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NEWS CLIPPINGS

INTERNATIONAL NEWS

Switzerland commits $4.4 mn for UNCTAD's e-com, digital economy work

Switzerland recently announced a contribution of $4.4 million to the e-commerce and digital economy programme of the United nations Conference on Trade and Development (UNCTAD). The funds, to be provided through the Swiss State Secretariat for Economic Affairs (SECO), will support the programme's technical cooperation, research and consensus-building activities until 2024.

UNCTAD and Switzerland signed an agreement to this effect on September 13.

"We sincerely thank Switzerland for the generous contribution," said Isabelle Durant, deputy secretary-general of UNCTAD. "The financial support will enable us to scale up our efforts to foster more inclusive and sustainable development gains from e-commerce and the digital economy for people and businesses in developing countries," she said.

"Switzerland is proud to contribute to UNCTAD's programme on e-commerce, which supports the establishment of favourable framework conditions for e-commerce in developing and least developed countries," said Didier Chambovey, ambassador of the Swiss permanent mission to the World Trade Organisation and the European Free Trade Association.

The UNCTAD programme aims to reduce inequality, enable the benefits of digitalization to reach all people and ensure that no one is left behind in the evolving digital economy.

Its activities include, among others, the biennial Digital Economy Report, the eCommerce Week, eTrade for all, eTrade for Women and eTrade readiness assessments, according to an UNCTAD press release.

The Swiss contribution will boost the programme's ability to respond to the growing demand from countries for UNCTAD's support, not least in view of the COVID-19 pandemic.

The contribution will finance at least three eTrade readiness assessments, which will provide a diagnostic of the state of e-commerce in the countries concerned, covering seven policy areas considered most relevant for e-commerce development. It will also build on a close collaboration with selected eTrade for all partners.

In 2020, Switzerland topped UNCTAD's Business-to-Consumer E-commerce Index, which ranks 152 countries on their readiness to engage in electronic commerce.

It scored highly across all four dimensions of the index, with 97 per cent of the population using the Internet (2019) and 98 per cent of the population aged 15 and older having a bank account (2017).

It also ranked 7th in the world in terms of postal reliability according to the Universal Postal Union, and 5th among the countries included in the index for secure server density, a proxy for online stores.

Source: fibre2fashion.com– Sep 19, 2021

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Global fiber production to reach 146 million tonne in 2030

Increasing by 34 per cent, global fiber production is expected to reach 146 million tonne in 2030. As per a Textile Value Chain report, fiber production doubled in 2000 to 109 million tonne in 2020 from 58 million tonne. Per person fiber production increased from 8.4 kg per person in 1975 to 14kg per person in 2020. Market share for preferred fiber and materials grew significantly in 2020.

Between 2019 and 2020 the market share of preferred cotton increased from 24 to 30 per cent and recycled polyester from 13.7 to 14.7 per cent. Preferred cashmere increased from 0.8 to 7 per cent of all cashmere produced while Responsible Mohair Standard certified fiber expanded from 0 to 27 per cent of all mohair produced worldwide in its first year of existence in 2020.

The market share of FSC and/or PEFC certified MMCFs increased to approximately 55-60 per cent. While the market share of recycled MMCFs is only 0.4 per cent, it is expected to increase significantly in the following years.

Source: fashionatingworld.com– Sep 18, 2021

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Marks & Spencer to close 11 franchise stores

British retailer Marks & Spencer plans to close all 11 franchise nine stores it runs with partner SFH in France over the coming months after new trade rules in place since Britain left the European Union hammered product availability.

The remaining nine franchise stores, run by the group with Lagardere Travel Retail, will continue to trade and the pair were working on a sustainable future business model.

The 11 stores that will close by the end of this year are located predominantly across the high streets of Paris.

The nine stores run by Lagardere are located in travel hubs such as airports, railway and metro stations.

In April, M&S reconfigured its food business in the Czech Republic to remove supply chain risks. It took out all fresh and chilled products from stores, and doubled ranges of frozen and ambient products.

Last month, M&S upgraded its profit outlook after a jump in demand for food in its home market and a surge in online clothes sales indicated that its latest turnaround plan was starting to deliver.

Source: fashionatingworld.com– Sep 18, 2021

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Bangladesh: Traders seek changes to foreign exchange guideline

Traders have sought amendments to certain sections of the Foreign Exchange Transaction Guideline of the Bangladesh Bank to resolve the problems of non-bonded exporters.

This move was sparked off by the National Board of Revenue (NBR) requesting the Bangladesh Bank to order banks to refrain from opening back-to-back letters of credit (LCs) for factories that do not have a bonded warehouse license.

For 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. But if the facility is withdrawn, factories will have to make full payments plus VAT in cash for local purchases.

To resolve this issue, the Ministry of Commerce has formed a committee to look into the matter, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Senior Vice-President Mohammad Hatem told Dhaka Tribune.

He said the decision has put a stop to exports for those factories that do not have a bonded warehouse license.

“However, the ministry has formed a committee headed by the commerce secretary and relevant officials of the Bangladesh Bank, NBR, BGMEA and BKMEA. We hope that the committee will submit its guidelines in this regard soon,” he added.

Asked about the way to solve such problems, he said, one or more sections of the Foreign Exchange Transaction Guideline of the Bangladesh Bank should be amended.

“However, I hope that the overall situation of the sector will come up in the committee’s report, which will ensure transparency,” he further said.

According to NBR sources, there was ambiguity surrounding the whole issue, but they hope this committee will be able to come up with solutions.

The sources further said that the NBR would not have any objections if back-to-back LCs are allowed for factories without bonded warehouse facilities.

The previous letter could be withdrawn through another letter to Bangladesh Bank, they said.

NBR issued the letter on August 31, after which exporters without bonded warehouse licences in the garment and textile sectors held meetings with the Ministry of Commerce.

After the meetings on Wednesday and Thursday, the ministry decided to form an integrated working committee to resolve the issue.

The number of members without a bonded warehouse license is 500 for the BKMEA, 350 for the BGMEA, and 104 for the Bangladesh Terry Towel and Linen Manufacturers and Exporters Association (BTTLMEA).

These companies export about Tk500 crore worth of goods annually.
Source: dhakatribune.com– Sep 19, 2021

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Pakistani: Textile, clothing exports post 29pc increase in 2MFY22

Pakistan's textile and clothing exports have posted a growth of 28.67 per cent to $2.93 billion in the first two months of the current fiscal year (2MFY22) as compared to $2.28bn of the corresponding period last fiscal (2MFY21),

According to data released by the Pakistan Bureau of Statistics (PBS), 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.

As per a report by dawn, the easing of lockdown in North American and European countries, which are top markets for Pakistani textile goods, will help boost exports further.

Source: profit.pakistantoday.com.pk– Sep 19, 2021

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NATIONAL NEWS

Commerce ministry to observe 'Vanijya Saptah' during September 20-26

The Department for Promotion of Industry and Internal Trade (DPIIT) is organising a soft launch of the National Single Window System and Industrial Park Rating System.

Exporter conclaves/meets will also be held in more than 700 districts, including mega events in 100 districts.

The commerce and industry ministry on Sunday said it will observe 'Vanijya Saptah' during September 20-26, in which a slew of programmes and events will be organised across the country showcasing India as a rising economic force, and exporter conclaves.

The Department for Promotion of Industry and Internal Trade (DPIIT) is organising a soft launch of the National Single Window System and Industrial Park Rating System. The National Single Window System will allow investors to identify and apply for various pre-operations approvals required for commencing a business in India.

"This would provide end-to-end facilitation, support, including pre-investment advisory, information related to land banks and facilitating clearances at Central and State levels," it added. It said that the Industrial Park Rating System (IPRS) recognizes best performing parks, identifying interventions and serving as a decision support system for investors and policy makers. The IPRS 2.0 will widen its coverage and aim to bring in qualitative assessment further to the pilot phase.

"Under IPRS 2.0, the assessment of industrial parks including private industrial parks and SEZs with introduction of qualitative indicators for assessing these parks/zones is being undertaken across parameters identified under the four pillars – Internal infrastructure and utilities, External infrastructure and Connectivity, Business Support Systems, and Environmental and Safety Management," the ministry said.

Further, exporter conclaves/meets will also be held in more than 700 districts, including mega events in 100 districts.

It will include handholding sessions for local exporters/entrepreneurs on foreign trade issues involving stakeholders such as the lead bank, local export chambers/associations and Export Promotion Councils.

Also, five national seminars/exhibitions will be organized by the Indian Institute of Foreign Trade (IIFT) in five regions of the country, – North, South, East, West and North-East. Further 35 export promotion events/exhibitions will be organized on 21-22 September by all the 14 export promotion councils, in which they would mobilize local exporters, manufacturers and industry to make export promotion a Jan Andolan.

Source: financialexpress.com– Sep 19, 2021

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Labour codes unlikely to be implemented this fiscal

Once implemented, employers would have to restructure salaries of their employees as per the new code on wages.

The four labour codes are unlikely to be implemented this fiscal in view of slow progress on the drafting of rules by the states and also for political reasons like elections in Uttar Pradesh, a source said.

The implementation of these laws assumes significance because once these are implemented there would be reduction in take-home pay of employees and firms have to bear higher provident fund liability.

"The Ministry of Labour is ready with the rules under the four labour codes. But the states have been slow in drafting and finalising those under new codes. Besides, the government is not keen to implement the four codes due to political reasons, which are mainly elections in Uttar Pradesh (due in February 2022 onwards)," the source said.

The four codes have been passed by Parliament. But for implementation of these codes, rules under these must be notified by central as well as state governments for enforcing those in respective jurisdictions.

"It is likely that the implementation of the four labour codes may be dragged beyond this fiscal year," t he source said.

Once the wages code comes into force, there will be significant changes in the way basic pay and provident fund of employees are calculated.

The labour ministry had envisaged implementing the four codes on industrial relations, wages, social security and occupational health safety & working conditions from April 1, 2021. These four labour codes will rationalise 44 central labour laws.

The ministry had even finalised the rules under the four codes. But these could not be implemented because many states were not in a position to notify rules under these codes in their jurisdictions.

Labour is a concurrent subject under the Constitution of India and therefore both the Centre and states have to notify rules under these four codes to make them the laws of the land in their respective jurisdictions.

According to the source, some states have worked on draft rules on four labour codes. These states are Uttar Pradesh, Bihar, Madhya Pradesh, Haryana, Odisha, Punjab, Gujarat, Karnataka and Uttarakhand.

Under the new wages code, allowances are capped at 50 per cent. This means half of the gross pay of an employee would be basic wages. Provident fund contribution is calculated as a percentage of basic wage, which includes basic pay and dearness allowance.

The employers have been splitting wages into numerous allowances to keep basic wages low to reduce provident fund and income tax outgo. The new wages code provides for provident fund contribution as a prescribed proportion of 50 per cent of gross pay.

After the implementation of new codes, the take-home pay of employees would reduce while provident fund liability of employers would increase in many cases.

Once implemented, employers would have to restructure salaries of their employees as per the new code on wages.

Besides, the new industrial relation code would also improve ease of doing business by allowing firms with up to 300 workers to go ahead for lay-offs, retrenchment and closure without government permission.

At present all firms with up to 100 employees are exempted from government permission for lay-off, retrenchment and closure.

Source: thehindubusinessline.com– Sep 19, 2021

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AP trade and exporter carnival planned for September 21 and 22

Is part of "Azadi Ka Amrit Mahotsav" celebrations

The Andhra Pradesh Government has organised a two-day 'Vanijya Utsavam' (AP Trade and Export Carnival) — a State-level export summit — on September 21 and 22 in Vijayawada.

There will also be exporter's conclaves at the district headquarters from September 24 to 26.

The carnival is part of "Azadi Ka Amrit Mahotsav", a celebration to commemorate 75 years of India's Independence, where the Department of Commerce is organising 'Vanijya Saptah' from Sept 20 to 25. The focus of the initiative is on economic growth, especially the promotion of exports from India.

Chief Minister YS Jagan Mohan Reddy inaugurate the carnival.

Representatives of embassies, policy makers, industry associations, exporters, testing labs and export promotion councils, among others, will participate, according to a release.

Source: thehindubusinessline.com– Sep 18, 2021

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Vanijya Saptah: Govt to hold exporter meets

DPIIT to soft launch single window, industrial park rating system

Exporter conclaves and meets will be held in more than 700 districts across the country organised by the Directorate General of Foreign Trade (DGFT) with State governments as part of the Vanijya Saptah from September 20 to 26 to mark the celebration of 'Azadi Ka Amrit Mahotsav' and commemorate 75 years of India's freedom.

The Department for Promotion of Industry and Internal Trade (DPIIT), too, is organising a soft launch of the National Single Window System and the Industrial Park Rating System, during the week, according to an official statement issued by the Commerce & Industry Ministry on Sunday.

Another major campaign will be the 35 export promotion events and exhibitions being organised on September 21-22 by all the 14 Export Promotion Councils, with at least one event in each State/UT, showcasing India as a rising economic force, the statement said.

Promotional events

"The EPCs will mobilise local exporters, manufacturers and industrialists to make export promotion a Jan Andolan (mass movement). Several Union ministers and chief ministers/ministers of respective States will address the events and interact with the participants," it added.

Five national seminars and exhibitions will be organised by the Indian Institute of Foreign Trade (IIFT) in five regions of the country — North, South, East, West and North-East — on the theme 'Azadi and Export Promotion/Import Substitution – Towards Atmanirbharta'

The digital platform, launched by the DPIIT under its single window initiative, will allow investors to identify and apply for various pre-operations approvals required for commencing a business in India.

This would provide end-to-end facilitation, support, including pre-investment advisory, information related to land banks and facilitating clearances at Central and State levels.

Industrial Park Rating System (IPRS) recognises best performing parks, identifying interventions and serving as a decision support system for investors and policy makers, the release noted.

Source: thehindubusinessline.com– Sep 19, 2021

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Box manufacturing: Now or never

Move prompted by container shortage and surge in freight rates

With India gearing up for container manufacturing under the 'Atmanirbhar Bharat' initiative, industry experts are pinning hopes on the success of the plan.

The ongoing shortage of containers faced by shippers and the resultant hike in freight costs have prompted the government to pursue manufacturing boxes in the country.

Currently, India is dependent on China for its needs.

Demand shoots up

The rising trade is also an indication of high demand for boxes. By 2026, about 250,000 new containers will be required by the trade at an annual addition of about 50,000 containers a year, lending a competitive edge to container manufacturing firms, says experts.

However, a few in the container industry are looking at the plans with cautious optimism, citing the closure of all major container manufacturing facilities in India some 20 years ago, including the one owned by Balmer Lawrie in Aroor near Kochi. The uneconomical operation due to high raw material import costs, lower exports coupled with competition from China forced the shuttering of these facilities.

But India's story is vastly different today, given the rising domestic demand which augurs well for the requirement of more boxes across transport modes such as coastal shipping, road or rail transport, a shipping industry official said.

Bijoy Paulose, Chairman, VS&B Containers Group which owns a fleet of containers said container manufacturing would be a viable business proposition today due to surging domestic cargo movement. However, the production facility should be centred around those ports where exports exceed imports. The locational advantage is a major contributing factor for the success of container manufacturing in view of the rising export demand.

More imports would lead to rise in empties unless there is matching cargo to ship. “The ports in Gujarat such as Mundra can be an ideal location because of rising exports rather than imports,” he added.

The raw material availability is also a critical component as the US patented Corten steel is used, which is not produced by Indian steel manufacturers. Hence, there is a need to depend on imports, which adds to the cost of manufacturing. The rest of the items that are required such as flow boards are not difficult to procure.

Countering the market

Paulose said the government should also come up with incentives for domestic container manufacturing and facilitate an export surplus regime to create demand for more boxes.

Short-term manufacturing may not be a solution to overcome the crisis as it needs investment in new machinery, says S Jeevan, Chairman of the Kochi-based Samudra Shipyard.

“If we are unable to match international price and quality, container manufacturing will become a non-performing asset,” he added, citing the Chinese strategy to become a monopoly in the business by buying old containers, recycling and replacing them with new ones with state subsidy.

The setting up of a container manufacturing unit would take a few months. After establishing the infrastructure in about six months when the situation returns to normal, the Indian built containers may not find takers, as Chinese boxes will flood the market, a second shipping industry source said.

“India does not have a significant fleet of container ships. Almost 90 per cent of the cargo to and from India is carried on foreign ships. Without our own ships, we cannot counter the market and help cool the freight rates,” the source added.

Source: thehindubusinessline.com– Sep 19, 2021

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Cargo terminals on freight corridor run into hurdles

DFCCIL bid receives limited response

Investors seeking to set up Private Freight Terminals (PFT) alongside the Dedicated Freight Corridor (DFC) have urged the Dedicated Freight Corridor Corporation of India Limited (DFCCIL) to remove the hurdles that are threatening to delay project implementation.

With much fanfare, the DFCCIL invited bids in November 2020 for setting up private freight terminals and logistics parks alongside 115 DFC stations. They are envisaged to enable modal shift of cargo from road to rail by routing the freight from the originating places in the hinterland to the DFCs. "The tender was met with limited response due to the risks and uncertainties associated with the projects," said an executive with an infrastructure firm.

The Letter of Award (LoA) issued to three successful bidders stipulate that they have to sign the formal agreement with the DFCCIL in the next few months and construct the private terminals and logistics parks over the next three years.

However, the projects are facing hurdles in the initial stage itself with rigid and inflexible clauses in the licence agreement.

The project schedules stipulated are also quite unrealistic, without taking into account the ground realities. With the tight timelines for preparation of feasibility reports and Detailed Project Reports (DPRs), the private developers are finding it difficult to properly plan for the projects, the executive said.

Developer woes

Timelines set for the freight terminals are often unsynchronised with the commissioning of the DFC along the relevant section, adding to the woes of private developers.

Another challenge is the access to the project site, which is mostly through road under bridges, which are designed to suit rural standards and do not follow the minimum norms laid down by the National Highways Authority of India (NHAI) or the Indian Roads Congress (IRC) for heavy vehicular traffic.

Private investors also say that the high land costs and inflexible contractual terms further lowered investor confidence.

“DFCCIL doesn’t provide land. If you’ve to announce the project first and then buy land, only God can save you,” the executive with the infrastructure firm mentioned earlier said.

Firms are bound by a condition to complete the private freight terminals in three years, else they will be blacklisted.

“DFCCIL must address these issues on priority to instil confidence among private investors,” the executive added.

Through the DFCs, the Indian Railways is seeking to bring about a paradigm shift in freight operations with the prime objective of lowering the unit cost of transportation by deploying higher speed and enhanced payload of freight trains.

Source: thehindubusinessline.com– Sep 19, 2021

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Conscious fashion

Indian consumers are warming up to the concept of sustainable fashion, as they become increasingly conscious of the environmental impact of their shopping habits. Retail brands in India are riding the trend of eco-friendly shopping by introducing sustainable offerings.

Fashion brand Indian Terrain, for instance, created a sustainable fashion line in 2020 in partnership with Fairtrade India; and in April this year, Madame launched its Eco Aware collection. Several new brands have sprung up in the sustainable fashion space over the past few years. These include DaMENSCH, ANI Clothing, Sparsh Organic and The Pant Project, among others.

According to a report released by The Business Research Company in 2020, the global ethical fashion market is likely to grow from $6.35 billion in 2019 to $8.25 billion in 2023 at a CAGR of 6.8%.

Natural shift

Madame has developed designs that minimise textile waste in the manufacturing process. The brand plans to reduce its carbon footprint by at least 80%, and become carbon-negative by 2030. Currently, the overall contribution of its sustainable clothing range to its business is around 3%. “We have carefully priced our sustainable collection in the Rs 1,699-2,999 range. Currently, we are targeting millennials and Gen Z consumers in the metro cities, as they are willing to pay a high price for a responsible product,” says Akhil Jain, Madame’s executive director.

Brands are creating apparel ranges that appeal to consumers’ modern sensibilities by combining age-old textiles, craft, and production techniques with contemporary styles. Taneira, Tata’s ethnic wear brand launched in 2017, recently launched a collection of sarees inspired by the flora and fauna of the forests, using natural fabrics, sourced from weavers across India.

Woodland forayed into the sustainable space with its Pure Green t-shirts made from recycled plastic bottles that are sterilised and processed into fibre strands. “Our sustainable range is available both online and offline, targeting the youth specifically. The prices of these products are around 5-10% higher compared to our basic products,” says Harkirat Singh, managing director of Aero Club, the parent company of Woodland.

In 2020, Raymond Group collaborated with Reliance Industries to launch an eco-friendly range of fabrics called Ecovera, that is produced from recycled plastic bottles using biofuels and energy-efficient processes.

Cost of sustainability

While sustainable clothing is being talked about, it is still early days as the definition of sustainable fashion and fabric is ambiguous at the moment. Rachit Mathur, partner and managing director, BCG, says, “Whether it is cotton and raw materials sourced the right way, or the fabric construct being eco-friendly, or washes and dyes being degradable — the norms and best practices are not well known.”

Being a sustainable fashion brand entails high expenditure. Setting up sustainable practices throughout the value chain — right from sourcing of fabrics, demand planning and manufacturing, colouring, stitching, etc, to the logistics and last-mile delivery to the store/ end consumers, to finally the reverse logistics and disposing of excess stock — could be challenging for companies. Rajat Wahi, partner, consulting, Deloitte India, says, “All of these processes come at a high cost. And if the end consumer is not willing to pay a higher price and wants to have fashion for a season, it is not feasible for retailers to invest in this.”

Furthermore, there is a lack of awareness about the need to switch to sustainable alternatives, analysts say. “The industry and the government need to build awareness around the ‘why’ of sustainability, especially in fashion. Education to drive category demand is the first step, though. Till then, this sub-segment in fashion will stay sub-scale, and hence, pricing and supply chain will stay expensive and inefficient,” Mathur adds.

Source: financialexpress.com– Sep 20, 2021

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GST Council's decision to correct inverted duty structure to lessen tax burden of apparel industry: AEPC

The Apparel Export Promotion Council (AEPC) on Saturday said the decision of the GST Council to correct inverted duty structure on textiles from January 1, 2022 will lessen the tax burden on manmade fibre (MMF) fabrics and garments. The GST Council in its latest meeting on September 17 agreed to correct inverted duty structure on footwear and textiles from January 1, 2022.

AEPC Chairman A Sakthivel said the decision will be a big breather to the industry.

"The revision will lessen the tax burden on manmade fibre (MMF) fabrics and garments," he said.

He said the inverted duty structure has been an issue with the apparel industry and that the council had made recommendations to the government for the elimination of this anomaly that has been resulting in input tax credit accumulation blocking crucial working capital for businesses.

Inputs into the MMF fabric segment (fibre and yarn) attract a GST rate of 18 per cent and 12 per cent whereas the GST rate on the MMF fabric is 5 per cent and that for the finished goods apparel is 5 per cent and 12 per cent, he said.

It creates a tax structure where the rate on inputs is higher than that on the outputs and this increases the effective rate of taxation of MMF fabrics and garments and violates the principle of fibre neutrality, Sakthivel said.

He also said that the GST Council's decision to extend the validity of GST exemption on transport of goods by vessel and air from India to outside India till September 30, 2022, will partially help soften the impact of the current exorbitant freight costs.

Source: retail.economictimes.indiatimes.com.com– Sep 18, 2021

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GST reform still a work in progress

The Goods and Services Tax (GST) Council has taken some positive steps at its meeting last Friday, but failed to think and act bold, for example, on bringing petro-fuels under GST.

The Goods and Services Tax (GST) Council has taken some positive steps at its meeting last Friday, but failed to think and act bold, for example, on bringing petro-fuels under GST. Of course, harmonising the rates on inputs and the final output in sectors such as textiles, footwear and renewable energy devices — where the tax rate on inputs is higher than that on the output — was overdue.

An inverted duty structure leads to a pile-up of input tax credits and problems in claiming refunds, blocking the working capital for manufacturers. Mandating food service aggregators such as Zomato and Swiggy to collect tax from the customer and pay it directly to the government from January next year is welcome. It will curb evasion.

However, the non-input tax credit arrangement for restaurants (including cloud kitchens now), that have a tax rate of 5% without ITC, must be scrapped. It breaks the GST chain and incentivizes businesses to get cash into the system. The council has erred in deferring the inclusion of petro-products under GST.

The cascading tax on tax regime for oil products is regressive and jacks up consumer prices. GST will remove the cascade of taxes that automotive fuels bear and make tax set-offs available on inputs across the value chain, raising efficiency and lowering retail prices. Bringing electricity, real estate and alcohol under GST will also boost collections significantly. A wider tax base will help keep rates low while garnering at least as much revenue as had been available pre-GST.

Extending the compensation cess until March 2026 to repay the loans taken to make good the revenue shortfall for states due to the pandemic is logical. The GST Compensation Act 2017 guarantees a 14% annual growth in tax revenues for the states from the amount collected by them in 2015-16 only for five years from FY 2018 to till FY 2022. States must strive now to improve their GST collection efforts. The ideal is a central rate for the vast majority of goods, a merit rate and a demerit rate. That calls for political will.

Source: economictimes.indiatimes.com– Sep 18, 2021

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Industries creating jobs to be encouraged

Chief Minister Basavaraj Bommai has said more encouragement would be given to industries that create more number of jobs. Speaking to press persons after laying foundation stone for works under the Mahatma Gandhi Nagar Vikas Yojna in Davanagere on September 19, he said proposals pertaining to setting up three textile parks in Karnataka have been submitted to the Union Government.

Under the Production Linked Incentive scheme (PLI) scheme, the Union Government aimed to provide more encouragement to textile and automobile sector as it would lead to creation of more jobs. The State government also has planned to set up automobile clusters, he said.

Mr. Bommai said that under the Mahatma Gandhi Vikas Yojna, works worth ₹125 crore have been initiated in Davanagere. Along with these works, Smart City projects are being implemented to facilitate Davanagere's overall development, he added.

The chief minister said across the State, works worth ₹1,500 are being initiated.

Apart from the projects under the 75th Independence Day AMRUT schemes, additional grants of ₹25 lakhs would be given to each gram panchayat, he said.

Mr. Bommai said that the quality of silk produced in central and North Karnataka districts is equivalent to the silk imported from abroad. Both State and central governments have plans to develop sericulture in a big way in around ten districts.

Source: thehindu.com– Sep 20, 2021

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Welspun India to invest Rs 800 crore on capacity enhancement over next two years

Welspun India has said it is looking to invest around Rs 800 crore on capacity expansion of its home textiles and flooring businesses over the next two years. Welspun India, the country's largest home textiles manufacturer, would invest Rs 656.5 crore on its home textiles business expansion during FY'22-23. Its plans include augmenting its towel manufacturing capacity by 20 per cent to meet the growing demand from the overseas customers.

The board of the company in a meeting held on Saturday approved plans to augment towel manufacturing capacity at its Anjar, Kutch (Gujarat)-based plant to 1,02,000 metric tonnes per annum (MTPA) from the existing 85,400 MTPA.

"Keeping in view the recent trend of customers focus to track the entire value chain i.e., 'Farm to Shelf', the board has approved an investment in 40 looms for towel fabric at Anjar which represents 7 per cent of installed capacity," said Welspun India in a late night regulatory filing.

While for its Vapi, Valsad (Gujarat) based plant, the board has approved additional investment relating to automation for faster production turnaround at lower cost.

At Vapi, the company has commenced expansion of rugs capacity expansion by 80 per cent during the last financial year. "The company is expected to invest Rs 656.5 crore for the aforesaid expansion over FY'22 and FY'23," it said. The benefits of these expansions will start accruing in phases from Q1 FY'23 onwards, it added.

"This expansion has a revenue potential of Rs 1,207 crore from the second year of operation," it added. Besides, the board of its subsidiary Welspun Flooring Ltd has also approved a capex of 143.6 crore.

"The board of the wholly-owned subsidiary company, Welspun Flooring Ltd, at its meeting held on September 18, 2021, approved capex of Rs 143.6 crore to be invested over FY22 and FY23...," it said.

This is for de-bottlenecking and rebalancing of its facility at Telangana, including setting up of a 25 MW renewable energy power plant and to further the group's commitment towards ESG by embedding sustainability and circularity at every stage of its value chain.

According to Welspun India, in the current financial year, it has invested Rs 281 crore in capex and the total investment during FY'22 will be Rs 750 crore including the investment approved by the board on Saturday for the home textiles and flooring businesses.

"There is no change in the company's guidance for the current financial year for Net Debt position i.e., Rs 2,400 crore as on March 31, 2022," it said.

Welspun India is a part of Welspun Group, a conglomerate which has businesses interests in sectors including - Line Pipes, Home Textile Products, Infrastructure, Warehousing, Steel, Oil & Gas, Advanced textiles and Flooring solutions.

Source: retail.economictimes.indiatimes.com– Sep 20, 2021

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