted duty structure. To correct the inverted rates, the GST may go up for some items and down for others," Jain pointed out.

Ramesh Kumar Dua, Managing Director, Relaxo Footwear said the move to correct the inverted duty structure in footwear industry will help bring in more transparency in the sector, prevent evasion and at the same time help ease the challenges faced by the industry with regards to getting refunds.

ORES and CONCENTRATES

Reacting to increase in GST rate from 5 per cent to 18 per cent on iron, manganese, copper, nickel, cobalt, aluminum, lead, zinc, tin, chromium-ores and concentrates,

Sanjay Aggarwal, President, PHDCCI said that it may have a crippling impact on prices as rationally the rate of 12 per cent should have been considered to avoid the inverted duty structure.

“While the industry had pinned high hopes for a constructive decision to include the petrol and petroleum products in GST, the same has again been given a miss in the GST Council meeting of today. It would have been prudent to include them under the ambit of GST to pass on the benefits to end consumers,” he added.

E-COMMERCE

Abhishek Jain, Tax Partner, EY, said, “The e-commerce operators like swiggy, zomato etc would need to raise their own invoices and deposit GST to Government even if the actual resturant supplier is not liable to pay GST due to its turnover being below threshold limit. The move might help in increasing GST collections from restaurant supplies by shifting the taxing duty on established business players instead of small restaurants"

Talking about the decision on the food delivery apps to be made liable to pay taxes on restaurant services, CAIT Secretary General Praveen Khandelwal this was much awaited decision and a high level of tax evasion will be curbed. He said that food delivery is a service and therefore ought to be brought under the purview of GST. He said the industry body was raising this demand since a long time and the GST council has taken a pragmatic decision .

ONCOLOGY MEDICINES

Harsh Mahajan, President, NATHEALTH, said that reducing GST on oncology medicines from 12% to 5% is indeed a step in the right direction.

Incidence of cancer has risen exponentially in the last few decades, and while we have made a lot of progress in providing best-in-class cancer treatment available to the Indian citizens, however, the mortality rate still remains high. The announcement will reduce the price of oncology drugs significantly, which will make cancer treatment more affordable and accessible.

FIZZY FRUIT DRINKS

The GST Council has also clarified that "carbonated fruit beverages" and "carbonated beverage with fruit juice" will attract a GST rate of 28 per cent and compensation cess of 12 per cent putting it at par with aerated beverages. This had been so far a contentious issue for the industry players and taxation authorities.

The fizzy fruit segment is still relatively a smaller segment with Parle Agro being one of the leading players with products such as Appy Fizz. Soft drink biggies such as Coca-Cola and PepsiCo had infact begun focusing on this segment after the government had urged them to add fruit juices to their products to help Indian farmers increase sales of fruit produce.

Analysts said that companies are likely to hike prices on bigger SKUs of fizzy fruit drinks while keeping the entry price of Rs 10 unchanged.

This development also comes at a time when the Indian Beverage Association had been pleading for a GST rate cut on the overall carbonated beverage segment (40 per cent GST) as its not a luxury or sin product.

Source: thehindubusinessline.com– Sep 17, 2021

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Forex reserves down by USD 1.34 bln to USD 641.113 bln

The country's reserve position with the IMF increased by USD 5 million to USD 5.127 billion in the reporting week, the data showed.

After reaching a record high in the previous week, the country's foreign exchange reserves declined by USD 1.34 billion to USD 641.113 billion in the week ended September 10, 2021, according to RBI data.

In the previous week ended September 3, the reserves had surged by USD 8.895 billion to a life time high of USD 642.453 billion.

During the reporting week ended September 10, the fall in the reserves was on account of a decline in Foreign Currency Assets (FCAs), a major component of the overall reserves, Reserve Bank of India's (RBI) weekly data released on Friday showed.

FCAs dipped by USD 934 million to USD 578.879 billion in the reporting week. Expressed in dollar terms, FCAs include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

Gold reserves were down by USD 413 million to USD 37.669 billion in the reporting week, as per the data.

The Special Drawing Rights (SDRs) with the International Monetary Fund (IMF) rose by USD 1 million to USD 19.438 billion.

The country's reserve position with the IMF increased by USD 5 million to USD 5.127 billion in the reporting week, the data showed.

Source: financialexpress.com– Sep 17, 2021

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Need trainers in huge numbers to impart skill to 50 cr people: Skill Development Secy

He was speaking during announcement of Kaushalacharya Awards 2021, honouring skill trainers

About 50 crore people need to be skilled in the next few years and for that there is a need of lakhs of trainers, Skill Development and Entrepreneurship Secretary Ravi Mital said in Friday. He said that role of trainers is key in promoting skills.

“About 50 crore people needs to be skilled in next few years... and if we have to take India to the next level, skilling our people is absolutely essential and in this regard the role of our trainers becomes more important... We have to create an army of hundreds and thousands and lakhs of trainers because they will be needed to train 50 crore people,” he said.

He was speaking during announcement of Kaushalacharya Awards 2021, honouring skill trainers. Speaking at the occassion, Skill Development and Entrepreneurship Minister Dharmendra Pradhan called for focusing on standardisation of trainers and finding of demands in both domestic and world markets for skilled people.

In schools, there are 26 crore seats, and 10 crore teachers, “so if we have to train 50 crore, imagine how many trainers and master trainers we need,” he said. Training should be in local language and trainers should explain things in mother tongue to student to enhance the scope of skilling, he suggested.

Source: thehindubusinessline.com– Sep 17, 2021

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GST Council meet: No compensation for States after June; fuel kept out of ambit

The GST Council on Friday decided to use the compensation cess to be collected between July 1, 2022 and March 31, 2026 for servicing of the debts raised to meet the revenue shortfall, thus indicating that no compensation will be paid to States after June 2022.

“The GST law prescribes compensation pay out for five years. Now, the Council has agreed for using the collection from the compensation cess to pay interest and repay the principal. The cess will continue to be levied till March 2026,” Finance Minister Nirmala Sitharaman told media persons after a day-long council meeting here.

On what will happen to compensation payout beyond five years, she made it clear that it will be used only for debt servicing.

The Centre borrowed ₹1.10-lakh crore in 2020-21 and ₹75,000 crore (out of ₹ 1.59-lakh crore) so far in 2021-22 to meet the revenue shortfall during these years.

States have been seeking extension of compensation by another five years. Kerala Finance Minister KN Balagopal told BusinessLine that the Goods and Services Tax Council discussed the issue of extending compensation. “The revenue loss of States is a serious issue. We raised the issue at the meeting,” Balagopal said.

The Council also decided to form two Groups of Ministers (GoMs). One will recommend on rate rationalisation in case of inverted duty structure. Sitharaman clarified that it has nothing to do with the rate slabs rejig.

The second GoM has been assigned to look into e-way bill, fastags, etc. Both will give their recommendations within two months.

On petrol, diesel

On bringing petrol and diesel under GST, Sitharaman said that issue was included in the agenda purely because of an order of the Kerala High Court. The Council discussed and decided to report to the court that “it is not the right time to bring petrol and diesel under GST.”

This issue has been under discussion for a long time specially keeping in mind the higher taxes by the Centre and the States. Not bringing these two products under the GST will mean that companies will not get input tax credit on account of these two products.

Revision in rates

The Council decided to continue with a lower 5 per cent rate on drugs for Covid till December 31, 2021. It agreed to exempting some costly drugs such as Zolgensma for spinal muscular atrophy, and Viltepso for Duchenne muscular dystrophy. These drugs cost a few crore rupees. Other medicines used in treatment of muscular atrophy will also be exempted from GST. Medicine Keytruda for treatment of cancer will attract GST at 5 per cent as against 12 per cent.

5% on food delivery apps

The Finance Minister said that e-commerce operators (ECOs) dealing with food delivery such as Swiggy and Zomato will now be responsible for paying GSt. At present, it is the restaurant that pays. Revenue Secretary Tarun Bajaj clarified that this is not a new tax and that there will be no implication on customers as the tax rate will continue to be 5 per cent.

A similar mechanism will be followed on ECOs that provide services for transport of passengers, by any type of motor vehicle. These rules will come into effect from January 1.

The Council decided to change the inverted duty structure on footwear and textile from January 1. Inverted duty structure means higher duty on inputs and lower duty on the output resulting in refund by the government. It also blocks revenues for companies.

Source: thehindubusinessline.com– Sep 17, 2021

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India to impose duty on sodium hydrosulphite from China & Korea

The Directorate General of Trade Remedies (DGTR), under the ministry of commerce & industry, Government of India, has recommended imposition of anti-dumping duty (ADD) on sodium hydrosulphite (SHS), whether produced using Zinc or Sodium Formate process. The duty would be applicable on SHS originating in or exported from China and South Korea.

SHS is also known as Hydrosulphite Concentrate or Sodium Dithionite or Sodium Hydrosulfite ($Na_2S_2O_4$). It is a white or grayish white powder, free from visible foreign particles with pungent odour. It is classifiable under the custom codes 28311010 and 28321020.

The products using the Zinc process and Sodium Formate process can be used interchangeably in a number of applications. While the users in the denim (textile) industry prefer the product produced using zinc route due to properties such as low dusting, better stability, etc, but such consumer are limited and the majority of consumers use the products interchangeably, the domestic industry said in its submission to the DGTR, according to an official notification.

In the textile industry, Sodium Hydrosulphite is used for dyeing of Vat and Indigo dyes and reduction clearing of synthetic fabric for stripping of dyes.

DGTR had initiated the anti-dumping investigation a year ago, and has now recommended imposition of ADD equal to the lesser of margin of dumping and the margin of injury, so as to remove the injury to the domestic industry.

The Authority has recommended imposition of ADD $440 per metric tonne (MT) on SHS originating in or exported from China. It has also recommended imposition of $300 per MT on SHS originating in or exported from South Korea.

The ADD will remain in force for a period of five years from the date of notification to be issued in this regard by the Indian government, the DGTR said.

Source: fibre2fashion.com– Sep 17, 2021

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