TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY
TÜVRheinland CERTIFIED ISO 9001:2015 www.tuv.com ID 9105079408

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

IBTEX No. 98 of 2022 May 24, 2022

NEWS CLIPPINGS

Currency Watch	
USD	77.59
EUR	82.75
GBP	97.52
JPY	0.61

INTERNATIONAL NEWS

No	Topics
1	China's trade with Belt and Road countries enjoys robust growth
2	Container Shipping Underperforms in Key WTO Trade Data
3	13-Nation Trade 'Vision' Takes Aim at China
4	Sri Lanka's Garment Sector Reporting Only 'Minor' Delays
5	Global wool market to reach $49 billion by 2029-end
6	Vietnam: Tight material supply impedes textile exports
7	Bangladesh's external debt to GDP ratio reaches 21.8%
8	Lenzing's new sustainability report emphasizes on balancing needs with circularity

NATIONAL NEWS

No	Topics
1	Modi meets Japanese biz leaders, discusses investment avenues in India
2	FM holds discussions with ICAI delegation on fraudulent GST refunds, other issues: CBIC
3	Repo rate hike 'no brainer' says RBI's Shaktikanta Das; brace for more hikes in upcoming monetary policy meets
4	Government to launch PLI 2.O
5	BL Explainer: Will Supreme Court order disrupt the functioning of GST regime?
6	Government must resist demands for banning exports. Real problem that requires addressing is yields Q4 FY22: Report
7	High Wholesale Inflation: MSME Margins Shrinking, Operating Cost Rising, Says Report
8	Economic growth may have slowed to 3.5 pc in Q4 FY22: Report
9	FDI equity inflows marginally down at $58.77 bn in 2021-22: DPIIT data
10	Alleging no support from govt, TN farmers cut ties with cotton

INTERNATIONAL NEWS

China's trade with Belt and Road countries enjoys robust growth

China's economic and trade ties with countries along the Belt and Road have strengthened significantly over the past decade, an official said Friday.

"Despite the protracted COVID-19 pandemic and complicated international situation, the building of the Belt and Road Initiative continues to demonstrate strong resilience and vitality, injecting strong impetus into global openness and cooperation and world economic recovery," Sheng Qiuping, vice minister of commerce, told a press conference.

From 2013 to 2021, the annual trade volume between China and countries along the Belt and Road expanded from 1.04 trillion U.S. dollars to 1.8 trillion dollars, marking an increase of 73 percent, Sheng said.

During this period, China's direct investment in countries along the Belt and Road totaled 161.3 billion dollars, while 32,000 enterprises were established in China by these countries, with a combined investment of 71.2 billion dollars, Sheng added.

China signed new contracts worth about 1.08 trillion dollars with countries along the Belt and Road in the period for engineering projects in transportation, electricity and other areas, he said.

In the first four months of this year, China's imports and exports with countries along the Belt and Road jumped 15.4 percent year on year to 3.97 trillion yuan (about 588 billion dollars), 7.5 percentage points higher than the overall growth of China's foreign trade, said Wang Lingjun, deputy head of the General Administration of Customs.

Source: ndrc.gov.cn– May 23, 2022

HOME

****

Container Shipping Underperforms in Key WTO Trade Data

The conflict in Ukraine and recent pandemic-related lockdowns in China appear to be dampening global goods trade in the first half of 2022, according to the latest World Trade Organization (WTO) Goods Trade Barometer.

The WTO said Monday that the current reading of 99 remains slightly below the baseline value of 100 for the index, which is a forward-looking composite of real-time indicators, suggesting continued slow growth in merchandise trade. The latest outlook scales back the earlier optimism in the barometer from February, which suggested that trade might have been approaching a turning point.

The anticipated upturn may have been short-circuited by Russia's war in Ukraine that began in late February and triggered sharp rises in food and energy prices, which tend to reduce real incomes and lower economic growth. China's imposition of major lockdowns to combat a new outbreak of Covid-19 has further disrupted trade and production, the report said.

The barometer index might have risen above trend if some of the underlying data in the component indices had not turned down in March and April, the WTO suggested, adding that component indices are smoothed to minimize the influence of extreme values, but this may obscure sudden changes in the latest months.

Most of the barometer's component indices are close to or above their baseline value of 100, notably export orders (101.2), automotive products (101.5), air freight (99.9), electronic components (103.8), and raw materials (99.5). Only container shipping remains firmly below trend at 95. Non-smoothed data for export orders and air freight went from above trend in one period to below trend in the next, hinting at a sharper downturn, the report said.

"If the Ukraine crisis and Chinese lockdowns persist, their impact may be seen more clearly" in the next report, the WTO said. In April, the WTO forecast 3 percent growth in the volume of world merchandise trade in 2022, down from the 4.7 percent growth predicted as of last October.

"The current barometer reading is broadly consistent with the April projection, but forecasts are less certain at the moment and should be interpreted with care," the report said.

The Goods Trade Barometer is a composite leading indicator providing real-time information on the trajectory of merchandise trade relative to recent trends ahead of conventional trade volume statistics. Readings of 100 indicate growth in line with medium-term trends, while values greater than 100 suggest above-trend growth and values below 100 indicate the reverse.

Source: sourcingjournal.com – May 23, 2022

HOME

****

13-Nation Trade 'Vision' Takes Aim at China

The United States and a dozen other nations launched the Indo-Pacific Economic Framework for Prosperity (IPEF) on Monday in Japan.

"The future of the 21st century economy is going to be largely written in the Indo-Pacific–in our region," President Biden said.

In addition to the U.S., the initial countries joining in–Australia, Brunei, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and Vietnam–cover half of the world population and more than 60 percent of the global gross domestic product (GDP), Biden said.

"And the nations represented here today, and those who will join this framework in the future, are signing up to work toward an economic vision that will deliver for all peoples, the vision for an Indo-Pacific that is free and open, connected and prosperous, and secure, as well as resilient, where our economic growth is sustainable and is inclusive," he added.

The White House said IPEF will enable the U.S. and its allies "to decide on rules of the road that ensure American workers, small businesses and ranchers can compete in the Indo-Pacific." IPEF will also help fight inflation by lowering costs through making supply chains more resilient in the long term, protecting against costly disruptions that lead to higher prices for consumers.

U.S. foreign direct investment in the region totaled more than $969 billion in 2020 and has nearly doubled in the last decade, according to a White House fact sheet. Trade with the Indo-Pacific supports more than 3 million American jobs.

"We're writing the new rules for the 21st century economy that are going to help all of our countries' economies grow faster and fairer," Biden said at the launch event in Tokyo. "We'll do that by taking on some of the most acute challenges that drag down growth and by maximizing the potential of our strongest growth engines."

The framework will focus on four key pillars to establish high-standard commitments that will deepen America's economic engagement in the region. On trade, the U.S. will engage comprehensively with partners on a wide range of issues, including high-standard rules in the digital economy, such as cross-border data flows and data localization. The U.S. will also seek strong labor and environment standards and corporate accountability provisions “that promote a race to the top for workers through trade.”

“We will seek first-of-their-kind supply chain commitments that better anticipate and prevent disruptions in supply chains to create a more resilient economy and guard against price spikes that increase costs for American families,” the White House said. “We intend to do this by establishing an early warning system, mapping critical mineral supply chains, improving traceability in key sectors and coordinating on diversification efforts.”

The U.S. will seek “first-of-their-kind commitments on clean energy, decarbonization and infrastructure that promote good-paying jobs.” as well as concrete, high-ambition targets that will accelerate efforts to tackle the climate crisis, including in the areas of renewable energy, carbon removal, energy efficiency standards and new measures to combat methane emissions.”

The Regional Comprehensive Economic Partnership (RCEP) that includes 15 East Asian and Pacific nations, including China but not the U.S., went into force on Jan. 1, creating the world’s largest trading bloc by economic size, according to United Nations Conference on Trade and Development (UNCTAD) study.

“The economic size of the emerging bloc and its trade dynamism will make it a center of gravity for global trade,” the report said.

Under the RCEP framework, trade liberalization will be achieved through gradual tariff reductions. While many tariffs are abolished immediately, others will be gradually reduced during a 20-year period.

The tariffs that remain in force will be mainly limited to specific products in strategic sectors, such as agriculture and the automotive industry, in which many of the RCEP members have opted out from trade liberalization commitments. Trade between the bloc’s 15 economies was already worth about $2.3 trillion in 2019 and UNCTAD’s analysis shows the agreement’s tariff concessions could further boost exports within the newly formed alliance nearly 2 percent or approximately $42 billion.

While Biden did not comment on whether IPEF was meant to counter RCEP, he said, “The United States is deeply invested in the Indo-Pacific.”

“We’re committed for the long haul, ready to champion our vision for a positive future for the region together with friends and partners,” Biden added. “It’s a priority in our agenda and we’re going to keep working to make progress with all of you every day so that we can deliver real, concrete benefits for all our people. That’s how I believe we will win the competition of the 21st century together.”

Source: sourcingjournal.com – May 23, 2022

HOME

****

Sri Lanka's Garment Sector Reporting Only 'Minor' Delays

Sri Lanka's apex apparel-industry group expressed cautious optimism about garment operations in the beleaguered South Asian nation, which is facing its worst economic crisis in decades.

In its latest advisory, the Joint Apparel Association Forum (JAAF) said that the process of political stabilization has begun with the appointment of new cabinet members in critical roles, including foreign affairs and power and energy. At the same time, Ranil Wickremesinghe, the returning prime minister, has convened a special committee to tackle shortages of essential goods such as fuel and medicine.

Wickremesinghe "faces some big challenges, but is well served by his experience in already having held the position," JAAF said. Sri Lanka's main opposition party, SLB, has also extended conditional support to the interim all-party government's economic recovery efforts, even though it has rejected any ministerial portfolios.

Protestors, however, are continuing to take to the streets to demand the resignation of President Gotabaya Rajapaksa, whom they blame for the dismal state of affairs. Despite continued public pressure, ministers rejected a no-confidence vote by a 119-to-68 margin on Tuesday. The cabinet also remains short-staffed. "The appointment of the rest of the cabinet ministers is likely to take a back seat, as the government attends to the challenge of urgently acquiring the necessary foreign exchange reserves to pay for essential goods," JAAF said.

Still, while minor delays were experienced with last week's curfew, bulk deliveries of diesel to apparel manufacturers, which are among a prioritized list of services to receive fuel from specific stations, have recommenced, the organization said. Port operations, including at the port of Colombo, are also progressing smoothly with no loading or unloading delays. Workers are continuing to report for duty, with the police and army providing extra security in the Free Trade Zones to ensure they're able to travel to and from their factories safely, JAAF noted.

To address the economic emergency, the ministry of finance has unveiled a threefold "way forward" strategy that includes reducing the fiscal deficit to an optimal level, engaging bilateral and multilateral lenders to secure bridge financing and mobilizing other domestic resources to minimize central bank financing. Sri Lanka has also received $160 million from the World Bank, which it is considering tapping to pay for fuel shipments.

Meanwhile, Sri Lanka's trade unions, which have repeatedly demanded that the president step down, say that urgent measures, coupled with international support, are necessary to provide "vital social protection, rescue the economy and enable the country to reach its real potential."

"The crisis in Sri Lanka has its roots in bad governance, with many hugely expensive white-elephant projects adding to an already high debt burden, and leading to a collapse in foreign currency reserves," Sharan Burrow, secretary-general of the International Trade Union Confederation (ITUC), said Thursday. "As a result, people are going hungry and the economy has been severely degraded."

The unions have drafted a roadmap, emphasizing the need to increase the minimum wage, secure adequate supplies of essential consumer items such as medicines, create measures to ensure the generation of adequate foreign currency reserves and promote the transparency and public accountability of the interim government.

"The ITUC calls on the International Monetary Fund, which is discussing a package of support with Sri Lanka, to depart from failed policies of the past and include measures that support the real economy, that are compliant with [International Labour Organization] standards and that deliver social protection for all," Burrow said. "The IMF needs to consult with the trade unions and engage with the ILO and other multilateral agencies to provide support that is sustainable and favorable to economic growth."

Other countries are "at risk of a similar plight" to Sri Lanka due to Vladimir Putin's war on Ukraine, which has created "huge gaps in the supply of grains, energy and fertilizers on top of existing inflationary pressures in the world economy," she warned. "The international community, and in particular the international financial institutions, need to learn from the mistakes they have made in the past and deliver support that helps people through the real economy."

Source: sourcingjournal.com – May 23, 2022

HOME

****

Global wool market to reach $49 billion by 2029-end

Currently worth $33.8 billion, the global wool market is projected to grow to $49 billion by 2029-end. As per a Persistent Market Research report, the wool market is expected to grow at 3 per cent CAGR from 2019-2029. This significant growth in the global wool market can be attributed to several factors including the increasing disposable income of consumers across various geographies, which has significantly boosted the spending capacity of consumers on apparels and interior textiles.

China is one of the prominent regions in terms of the growth of the textile industry. A prominent share of the global wool market volume is consumed from the textile producers located in China. The wool consumption is comparable in all the end uses of wool, which include the production of apparels, interior textiles, and floorings.

Furthermore, other favorable conditions, such as economical textile production, the availability of raw material, and significant growth of the manufacturing sector in China, are expected to boost the consumption of wool from textile industries. Thus, East Asia, with a significant contribution from China, is expected to provide attractive opportunities for the growth of the global wool market.

For better quality and optimized apparel production, fine wool is significantly preferred by textile industrialists. This factor has resulted in the prominent consumption of fine wool among the other types of wool. Therefore, fine wool is expected to witness lucrative growth in the global wool market.

In regions such as North America and Europe, consumer awareness about clothing fibers has increased. Consumers are now more concerned about the adoption of apparels made from natural fibers. This factor has significantly increased the sales of textile products made of wool in these regions

Source: fashionatingworld.com– May 23, 2022

HOME

****

Vietnam: Tight material supply impedes textile exports

Although the demand for Vietnamese textiles is forecast to rise steadily in the short term, firms are concerned that tight material supply will impede their export plans.

According to the Vietnam Textile and Apparel Association, export prospects for the industry are getting better as major importers have reopened their economies and various free trade agreements have begun to take effect.

Under a likely scenario, Việt Nam's textile export is expected to reach up to US$43.5 billion in 2022.

However, Garment 10 Corp. is concerned that the Chinese Zero-COVID policy and the Russian military operation in Ukraine will disrupt supply chains, hindering its ability to fulfil new orders.

"The Russian military operations in Ukraine have driven up our input costs. The Chinese Zero-COVID policy will cause material shortages in the short-term, fueling the situation," said Thân Đức Việt, director of Garment 10.

The director said China remained the leading material exporter to Việt Nam, accounting for half of the supply. His corporation has planned to diversify its suppliers in the next 5-10 years to be less dependent on China, but it has to accept the situation and seek support from its partners in the short term.

The situation is even worse for Đáp Cầu Garment JSC., which imports 80 per cent of its material from China at the request of its partners.
Nguyễn Đức Thăng, director of Đáp Cầu Garment, underlined delayed shipments from Shanghai (China) as the main cause for his company's disrupted production. His company has to re-negotiate with its partners to put back delivery.

"For orders that we cannot fulfil on time due to material shortages, we are re-negotiating their delivery terms. The delivery can be moved to later dates but not so far that we may face high payment risks," he said.

Trần Như Tùng, chairman of Thành Công Textile Garment Investment Trading JSC., revealed that this company would seek the substitution of Korean and Thai materials or rely on domestic materials to deal with the shortages.

Some other companies also thought of the same idea, but only deep-pocketed ones could make it work due to high costs. Those with limited financial capability normally have no choice but to ask for a delay in delivery.

Trịnh Xuân Lâm, chairman of Tiên Sơn Thanh Hóa JSC., said his company had been sticking to diversification to get through a hard time but with little success. Material from other countries is insufficient to fill the gap left by China.

"We've found new suppliers from other countries and additional domestic suppliers, yet their production still falls short of our demand by around 30 per cent," he said.

For companies feeling the pain of the shortages like Việt Thắng Jean LTD., diversification might go with higher costs due to Chinese price advantages, but they are willing to bear such costs to have more stable production.

"Never be dependent on a single supplier. We are glad to partner with any country that provides a stable supply, even with higher costs. We accept lower profits to secure output stability," said Phạm Văn Việt, chairman of Việt Thắng Jean.

According to the General Department of Customs, textile exports reached $8.8 billion in Q1/2022, up 23 per compared to the same period last year, representing the highest quarterly growth in 10 years.

VITAS said Vietnamese textiles are urging the Government to soon approve the Development Strategy for Textile and Footwear by 2030 to make the industry self-sufficient in material production and compliant with rules of origin as stated in free trade agreements.

Source: einnews.com – May 24, 2022

HOME

****

Bangladesh's external debt to GDP ratio reaches 21.8%

The ratio of Bangladesh's external debt to gross domestic product (GDP) increased to 21.8 per cent in 2021, according to updated statistics released by the central bank. The ratio was 19.5 per cent in 2020. The external debt to gross national income (GNI) reached 24.10 per cent at the end of 2021, the statistics showed; it was 21.5 per cent in 2020.

The total outstanding stock of the external debt reached $90.79 billion at the end of 2021, recording 24.50 per cent growth over the same period of 2020.

Of the total external debt, long-term debt was 80.10 per cent, or $72.70 billion, while short-term debt was 19.90 per cent, or $18.09 billion.

The half-yearly report, titled 'Foreign Direct Investment and External Debt: July-December 2021', shows around 75 per cent of the total external debt is in the public sector, while the rest is in the private sector.

"For Bangladesh, external debt is one of the important financial sources for investment," said the report. "The external debt of Bangladesh is the total debt which the country owes to foreign creditors. The debtors can be the central government, state owned enterprises, private sector enterprises of Bangladesh," it said.

It also revealed that the ratio of foreign exchange reserves to total external debt fell to 50.8 per cent in the last year from 59.2 per cent in 2020, according to Bangladeshi media reports.

Moreover, per head foreign debt in Bangladesh increased to $536.24 in the last year which was $435.31 in 2020.

According to the report, the country's foreign debt includes money owed to private commercial banks, foreign governments, or international financial institutions such as International Monetary Fund and World Bank.

Source: fibre2fashion.com– May 23, 2022

HOME

****

Lenzing's new sustainability report emphasizes on balancing needs with circularity

Titled 'Linear to Circular, the recently released 2021 Sustainability Report by the Lenzing Group emphasizes on the company's focus on balancing its needs with the spirit of the circular economy.

Lenzing continues to pursue climate neutrality with its two key projects in Brazil and Thailand. The company has also made several investments at sites in China and Indonesia. It aims to reduce its carbon emissions by 50 per cent by 2030 and to be net-zero carbon emissions by 2050

Another of Lenzing's climate change initiatives includes its partnership with Swedish pulp producer Södra. The two companies, which have promoted the circular economy in the fashion industry for several years, have teamed up to reduce global textile waste. They also plan to expand capacities to recover pulp from waste textiles. Their goal is to recycle 25,000 tons of used textiles annually by 2025.

In 2021, Lenzing introduced the first Tencellyocell fibers made from wood- and orange-based fiber pulp. The upcycling of orange peels is part of the Tencel Limited Edition initiative, which is another stop in the company's effort to develop closed-loop solutions with partners along the value chain. The company also has introduced the first carbon-neutral fibers on the global nonwovens market under the Veocel brand.

The company received several awards worldwide in 2021 for its achievements, especially in the sustainability area. It was one of 14 companies worldwide to receive a AAA rating from global nonprofit environmental organization CDP for its environmental leadership in climate change, water security and forest conservation.

Also, in the EcoVadis CSR rating, Lenzing achieved platinum status for the first time, ranking among the top 1 per cent of companies evaluated worldwide in terms of the environment, fair working conditions and human rights, as well as ethics and sustainable procurement.

Source: fashionatingworld.com– May 23, 2022

HOME

****

NATIONAL NEWS

Modi meets Japanese biz leaders, discusses investment avenues in India

Prime Minister Narendra Modi on Monday courted top Japanese business leaders, including Masayoshi Son of SoftBank and Osamu Suzuki of Suzuki Motor Corp, to discuss investment opportunities in India

Prime Minister Narendra Modi on Monday courted top Japanese business leaders, including Masayoshi Son of SoftBank and Osamu Suzuki of Suzuki Motor Corp, to discuss investment opportunities India offers in sectors ranging from textiles to automobiles, emerging technologies and startups.

Modi, who arrived here on a two-day visit to attend a summit of the Quad leaders at the invitation of his Japanese counterpart Fumio Kishida, held separate bilateral meetings with Japanese business leaders.

He first met electronic giant NEC Corporation's Chairman Nobuhiro Endo, followed by a meeting with Japanese clothing brand Uniqlo's CEO Tadashi Yanai.

This was followed by meetings with Son and Suzuki to discuss investment opportunities.

In his meeting with Endo, Modi appreciated NEC's role in India's telecommunication sector, especially in undertaking Chennai-Andaman and Nicobar Islands (CANI) and Kochi-Lakshadweep Islands (KLI) optical fibre cable projects, an official statement said.

He also highlighted investment opportunities under the Production Linked Incentive (PLI) scheme.

"They discussed various reforms being undertaken to enable ease of doing business in India, including in industrial development, taxation and labour. They also discussed opportunities in India in new and emerging technologies," the statement said.

On his part, Endo said the discussions ranged from ways to contribute to Smart Cities in India and NEC's plans to contribute to the country in the field of education and logistics, among others.

Stating that Prime Minister Modi has a strong intention to build and enhance capabilities in India, Endo said, "We are very happy to contribute to those areas."

Modi discussed the rapidly growing textile and apparel market of India and investment opportunities under the PLI scheme for textile projects during his meeting with Yanai, who is the chairman, president and CEO of Fast Retailing Co Ltd, the parent company of Uniqlo, the statement said.

The Prime Minister also invited Uniqlo's enhanced participation in India's journey to becoming a manufacturing hub for textiles, particularly the use of technologies in textile manufacturing, besides asking the Japanese apparel major to take part in the 'PM-Mitra' scheme aimed at further strengthening the textiles sector."They also discussed various reforms being undertaken to enable ease of doing business for foreign investors in India including in the areas of industrial development, infrastructure, taxation and labour," it added.

In response, Yanai said Uniqlo is exploring investments in production and retail industry in India.

"We can focus on end-to-end products i.e. from plant to design to fabric," he said, adding the company wants to accelerate growth in India further, while noting that IT talent in the country is excellent.

Modi appreciated Softbank Corporation's role in India's startup sector during his meeting with Son, the founder and CEO of the Japanese investment major.

"They discussed Softbank's future participation in India in key areas such as technology, energy and finance," the official statement said.

Further, various reforms being undertaken to enable ease of doing business in India were also discussed and "specific proposals were shared with Softbank where it could enhance its investments in India", it added.

Son said India is "growing very quickly with new startups coming everyday and unicorns coming very quickly", becoming the number three in the world for new startups and unicorns.

"India's future is bright. Prime Minister Modi is committed to the success of India, for supporting startups, for creating more unicorns and making it the centre of high technology in the world," he added.

During his meeting with Suzuki, the Prime Minister recalled the veteran Japanese industry leader's association with and contribution to India and appreciated the transformational role of Suzuki Motor Corp in the automotive industry of the country.

"They discussed further investment opportunities in India, including setting up of production facilities for electric vehicles and batteries as well as recycling centres, for realizing the goal of sustainable growth," the official statement said.

The meeting also discussed strategies for building the local innovation system in India, including skill development through Japan-India Institutes of Manufacturing (JIM) and Japanese Endowed Courses (JEC), it added.

Suzuki Motor Corp President Toshihiro Suzuki described Modi's visit to Japan as "an important milestone in the 70th year of the anniversary of Indo-Japanese diplomatic relations".

"Reforms of Prime Minister Modi are undescribable, in the sense that he is bringing reforms which are changing the whole of India into a model landscape," Suzuki said, adding the self-reliance theme of Modi is being supported by Japanese investors very strongly.

Source: business-standard.com – May 24, 2022

HOME

****

FM holds discussions with ICAI delegation on fraudulent GST refunds, other issues: CBIC

On Saturday, members of the Gurugram chapter of the North Indian Regional Council of the ICAI took to the streets to protest against the arrest of two chartered accountants in connection with the GST refund scam

Amid some chartered accountants coming under the scanner for alleged fraudulent GST refunds, Finance Minister Nirmala Sitharaman held discussions with a delegation of chartered accountants' apex body ICAI on "various issues" on Monday.

The Central Board of Indirect Taxes and Customs tweeted about the meeting.

In a series of tweets, CBIC said the delegation was also apprised about the suspension of a Deputy Commissioner and a Superintendent of GST in connection with fraudulent GST refunds.

Investigations by the CGST Gurugram are going on into the matter of fraudulent GST refunds. Two chartered accountants were arrested in connection with an alleged ₹15 crore GST refund scam, a development that also resulted in protests by chartered accountants.

Against this backdrop, Sitharaman, who is also in charge of the corporate affairs ministry, met the delegation of the Institute of Chartered Accountants of India (ICAI) on Monday.

"Smt @nsitharaman held a meeting with @theicai delegation, led by VP Shri Aniket Sunil Talati. The MoF had invited the ICAI on Saturday to discuss various issues, including ongoing investigations by CGST Gurugram into alleged role of their members in fraudulent GST refunds," the CBIC said in a tweet.

Sitharaman was appreciative of the steps taken by the ICAI on engagement with stakeholders. The ICAI representatives also informed that they will continue to use recently-enacted 'CA, CWA and CS Act' for the inculcation of professional discipline and integrity among its members, as per the tweets.

In a statement issued on Saturday, the ICAI said its council on Friday discussed the matter related to the recent arrest of chartered accountants and other instances of ill- treatment of chartered accountants by investigating authorities.

The council members expressed their strong resentment on the manner in which certain investigating officers are treating chartered accountants and directly resorting to arrests, according to the statement.

It also resolved to form a group comprising its members to interface with authorities in order to ensure that just and fair treatment is meted out to chartered accountants and that they are not made soft targets, the statement said.

On Saturday, members of the Gurugram chapter of the North Indian Regional Council of the ICAI took to the streets to protest against the arrest of two chartered accountants in connection with the GST refund scam.

According to the police, a few days back, some men had faked a business and filed for a refund of ₹15 crore of GST. The two arrested accountants had allegedly attested their documents and aided in all official work which helped in the release of the refund, they had said.

Source: thehindubusinessline.com– May 23, 2022

HOME

****

Repo rate hike 'no brainer' says RBI's Shaktikanta Das; brace for more hikes in upcoming monetary policy meets

In an interview to CNBC TV18, Das said he won't be able to specify the rate, though he added that it would not be accurate to say that rates will be hiked to 5.15 per cent.

RBI Governor Shaktikanta Das said Monday expectations of a repo rate hike by the central bank is a 'no brainer', adding that there will be some increase in repo rates in upcoming monetary policy meetings. In an interview to CNBC TV18, Das said he won't be able to specify the rate, though he added that it would not be accurate to say that rates will be hiked to 5.15 per cent, ie to pre-covid levels.

RBI to revise inflation projections in June MPC meeting

Das was responding to a question on private economists projections which suggest that the RBI may hike interest rates to 5.15 per cent in the next two MPC meetings. In an off-cycle meeting this month, RBI announced a 40 basis points interest rate hike, to counter inflation, which has remained above RBI's upper limit of 6 per cent in the last four months.

RBI Governor Das also said the Reserve Bank of India will unveil revised projections on inflation in the upcoming June MPC meeting. The last projections released in March had RBI forecast inflation at 5.7 per cent for full FY 2023. Economists, however, expect inflation to remain above 6 per cent throughout this year.

Deficit targets: RBI Guv does not expect big jump in CAD this year

In terms of current account deficit (CAD), Das said RBI will be able to manage it well, adding that it is indicated from a strong external sector wherein exports numbers have remained above $30 billion for 14 consecutive months. Imports have also picked up, and have sustained despite increase in prices, he added. Given underlying fundamental strength, strong external sector, steady FDI inflows despite some moderation in recent times, and low total external debt, I don't expect a big jump in CAD . "We are comfortably placed to finance CAD," he added.

Speaking about the government's recent fiscal policy measure to cut the petrol and diesel taxes, RBI governor said it will have a 'sobering impact' on inflation going forward. This step is another example of coordinated action by the central government and the central bank to tackle growing inflationary concerns. Economists expect government's measures on tax cuts on petrol and diesel to bring down consumer inflation by 20 basis points, the effect of which will spread over May and June.

Economists also project that the government's fiscal deficit target of 6.4 per cent may overshoot to as much as 6.9 per cent after announcements on tax cuts and subsidies to tame inflation. However, Das said, it is his sense that the government may not change its fiscal deficit targets which were announced in Budget 2022.

Source: financialexpress.com– May 23, 2022

HOME

****

Government to launch PLI 2.O

The government plans to launch the second edition of production-linked incentive (PLI) scheme for textiles and has begun consultations with the industry.

PLI 2.0 for the textile sector is being considered as the ministry has an unutilized budget of about Rs 4,000 crore after it approved 64 applications with an investment potential of Rs 19,798 crore and projected turnover of Rs 1.93 lakh crore in the next five yeaRs under the fiRs t phase of the scheme last month.

Industry has demanded inclusion of knitted fabrics in the scheme, besides manmade fibre and technical textiles and a lower investment threshold of Rs 25 crore instead Rs 100 crore now. It also does not want the government to impose any condition to set up a new company for the purpose of investment.

One of the key demands of the industry is a lower investment threshold. In part-1 of the PLI schemes, the minimum investment required is Rs 300 crore and the minimum turnover required to be achieved for incentive is Rs 600 crore. In part-2, the industry has sought minimum investment threshold of Rs 100 crore and the minimum turnover ofRs 200 crore.

Source: fashionatingworld.com– May 23, 2022

HOME

****

BL Explainer: Will Supreme Court order disrupt the functioning of GST regime?

What has the Supreme Court said about the GST Council's recommendations?

The Supreme Court stirred a hornet's nest by highlighting the fact that the recommendations of the GST Council are not binding on either the Centre or the States. The Court delivered its ruling in the case involving Union of India vs Mohit Minerals Pvt Ltd. The Bench, which included Justices DY Chandrachud, Surya Kant and Vikram Nath, decided to go beyond the case to expound on the fundamental construct of the GST system itself.

The Court pointed out that Article 246A, introduced through an amendment to the Constitution made in 2016, gives both Parliament and State legislatures the power to make laws relating to GST. The Constitution has not specifically mentioned that all GST Council decisions will become law. If that was the intention, Article 279A would have included clarifications to this effect.

It concluded that the GST Council decisions are only 'persuasive' and not binding.

Why is this order considered significant?

The order has reminded the States that they can reject decisions made by the GST Council and set different rates for goods and services in their jurisdiction. The point to note is that the Court has only highlighted what was already in the Constitution.

To give you a background, since GST meant one tax rate across the country, States had to give up their right to determine the tax rate on all goods and services, excluding taxes on fuel and alcohol for human consumption and electricity, since July 1, 2017.

To ensure that every State could play a part in decisions involving GST rates, exemptions, thresholds, relaxations and procedural issues, the GST Council was formed to decide on all these matters. The GSTC is headed by the Union Finance Minister and includes all State Finance Ministers. Decisions in GSTC are taken by a majority of not less than three-fourths of weighted votes cast. The Centre has one-third weightage of the total votes cast, and all the States taken together have two-thirds of the weightage of the total votes cast.

Will the order disrupt the functioning of the GST regime?

Many Opposition-ruled States have been criticising the functioning of the GST Council, stating that the ruling party and its allies are not paying heed to them.

But it is doubtful if any disgruntled States will decide to legislate a different tax rate for goods and services currently under GST. While it may seem like a bright idea for garnering revenue, such a move will be myopic and may be unfeasible. Let us consider two scenarios.

One, if a State remains in the GST system, but sets higher tax rates on few goods and services. This will mean that taxpayers will be unable to claim the input tax credit on the goods outside GST, increasing their tax incidence. Taxpayers' compliance burden for return filing will get very troublesome. Besides, higher tax rates will make the State less preferred by domestic and foreign companies.

Two, if the State moves out of the GST system completely, there will be complete chaos. Other States will not want to share their GST revenue with the breakaway State, thus bringing down its revenue share from the Centre. Inter-State business with the breakaway State will collapse and FDI will move away from the State.

Therefore, it may be difficult for any State or UT to move away from GST, either partially or entirely.

Why are some calling it a victory for co-operative federalism?

The spirit of co-operative federalism is already entrenched in GST. The Court has not brought about any change to the law. The States and the Centre need to keep the spirit going to ensure that the GST system functions. Despite having a brute majority, the Centre should pay heed to the problems faced by States and suggest corrective measures, whenever possible.

The States should also desist from making preposterous demands without considering the problems in Central Government finances.

What has been the reaction of the Central Government?

The Centre appears confident that there will be no disruption to the functioning of the GST system due to this.

Source: thehindubusinessline.com – May 23, 2022

HOME

****

Government must resist demands for banning exports. Real problem that requires addressing is yields

After wheat, there is pressure building up for banning exports of raw cotton. The Narendra Modi government must resist any such demand emanating from domestic textile mills and the garment industry. There are at least three reasons why this is so. To start with, the output of one industry is often the input of another. In this case, cotton is spun by mills into yarn, which is further woven or knitted into fabric used for making garments. During the year ended March 31, 2022, India exported $2.8 billion worth of raw cotton, $5.5 billion of cotton yarn, $8.2 billion of cotton fabrics and made-ups, and $9 billion of cotton ready-made garments. Will spinning mills seeking a ban on cotton shipments agree to the same in respect of yarn? When exports are happening at every stage of the value chain, how can there be pick and choose on which one to disallow or promote?

Secondly, while it is true that cotton prices have risen by around 50 per cent since the start of 2022, this cannot be blamed just on exports — which are actually expected to halve in the current marketing season (October-September) compared to 2020-21. Domestic prices increasing to international parity levels should, by itself, slow down exports in the natural course. The Modi government did the right thing last month by scrapping the import duty on cotton. It should, in fact, remove the 10 per cent duty on yarn imports as well.

The correct approach to tackling inflation, whether in wheat, cotton or yarn, is by allowing duty-free imports without putting fetters on exports. The third reason has to do with timing. Sowing of cotton has already started in Punjab, Haryana and Rajasthan. Plantings in Gujarat, Maharashtra, Telangana and other states will also take off with the arrival of the southwest monsoon rains. High prices would definitely incentivise farmers to expand acreage this time; banning exports will send the opposite signals to the ultimate detriment of the textile industry.

The real problem in cotton that needs addressing is yields. The introduction of Bt cotton in the early 2000s led to India's production going up about 2.5 times to 398 lakh bales by 2013-14. Since then, it has been on a falling trajectory, with the latest output estimate for 2021-22 at below 325 lakh bales. The plants incorporating Bt genes have over time developed susceptibility to pink bollworm and whitefly insect pests, reducing yields and also farmer enthusiasm for growing cotton. The Modi government's succumbing to uninformed lobby pressures against genetic engineering technologies has not helped matters. A clearheaded approach is required for this crop, which is a source of not just fibre (lint), but also food (cotton-seed oil) and feed (oil-cake).

Source: indianexpress.com– May 24, 2022

HOME

****

High Wholesale Inflation: MSME Margins Shrinking, Operating Cost Rising, Says Report

As the wholesale inflation has touched a nine-month high of 15 per cent in April, MSMEs (micro, small and medium enterprises) from food processing, textile, engineering and plastics sectors are struggling to manage their margins amid rising input prices. The operating cost of small and medium family enterprises has risen nearly 20 per cent on account of a sharp rise in raw material prices, according to a report.

"Cost of materials has risen 35 per cent in FY 2021-22 from the previous year for 96 manufacturing companies listed on BSE, while their sales expanded 30 per cent (according to a study by MVIRDC). On an average, these 96 companies spend 50 per cent of their total expenditure on raw materials and intermediate goods," according to a White Paper on 'Impact of Inflation on Trade & Industry' by the World Trade Centre, Mumbai.

The share of material cost in the overall expenses of these 96 companies grew cumulatively from 50 per cent in FY 2020-21 to 54 per cent in FY 2021-22. Among these 96 companies, the cost of materials consumed has grown faster in FY 2021-22 from the previous year than the corresponding growth in annual sales for 68 companies, it said.

Micro, small and medium enterprises, which are the backbone of India's manufacturing sector, is suffering from eroding profit margin, working capital strain and indebtedness due to rising cost of steel, aluminum, miscellaneous metals, plastics and other raw materials. MSMEs contribute more than 30 per cent to the country's GDP, support 120 million jobs and contribute 49 per cent to exports, it added.

According to the White Paper, while the rise in the raw material cost has affected the operation of manufacturing enterprises, the increase in wages and fuel prices have adversely impacted service sector units. As a result of increase in petrol and diesel prices, MSMEs are facing rise in logistics cost and cost of ferrying their workers to factory units.

Madhavan Kutty, senior economist at Aditya Birla Group, said: "Banks and NBFCs have adequate capital above the RBI prescribed limit and their NPAs are also at a manageable level. They should use their better financial position to support MSME borrowers by increasing flow of credit to

MSMEs. Public sector banks should introduce innovative derivate products to hedge interest rate risks and thereby support MSME borrowers."

The Paper said some large companies have already raised prices of their products to maintain their profit margin, while some companies, especially in the MSME sector are unable to pass on the increase in raw material prices as it might affect demand and sales for their products.

“MSME vendors that are supplying intermediate goods to corporate buyers are unable to hike prices of their products because of the absence of such price escalation clause in their orders," it added.

Wholesale price-based inflation spiked to a record high of 15.08 per cent in April on rising prices across segments from food to commodities. The WPI-based inflation was 14.55 per cent in March and 10.74 per cent in April last year.

Source: news18.com– May 23, 2022

HOME

****

Economic growth may have slowed to 3.5 pc in Q4 FY22: Report

The agency said the hiccups in the recovery of the contact-intensive services attributable to the third wave of Covid-19 in the country may have also affected the economic growth in the quarter.

The economic growth may have slowed to 3.5 per cent in fourth quarter of 2021-22 from 5.4 per cent in the previous three-month period due to the impact of higher commodity prices on margins, decline in wheat yields and on higher base, Icra Ratings said on Monday.

The agency said the hiccups in the recovery of the contact-intensive services attributable to the third wave of Covid-19 in the country may have also affected the economic growth in the quarter. Even the gross value added (GVA) at basic prices (at constant 2011-12 prices) in Q4 FY2022 seems to have eased to 2.7 per cent from 4.7 per cent in Q3 FY2022, it said. The National Statistical Office (NSO) will release the fourth quarter numbers of fiscal 2022 on May 31.

Icra's Chief Economist Aditi Nayar said Q4 was a challenging quarter, with the Omicron-fuelled third wave of Covid-19 arresting the momentum in contact-intensive services, and a pervasive pressure on margins from higher commodity prices.

Moreover, the heatwave adversely affected wheat output in March 2022.

"We are apprehensive that both agriculture and industry will post a sub-1 per cent GVA growth in Q4 FY2022, whereas services growth will print at around 5.4 per cent," Nayar said.

The agency further said that the recent cut in excise duties on petrol and diesel will help boost sentiments and improve consumers' disposable incomes, while simultaneously cooling the CPI inflation.

Last week, the government had cut excise duty on petrol by a record Rs 8 per litre and that on diesel by Rs 6 per litre to give relief to consumers battering under high fuel prices that has also pushed inflation to a multi-

year high. Retail inflation, as measured by consumer price-based inflation (CPI), accelerated to an eight-year high of 7.79 per cent in April.
"We are enthused by the recent excise duty cut on petrol and diesel, which has been complemented by VAT cuts by some states. This will bolster sentiment and create some cushion within stretched household budgets to undertake non-essential spending," Nayar said. Icra projects the average CPI inflation for FY2023 at 6.5 per cent, pencilling in a 40 basis points repo rate hike in the June 2022 monetary policy review, amid a terminal rate of 5.5 per cent.

Source: financialexpress.com– May 23, 2022

HOME

****

FDI equity inflows marginally down at $58.77 bn in 2021-22: DPIIT data

FDI equity inflows into India contracted marginally by 1 per cent to USD 58.77 billion during 2021-22, according to official data.

The FDI equity inflows stood at USD 59.63 billion during 2020-21, the data from the Department for Promotion of Industry and Internal Trade (DPIIT) showed.

FDI equity inflows into India contracted marginally by 1 per cent to USD 58.77 billion during 2021-22, according to official data.

The FDI equity inflows stood at USD 59.63 billion during 2020-21, the data from the Department for Promotion of Industry and Internal Trade (DPIIT) showed.

However, total foreign direct investment into India rose by 2 per cent to the "highest ever" USD 83.57 billion in 2021-22. Total FDI inflows include equity inflows, reinvested earnings and other capital.

During 2021-22, Singapore was at the top with USD 15.87 billion worth of investments. It was followed by the US (USD 10.55 billion), Mauritius (USD 9.4 billion), the Netherlands (USD 4.62 billion), Cayman Islands (USD 3.81 billion), and the UK (USD 1.65 billion), the data showed.

The computer software and hardware sector attracted the highest inflows of USD 14.5 billion during the last fiscal. It was followed by services (USD 7.1 billion), automobile industry (USD 7 billion), trading (USD 4.5 billion) construction (infrastructure) activities (USD 3.3 billion) and pharma (USD 1.4 billion), the data showed.

Source: financialexpress.com– May 23, 2022

HOME

****

Alleging no support from govt, TN farmers cut ties with cotton

TIRUPPUR: Amid the indefinite strike, garment and cotton mills cite hoarding by traders among the reasons for the yarn price increase. Farmers, however, say there is not much of cotton cultivation in western TN and this is pushing up demand. Farmers say they are reluctant to take up cotton cultivation because of water shortage and a lack of support from the government.

Federation of Tamil Nadu Agriculturists Associations secretary S Nallasamy said, “Coimbatore and Tiruppur together are known as Manchester of India. The government decided to encourage cotton cultivation as mills sprung up here. But lack of water affect them, and the Lower Bhavani irrigation scheme was implemented. This revived the fortunes of farmers in Coimbatore and Erode in 1960s.

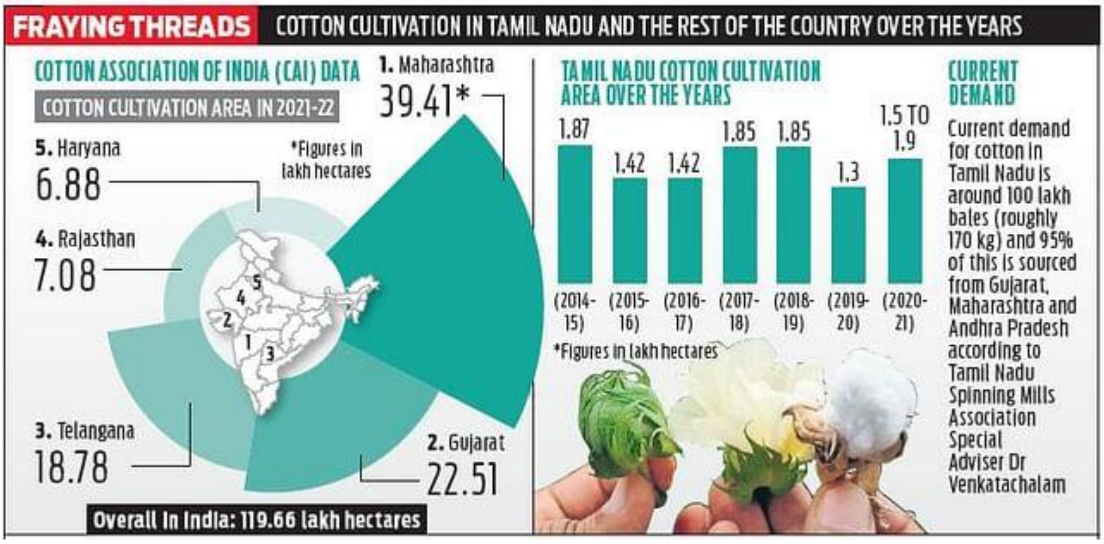
Gradually, cotton cultivation increased in the next three decades. But, the government did not support farmers in issues like disease management or distributing compensation. If cotton cultivation gets bigger in the State, dependency on other States could become zero.”

Tamil Nadu Farmers Association (Tiruppur) vice president SR Madhusoodan said, “Cotton cultivated in over one lakh hectare in Coimbatore, Tiruppur, and Erode districts were severely affected for four years in the nineties. Since crop insurance wasn’t available to many farmers and compensation from State and Union governments wasn’t adequate, thousands were financially trapped. Even the cotton mills were reluctant to support us and moved towards North and Western India for their raw materials. Farmers moved towards cultivating maize and other crops.”

Tamil Nadu Spinning Mills Association (TNSMA) - Special Adviser Dr Venkatachalam said the State and Centre must encourage farmers towards cotton cultivation by helping them in pest control measures. Former Joint Director (Agriculture) Tiruppur, A Manoharan said, “Due to heavy arrivals in TN in 1992-1998, prices crashed upsetting thousands of cotton farmers, particularly in Coimbatore, and Erode.

Later, wilt and bollworms wreaked havoc across the State for several seasons. Despite trying traditional and scientific methods to control pests, farmers couldn't get sufficient yield. I estimate cultivation had dropped from 80,000 hectares to just 500 hectares in Coimbatore at that time. BT Cotton, which is resistant to bollworm, was introduced but most farmers had shifted to other crops by then."

Tiruppur Exporters Association (TEA) Executive Secretary S Sakthivel said, "Every stage of the crop is prone to pest attack and farmers use over five kinds of insecticides. This accounts for a big portion of their investment. Since the pest attack was severe, several small farmers called it quits in the 1990s."



Source: newindianexpress.com– May 24, 2022

HOME

****