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NEWS CLIPPINGS

Currency Watch	
USD	78.08
EUR	81.42
GBP	94.79
JPY	0.58

INTERNATIONAL NEWS

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INTERNATIONAL NEWS

Fitch Ratings cuts world GDP growth forecast for 2022 to 2.9%

Fitch Ratings has cut its world GDP growth forecast for 2022 by 0.6 percentage point (pp) since the March 2022 Global Economic Outlook (GEO) to 2.9 per cent. The biggest revision is to China where it now expects growth to fall to 3.7 per cent this year, down from 4.8 per cent in March. Fitch has lowered its forecasts for growth in the US by 0.6 pp to 2.9 per cent and the eurozone by 0.4 pp to 2.6 per cent.

The ratings agency has also cut world growth in 2023 by 0.1 pp to 2.7 per cent.

"Unrelenting global inflation pressures continue to intensify, with increasingly adverse implications for the growth outlook. Recent COVID-19-related lockdowns in China are adding to global manufacturing supply-chain pressures. Energy and food supply disruptions from the Russia-Ukraine war are having a swifter impact on European inflation than expected," Fitch said in its Global Economic Outlook (GEO) for June 2022.

The lockdown in Shanghai will cause China's GDP to fall in sequential quarterly terms in the second quarter (Q2) of 2022 and with the 'dynamic-zero' COVID-19 policy still in place, Fitch does not expect there to be a swift bounce back. Eurozone consumers will experience a greater drag on real incomes from inflation, and German industry is being affected by supply-chain disruptions and the China slowdown.

The US economy has near-term momentum, with consumer spending supported by strong growth in jobs and nominal wages. But growth is set to slow from mid-2023 to barely positive rates in quarterly terms due to aggressive monetary tightening.

"Inflation challenges have become so pronounced that central banks are being forced to respond, abandoning prior forward guidance. The risk of inflation becoming embedded as wage-price dynamics develop and price expectations rise is too big to ignore," said Brian Coulton, Fitch Ratings' chief economist.

Labour markets are very tight in the US and UK, where wage inflation is high and rising as workers resist real wage cuts amid high job turnover.

In this context, Fitch now expects the Fed to raise interest rates to 3 per cent by the fourth quarter (Q4) of 2022 and to 3.5 per cent by the first quarter (Q1) of 2023, i.e. above their estimates of the neutral rate and hence to a ‘restrictive’ stance. The Bank of England may also hike rates to 2 per cent by Q4 2022 and 2.5 per cent by Q1 2023, according to the Fitch report.

The pace of wage growth has also risen in the eurozone, though only to 2.8 per cent. But with near-term inflation much higher, Fitch expects the ECB to raise rates by 100 bp this year followed by 50 bp in 2023. Fitch sees the ECB main refinancing rate at 1.5 per cent by Q2 2023, close to ECB estimates of neutral.

Source: fibre2fashion.com– Jun 15, 2022

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GDP in G20 area rose 0.7% QoQ in Q1 2022: OECD

In the first quarter of 2022, gross domestic product (GDP) in the G20 area rose by 0.7 per cent quarter-on-quarter (QoQ) according to provisional estimates, down from the 1.3 per cent increase recorded in the fourth quarter of 2021, according to the Organisation for Economic Co-operation and Development (OECD).

The slowdown in the G20 area in Q1 2022 mainly reflects weaker performance in the United States, where GDP contracted by 0.4 per cent QoQ after rising by 1.7 per cent in Q4 2021.

This was mainly due to changes in net trade (exports minus imports) and decreases in inventory investment (destocking) and in government spending on COVID-19 assistance.

In Australia and Indonesia, growth slowed by more than 2 percentage points between Q4 2021 and Q1 2022. Growth slowed to a lesser extent in Canada, China, India, Italy, Korea, Turkey and the United Kingdom in Q1 2022, while in France and Japan there were GDP contractions of 0.2 per cent and 0.1 per cent respectively, the OECD said in a media release.

Despite the trend for the G20 area as a whole, Brazil, Germany, Mexico, Saudi Arabia, South Africa and the European Union as a whole recorded stronger growth in Q1 2022 than in Q4 2021.

Growth in Saudi Arabia (2.6 per cent) was the highest among G20 economies, driven by a marked increase in oil activities.

In the OECD area, which comprises 38 countries including a dozen G20 countries, GDP growth is now estimated at 0.3 per cent in Q1 2022. This figure has been revised from 0.1 per cent growth estimated three weeks ago based on countries' preliminary GDP releases.

Since then, among G7 countries, GDP QoQ growth in Q1 2022 has been revised upwards in Italy and Japan and downwards in Canada and France.

Also, Ireland has published its Q1 2022 GDP growth estimate, which has added almost 0.1 percentage points to OECD area GDP growth.

The United Kingdom and South Africa exceeded their pre-pandemic (Q4 2019) level of GDP for the first time in Q1 2022, by 0.7 per cent and 0.5 per cent respectively, while Italy reached its pre-pandemic (Q4 2019) level of GDP for the first time.

Among the G20 economies, GDP in Germany, Japan and Mexico remained below pre-pandemic levels (by 0.9 per cent, 0.6 per cent and 2.1 per cent respectively) in Q1 2022.

Source: fibre2fashion.com– Jun 15, 2022

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USA: Fed Hikes Rates After 'Sharp' Sales Decline

Retail sales in May fell for the first time in five months, sparking fears of a broader slowdown through the rest of the year.

Sales in the U.S. last month dipped 0.3 percent following April's 0.7 percent increase, the Commerce Department data reported Wednesday.

"Retail trade sales were down 0.4 percent from April 2022, but up 6.9 percent above last year," it said. Auto sales recorded the biggest decline last month at down 3.5 percent. Excluding autos, retail sales were up 0.5 percent. Excluding autos and spending at gas stations, which was up 4 percent, retail sales rose just 0.1 percent—the smallest gain in five months.

Apparel and accessories stores were essentially flat at $26.32 billion last month from $26.28 billion in April, seasonally adjusted. Sales at department stores rose 1 percent to $11.55 billion from $11.44 billion. Sales are general merchandise stores were essentially flat at $68.20 billion from $68.12 billion, while sales at non-store retailers—including e-tailers—were down 1 percent to $102.87 billion from $103.89 billion. Sales at furniture and home furnishings stores also fell 1 percent to $12.18 billion from $12.29 billion.

Apparel and home's sales were stronger than they were a year ago, but the trend line month-over-month could be worrisome, especially as high inflation means consumers have less money to spend.

The Federal Reserve on Wednesday hiked interest rates 0.75 percent for the single-biggest bump since 1994, a move that signals inflation's threat to the economy.

"Inflation continues to be the biggest headache for consumers as price gains have spread and the higher cost of less discretionary items like food and gas make for tough spending decisions elsewhere. Once adjusting for inflation, we estimate real retail sales declined a sharp 1.6 percent last month," Wells Fargo economists Tim Quinlan and Shannon Seery wrote in a research note published Wednesday.

"In short, the factors that have sustained spending thus far are getting near the end of their rope, and we are increasingly concerned that goods spending will slow sharply and that will be particularly evident in retail sales which is mostly a measure of goods spending," they added.

Another analyst echoed the concerns over a sharp slowdown in consumer spending.

"Given that the monthly retail sales data is not adjusted for inflation, this decline means that consumers are spending significantly less than we would expect to see at a normal inflation rate of 2 to 3 percent," Natalie Kotlyar, national leader of BDO's retail and consumer products practice, said. "As we head into the summer months, and as gas prices remain high, we will see if consumers pull back on summer travel and discretionary spending."

David Silverman, senior director at credit ratings firm Fitch Ratings, said May's numbers come on the heels of a "volatile" first quarter marked by "topline disappointments" at many retail companies. "Fitch expects a heightened promotional environment through the summer as retailers clear excess goods," he added.

Silverman blamed bloated inventories on supply chain disruption and delays. Retailers that cut orders in the next six months could support the sector's health and help ease transportation bottlenecks, he added.

The National Retail Federation's top exec said more action is needed to ease the burden on shoppers.

"Retailers are doing what they can to keep prices down, but we continue our call on the administration to repeal unnecessary and costly tariffs on goods from China to relieve pressure on American consumers and their family budgets," said Matthew Shay, president and CEO at the retail trade group.

Back-to-school: boom or bust?

May's disappointing sales comes as the back-to-school (BTS) season is just four weeks away.

Mastercard SpendingPulse projects 7.5 percent growth for the July 14-Sept. 5 season when people prepare for school-age students to return to K-12 and collegiate classrooms. It doesn't factor in auto sales.

"Back-to-school is the second biggest season for retailers and is often looked at as an early indicator of retail momentum ahead of the traditional holiday season," Steve Sadove, senior advisor for Mastercard and former CEO and chairman of Saks Incorporated, said. "While Mastercard SpendingPulse anticipates growth across sectors, retailers will need to find innovative ways to entice shoppers as discretionary spending potentially stretches thin as a result of increasing prices."

Mastercard expects an 8.2 percent increase in in-store sales and a 4.3 percent uptick in e-commerce sales during the BTS season. Trying on apparel is one reason why consumers still find themselves going to physical stores, which could help department stores continue the momentum of a 15-month rebound following a multi-year decline.

Social events such as weddings, events and vacations will continue to fuel clothing sales for the foreseeable future, Mastercard said. Credit card data shows May's retail sales in the U.S. rose 10.5 percent year-over-year, with apparel (17.4 percent), department stores (12.0 percent), and luxury (20.2 percent) each improving.

The effects of inflation are being felt worldwide. The U.K. is worried about the health of its economy. The Organisation for Economic Co-operation and Development (OECD) said rising living costs, including higher fuel prices, could leave the U.K. with the weakest economy in G7 next year. The OECD said inflation is at a 40-year high of 9 percent and could reach 10 percent or higher this year.

A Eurostat report, from the statistical office of the European Union (EU), said that annual inflation in the euro area hit 8.2 percent in May, up from 7.4 percent in April.

Inflation in Sweden, an EU member that hasn't adopted the euro, was at 6.4 percent in April, representing the highest inflation rate since December 1991. For now, that hasn't curtailed apparel sales at H&M Group, which said on Wednesday that second quarter net sales in local currencies from March 1-May 31 rose 17 percent to 54.504 billion Swedish krona ($5.31 billion).

Source: sourcingjournal.com– Jun 15, 2022

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USA: Both Sides Confirm Port Labor Contract Talks Likely to Run Past July 1

The union representing some 22,000 dockworkers at ports along the West Coast and employers confirmed Tuesday contract talks continue with no plans for a strike or lockout, even as both parties said negotiations are likely to extend past the July 1 deadline.

The International Longshore and Warehouse Union (ILWU) and Pacific Maritime Association (PMA), the group representing employers, said in a joint statement Tuesday they're "committed to reaching a new agreement."

"Both the PMA and ILWU agree that they are unlikely to reach a deal before the July 1 expiration of the current agreement," the joint release said. "This timing is typical, and cargo operations continue beyond the expiration of the contract. Neither party is preparing for a strike or a lockout, contrary to speculation in news reports. The parties remain focused on and committed to reaching an agreement."

CNBC reported Friday that Port of Oakland union officials moved a planned stop-work meeting on Monday to daytime hours to allow for workers to observe the Juneteenth holiday, citing an internal document. The federal holiday is Sunday but being observed by many employers on June 20.

The planned stoppage is not a strike. Stop-work meetings are built into the labor contract with terminal operators and are held to discuss union-related matters.

The union was criticized in February 2015 by then-Oakland maritime director John Driscoll when the stop-work meeting was moved to the day shift as union officials and employers were in the midst of hammering out a contract that had expired in the prior year.

Driscoll had called the meeting's shift to daytime hours "damaging to shippers" and also stood to "cripple our ability to support global trade and the economy of the Bay Area."

The current contract talks began May 10 and have seen one temporary halt between May 20 and June 1.

Industry groups have called for intervention from the White House even prior to the start of negotiations to avoid any possible disruption to an already dislocated supply chain.

ILWU and PMA officials met with President Biden on Friday when he visited the San Pedro Bay port complex and delivered a speech on a range of topics, including inflation and the Ocean Shipping Reform Act.

The ILWU and PMA said they discussed the collective bargaining agreement along with supply chain congestion, among other topics, with Biden.

Everstream Analytics intelligence solutions analyst Anthony Yanchuk said Tuesday in a webinar on navigating the dockworker contracts that drawn-out negotiations could impact as much as 40 percent of containerized traffic.

Yanchuk pointed to what's planned for Oakland next week as a possible preview of what's to come.

"Given the proximity to the [current contract] expiration on July 1, the [Oakland stop-work meeting] could provide a lot of good insights into how labor actions at a West Coast port could cause some kind of disruptions," Yanchuk said.

Any implications of a work slowdown or stoppage should be viewed in the context of bottlenecks, such as what's anticipated to be created by a potential surge in imports from China as COVID-19 lockdowns lift and production there picks up.

"Analysts expect congestion to increase in that robust China [import] surge and potentially create severe bottlenecks," Yanchuk said. "We're also seeing for the first time in a long time, carriers start to make weekly rate adjustments, which is a fundamental indicator of oversupply in certain spot markets.

And we saw shippers build up a lot of capacity to deal with that congestion that was happening in Long Beach and other West Coast ports moving in the earlier part of this year. We're now seeing a lot of oversupply from that side."

Everstream data has already shown what happens when shippers redirect freight to West Coast port alternatives with vessel queues and wait times rising at port facilities in Houston, Mobile, Ala., Norfolk, Va., and Savannah, Ga.

On the flipside, new routes from Asia to Mexico have emerged.

"There's a lot of demand now for alternatives in new routes that may potentially go around the labor actions that may occur at ILWU ports," Yanchuk said.

Implications of Monday's House vote pushing through the Ocean Shipping Reform Act of 2022 (OSRA22) on labor negotiations remains to be seen, the analyst added.

The bill, which now goes to President Biden to sign, provides mores oversight power to the Federal Maritime Commission (FMC) to regulate the carriers on matters such as service to U.S. exporters and how ocean liners invoice and charge detention and demurrage fees to shippers.

Passage of the bill has been hailed by supporters as a mechanism for partially addressing inflation, while also tamping down on what shippers have called unfair business practices on the part of carriers.

The World Shipping Council (WSC), which represents ocean liners, has long described efforts to tie high freight rates to supply chain disruptions and inflation as a "mischaracterization." The organization has instead called for more infrastructure spend to help relieve congestion.

"The increased rate levels we have seen over the past years are a function of demand outstripping supply and landside congestion, exacerbated by pandemic-related disruption," WSC said in a statement released Monday, following the House vote on OSRA22.

The sentiment was supported by findings from a two-year investigation by the FMC that concluded high rates stemmed from strong consumer demand.

Source: sourcingjournal.com– Jun 15, 2022

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FDI inflow into China up by 17.3% in Jan-May 2022

Foreign direct investment (FDI) into the Chinese mainland, in actual use, expanded by 17.3 per cent year on year (YoY) to 564.2 billion yuan between January and May this year, according to China's ministry of commerce. In US dollar terms, the inflow went up by 22.6 per cent YoY to $87.77 billion. FDI in high-tech manufacturing rose by 32.9 per cent YoY during the period.

The service industry saw FDI inflows jump by 10.8 per cent YoY to 423.3 billion yuan, while that of high-tech industries surged by 42.7 per cent YoY, data from the ministry shows.

During the period, investment from South Korea, the United States and Germany climbed by 52.8 per cent, 27.1 per cent and 21.4 per cent respectively, an official news agency reported.

In the January-May period, FDI flowing into the country's central region reported a rapid YoY increase of 35.6 per cent, followed by 17.9 per cent in the western region and 16.1 per cent in the eastern region.

Source: fibre2fashion.com– Jun 16, 2022

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Cambodia's exports rise by 34.5% YoY in Jan-May 2022

Cambodia's exports rose between January and May, according to Prime Minister Hun Sen, who recently told graduating students of the Royal School of Administration in Phnom Penh that about 500 garment factories are in full production now. The country exported $9,412.3 million worth of goods in the January-May period, a 34.5 per cent rise over the same period last year.

Statistics from the general department of customs and excise show production of garments—apparel, footwear and travel bags—during the period amounted to $4,483 in value, a 47.7 per cent of total export.

The United States was the biggest market for Cambodian products during the period, accounting for 57.7 per cent of the total exports. Imports during the period were worth $13,057 million, a 19.7 per cent increase year on year.

Out of the 1,719 industrial factories in the country, 67 new factories opened in the first five months this year, while 19 factories shut down operations.

Source: fibre2fashion.com– Jun 16, 2022

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Brazil to expand ties with Bangladesh in agri sector: Envoy

Brazil expressed a great interest on Wednesday to expand bilateral cooperation with Bangladesh in agriculture sector for mutual benefits of the two countries.

The Brazilian authorities' interest came when its Chargé d'affaires in Bangladesh Sabime Nadja Popoff called on Textiles and Jute Minister Golam Dastagir Gazi at the Ministry of Textiles and Jute.

After the meeting, the minister said Brazil produces world-class cotton and the envoy expressed her country's interest to increase cooperation on agriculture with Bangladesh, alongside exporting more cotton to Bangladesh.

Brazil exports cotton to different countries including Bangladesh and wants to export more cotton to Bangladesh, the minister quoted the envoy as saying.

However, the Brazilian envoy did not talk to the media.

Terming Brazil as a real friend of Bangladesh, the minister informed the envoy further that Bangladesh and Brazil will continuously work together in textile and agriculture sectors.

He told Ms Popoff that the two counties could work together to get rid of the existing bottlenecks in bilateral trade.

Source: thefinancialexpress.com.bd– Jun 16, 2022

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Colombia zeroes import duty on 60 textile items to fight inflation

The Government of Colombia, through the ministry of commerce, industry and tourism, has announced the implementation of zero per cent import tariff on 165 goods under Decree 307 of 2022. The list includes 60 textile items, comprising various types of yarn, fabrics and carpets. The move is part of government's efforts to ease price rise and tame inflation.

Citing the 'Commercial Report, March 2022' of Embassy of India, Colombia, The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC) said that the Colombian government had announced the removal of duty in March. Sharing the information with the industry, SRTEPC has asked its members to explore the opportunity to enhance India's textile exports to Colombia.

As per the information provided by Embassy of India (EOI), Bogota, the Colombian government has removed import duty on textile items that fall under HS codes 50 to 58 and 60.

Colombia and other Latin American countries are struggling with high rate of inflation caused due to the Russian invasion of Ukraine and the COVID-19 pandemic, the UN had said recently, adding that high inflation is pushing large section of population into poverty. Colombian government has taken various steps including the removal of duty on various essential goods to control inflation and poverty.

According to data from Fibre2Fashion's market insight tool TexPro, Colombia had imported textile items worth $1.228 billion in April 2021-March 2022, which comprised 53.72 per cent fabric, 39.27 per cent yarn and 7.01 per cent fibre.

The country imported home textiles worth $110.215 million in the same period. Flooring and carpet import was 17.07 per cent. Colombia imported apparel worth $475.426 million in the same period.

Colombia exported apparel worth $399.093 million and home textiles worth $61.103 million during 12 months to March 2022, as per TexPro. This shows that the government also wants to push domestic textile industry so that the country can boost its economy by promoting export of finished textile items.

Source: fibre2fashion.com– Jun 15, 2022

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Turkiye's retail sales volume rises by 14.7% YoY in Apr

Turkiye's retail sales volume with constant prices increased by 14.7 per cent in April this year compared with the same month last year and rose by 2.1 per cent compared with March this year.

In April, non-food (except automotive fuel) sales increased by 31.3 per cent year on year (YoY). Retail sales volume increased by 2.1 per cent on a monthly basis.

Retail turnover with current prices increased by 119 per cent in April compared with the same month last year and rose by 8.4 per cent compared with March this year.

In April, non-food (except automotive fuel) sales increased by 122.3 per cent YoY, according to Turkish government statistics.

Source: fibre2fashion.com– Jun 15, 2022

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US' denim imports from Bangladesh rise by 51% during Jan-Apr'22

US' denim imports from Bangladesh increased by 51 per cent to $248 million from January to April 2022, shows data from Commerce Department's Office of Textiles & Apparel (OTEXA).

As per a Textile Today report, the OTEXA data shows, US' overall denim imports from Bangladesh grew by 0.84 per cent Y-o-Y to $1.25 billion during the January to April 2022 period.

Denim imports from Pakistan grew by 72.48 per cent to $152 million while from Vietnam grew by 40.94 per cent to $137.37 million worth of denim. Imports from China rose by 20.23 per cent to $110.64 million.

In terms of growth, Egypt performed remarkably as it noted 126 per cent growth in its denim export to the US and earned $71.70 million in January to April 2022.

As per the latest report by Research and Markets, worldwide denim market is expected to grow by $76.1 billion till 2026 from $57.3 billion in 2020. The market research firm attributed the anticipated success to factors including casualization in the workplace.

Source: fashionatingworld.com– Jun 15, 2022

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World Bank says Vietnam's economic recovery remains strong

Vietnam's industrial production in May witnessed an expansion of 10.4 per cent year on year (YoY) while retail sales rebounded with a growth of 4.2 per cent month on month (MoM) and 22.6 per cent YoY, suggesting strong recovery of private consumption, according to the June edition of the World Bank's Vietnam Macro Monitoring released recently.

Economic recovery remained strong despite heightened global uncertainties, while export growth slowed and import growth plateaued, it said.Sale of consumer services, which was hit harder than the sale of goods last year, experienced a stronger rebound of 41 per cent YoY compared to a rise of 18.3 per cent YoY of goods in May.

Foreign direct investment (FDI) commitments were $879 million in May, the lowest level since September 2020, and nearly 50 per cent lower than a year ago. This is the fourth consecutive month of decline, reflecting the heightened economic uncertainties caused by the protracted war in Ukraine and the health-related lockdowns in China. On the other hand, FDI disbursement remained strong in May, up by 8.5 per cent YoY, marking a six-month expanding streak.

Consumer price inflation edged up from 2.6 per cent in April to 2.9 per cent in May, driven by a rise in gasoline and diesel prices, which were 54.5 per cent higher in May than a year ago. Producer price inflation showed signs of easing in May, with both input costs and output prices rising at the slowest rates in three months, according to Vietnamese media reports. Thanks to strengthening domestic demand, total revenue collection increased by an estimated 29.4 per cent year on year in May, keeping the budget in surplus for the fifth consecutive month.

The World Bank recommended that Vietnamese authorities should be vigilant about inflation risks associated with continuing rise in prices of fuels and imports, which may dampen the ongoing recovery of domestic demand. Temporary support, including targeted transfers, should be considered to help poor households weather the price surge. Investing in alternative energy production would reduce the economy's dependence on imported fuels in the medium term and promote greener growth, the global financial organisation added.

Source: fibre2fashion.com– Jun 15, 2022

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Bangladesh's taka falls again, hits Tk 92.50 against USD recently

Bangladesh's currency taka has depreciated further against the US dollar, hitting Tk 92.50 on the interbank platform recently. The exchange rate stood at Tk 92 per dollar on June 13 before falling by Tk 0.50 the next day, the 13th decline this year. The Bangladesh Bank injected $105 million into the market recently to help banks settle import bills.

The central bank supplied a record $6.79 billion to the market between July 1 and June 13 this fiscal. Despite such steps, the foreign exchange market is facing a shortage of US dollars due to the soaring import payments and the declining trend of remittance, according to Bangladeshi media reports.

Import payments have shot up since the end of last year due to the rising prices of commodities in the global market.

Between July and April, imports went up by 41 per cent to $68.66 billion, while exports grew by 35 per cent to $41 billion. This resulted in a record trade deficit of $27.56 billion, up by 53 per cent year on year.

Remittance, the cheapest source of foreign currency for the country, fell by 16 per cent year on year to $19.2 billion in the first 11 months of this fiscal.

All these led to the decline in the foreign exchange reserves to $41.7 billion on June 1, which was $46.15 billion on December 31.

Source: fibre2fashion.com– Jun 15, 2022

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Pakistan: Trading activity improves on cotton market

The Spot Rate Committee of the Karachi Cotton Association on Wednesday fixed the spot rate of new cotton at Rs 20,800 per maund. 2000 bales of Tando Adam, 1000 bales of Sanghar were sold at Rs 20,900 to Rs 21100 per maund, 400 bales of Hyderabad and 200 bales of Shahdad Pur were sold at Rs 21000 per maund, Jawed Yunus Tabba, CEO, Lucky Textile Mills said, “Heimtextil is the one opportunity, we have each year to meet our regular customers from Europe and from around the world on one platform. We are very excited to be a part of the first Heimtextil edition after the pandemic and most of our buyers have already confirmed meetings.”

Over 2000 exhibitors (combined with co – located events) are participating in Heimtextil, Techtextil and Texprocess 2022. Heimtextil Summer Special, Techtextil and Texprocess open their doors in Frankfurt am Main from 21 to 24 June. After the Corona-related break, exhibitors and visitors are looking forward to personal interaction. Over 120 exhibitors from Pakistan will be present at the three shows in June.

Pakistan will have direct exhibitors such as Lucky Textile Mills, Sadaqat Limited, Gohar Textile Mills, Nishat Chunian, Nishat Mills, Adamjee Enterprises, Master Textile and Sapphire Finishing, as well as a national pavilion organized by Trade Development Authority Government of Pakistan.

ACS Textiles, Momtex Expo Limited, Noman Terry Towel Mills, Zaber & Zubair Fabrics and many more from Bangladesh will showcase their products.

Khurram Mukhtar CEO, Sadaqat Limited said, “Heimtextil is the perfect platform for showcasing our vast design potential. It’s also the ideal place to meet with our customers and introduce them to the latest trends. We are looking forward to meeting our customers after the span of a pandemic and having a fresh start.”

ICE Cotton futures fell more than 1% on Tuesday, pressured by the dollar’s rally and as wider grain markets also tumbled.

The most-active December cotton contract on ICE Futures fell 1.75 cent, or 1.42%, to 121.06 cents per lb, as of 01:40 p.m. ET (1740 GMT).

The dollar index hit a fresh two-decade high, making cotton expensive for overseas buyers. USD/

“There is a generalized negativity in the broader markets, which is of course being felt in the commodity sector, and the US dollar index is trading at multi year highs,” said Valentin Olah, cotton risk management consultant at StoneX Group.

“Cotton is a discretionary item, so it is also feeling some pressure… given that our residual incomes are shrinking amid the current inflationary environment,” Olah added.

Chicago corn and wheat futures declined weighed by a fall in finiancial markets on concerns over rising inflation.

The Spot Rate Committee of the Karachi Cotton Association on Wednesday fixed the spot rate of new cotton at Rs 20,800 per maund. The Polyester Fiber was available at Rs 310 per kg.

Source: brecorder.com– Jun 16, 2022

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NATIONAL NEWS

Overall Merchandise and Services Exports jump 24% in May, 2022

India's overall exports (Merchandise and Services combined) in May 2022* are estimated to be USD 62.21 Billion, exhibiting a positive growth of 24.03 per cent over the same period last year.

The merchandise exports in May 2022 were USD 38.94 Billion, as compared to USD 32.30 Billion in May 2021, exhibiting a positive growth of 20.55 per cent. The estimated value of services export for May 2022* is USD 23.28 Billion, exhibiting a positive growth of 30.32 per cent vis-a-vis May 2021 (USD 17.86 Billion).

India's overall exports (Merchandise and Services combined) in April-May 2022* are estimated to be USD 124.59 Billion, exhibiting a positive growth of 25.90 per cent over the same period last.

The merchandise exports for the period April-May 2022 were USD 78.72 Billion as against USD 63.05 Billion during the period April-May 2021, registering a positive growth of 24.86 per cent.

The estimated value of services export for April-May 2022* is USD 45.87 Billion, exhibiting a positive growth of 27.71 per cent vis-a-vis April-May 2021 (USD 35.92 Billion).

The overall imports (Merchandise and Services combined) in May 2022* are estimated to be USD 77.65 Billion, exhibiting a positive growth of 59.19 per cent over the same period last year.

The overall imports in April-May 2022* are estimated to be USD 151.89 Billion, exhibiting a positive growth of 45.44 per cent over the same period last year.

Click here for more details

Source: pib.gov.in– Jun 15, 2022

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12th ministerial conference of WTO: India seeks review of moratorium on e-commerce tariffs

India on Wednesday asked members of the World Trade Organisation (WTO) to review the continuation of the moratorium on customs duties on e-commerce trade, seeking a change in status quo prevailing over the past 24 years.

Speaking at the thematic session on e-commerce work programme and moratorium at the 12th ministerial conference of the WTO, commerce and industry minister Piyush Goyal stressed that the financial consequences of such a moratorium have been mostly borne by the developing countries. According to an estimate, 86 out of 95 developing countries are net importers of digital products and only five big tech giant companies are controlling the market.

Between 2017 and 2020, developing countries have lost potential tariff revenue of at least $50 billion only on the import of 49 digital products, Goyal said. About 95% of this revenue tariff loss is borne by the developing countries. By 2025, this potential revenue loss is estimated to be about $30 billion a year.

WTO members have agreed not to slap customs duties on electronics transmission since 1998 and the moratorium has been extended periodically at successive ministerial conferences. The validity of the current extension is up to the 12th ministerial. Many members, mainly the developed countries, are seeking another extension up to the 13th ministerial (whenever it's held).

While small exporters of physical products like textiles, handloom, clothing, footwear, mainly based out of developing countries, are facing both domestic taxes and customs duties, the big digital exporters are being exempted from custom duties due to the moratorium, Goyal said.

An estimate points out that about 40% of cross-border physical trade globally will be replaced by 3D printing by 2040.

"This will actually jeopardise domestic manufacturing capacities which will be subjected to regular tariffs, which would actually become totally uncompetitive. I think this moratorium which has been continuing for 24 years needs to be reviewed, relooked at," Goyal said.

"Is it fair that the cost of the moratorium is almost completely borne by the developing countries for extending duty free quota, quota free market access, largely for a very few players? Can we justify this wealth accumulated by Big Tech at the cost of the ability of the emerging markets to generate resources, to meet the basic needs of their large population?" the minister asked.

Since most countries didn't have concrete policies on e-commerce, which was an emerging area of trade in even developed countries in 1998, they had decided to establish a work programme on it to hold intensive talks and also impose a moratorium on customs duties on electronics transmission.

Interestingly, even over two decades later, WTO members have neither defined what constitutes electronics transmission nor come to an understanding on its coverage of products, let alone finding ways to impose the duties. This has made it difficult for countries to even tax imports of products that can somehow be linked to digital goods.

Source: financialexpress.com– Jun 16, 2022

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India-UK FTA negotiations: Only a comprehensive deal will enable businesses

When the fifth and sixth largest economies in the world enter trade negotiations, it matters to business and consumers in both countries, and it matters to the wider international community. As India and the UK continue negotiations for a Free Trade Agreement there are high expectation that the deal could be a game-changer for trade, investment, and job creation. A win-win for both countries. But only if the deal is comprehensive, has depth, and covers services as well as goods.

Both countries have been busy in successfully negotiating other deals in recent months – India with Australia and the UAE, and the UK with New Zealand and Australia. It is fair to say, though, that negotiations between two economies with the scale, depth of engagement, and complementarity of the UK and India should be more ambitious than with these other partners. The size of the prize is much larger.

That is why we have seen political will and ambition throughout the process. It was apparent when Ministers Goyal and Trevelyan launched the talks in January, continued by Prime Ministers Johnson and Modi in April, and has been evident during three rounds of negotiations so far by the negotiating teams. That political will is vital.

So is the enthusiasm of businesses. And businesses want a deal that is comprehensive, spans goods and services sectors and delivers meaningful reforms that make it easier to do business. To unlock the full opportunity, negotiations need to cover four broad areas: tariffs; non-tariff barriers; IP, and digital and data services; and investment.

Tariffs

Lower tariffs will enable businesses to trade at better price points, allowing more businesses to export and existing exporters to expand. Consumers benefit from lower prices. Alcoholic spirits, food, textiles and the healthcare sectors are all areas where real benefits can be achieved.

In 2019, the UK imported just under USD 2 billion worth of textiles and clothing from India according to figures from the World Bank. In the same year, it imported over USD 3.7 billion from Bangladesh, nearly double the total value. Bangladesh, as well as other countries in the South Asia region, have a significant tariff advantage over India. If tariffs on textiles and related products were reduced through a UK-India FTA we would expect India's share of UK imports to rise considerably.

Standards, Customs Procedures and other non-tariff barriers

Reducing non-tariff barriers to goods trade, such as by aligning standards and simplifying burdensome and costly customs procedures will also be key to unlocking the India-UK relationship's full potential. As with tariffs, certain sectors that might take priority include Food and Drink and Life Science and Healthcare. Companies will be able to trade more easily as a result and consumers thus get heightened access to their products.

Our services sectors can expand rapidly too, particularly if there is mutual recognition of qualifications in sectors like accounting, architecture and legal services.

IP and data

IP protection and alignment of data protection rules will be important to drive growth in the innovative, tech-rich, and digitally-driven future-focused industries that will increasingly drive expansion of UK-India trade.

Digital technology, data and the exchange of information are increasingly important across all services sectors, and therefore are essential to services powerhouses like the UK and India.

This is a trading agreement being negotiated in a completely different world two years ago, with work, education, healthcare, shopping and banking increasingly done on digital platforms.

In all these cases – tariffs, customs procedures, standards, IP and data – positive reforms and agreements will help more SMEs to enter the market as it is these businesses – the cornerstones of both economies – that lack the resources to overcome the existing barriers to trade.

And it isn't just about trade.

Investor confidence

Investor confidence, across all sectors, will be vital in accelerating and expanding job creation in India. The Government of India have taken really positive steps, most notably the amendment to the retrospective tax Bill. If both Governments go further, and successfully negotiate an Investment Chapter through the FTA, it would help to spur two way investment flows, creating prosperity and jobs for more people in both countries.

For India, it will mean more UK companies are making in and exporting from India.

Win-win

The UK companies understand and support Prime Minister Modi's self-reliant India mission. In fact, a 2021 UKIBC survey found that 65% of UK businesses view Atmanirbhat Bharat as an opportunity to do more business with India. So, if the FTA increases investor protections and makes it easier and cheaper for companies to import goods and services from our open, global economy, then we will see increased investment, many thousands more jobs and ever-more world leading technology being transferred to and created in India.

India and the UK are already close partners and successful FTA negotiations can bind us even closer together.

Source: timesofindia.com– Jun 15, 2022

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Goods and services tax: GST rate-rejig panel to meet on Friday

The group of ministers (GoM) reviewing the goods and services tax (GST) rates will meet virtually on Friday to discuss the proposed rejig in tax slabs, even as it may seek six more months to finalise its report.

"We have been verbally told that there will be a meeting on Friday. No agenda has been shared so far," a member of the GoM told FE.

Sources said the panel, headed by Karnataka chief minister Basavaraj Bommai, will review the list of goods and services exempt under GST to expand the tax base and eliminate the breaking of the input tax credit (ITC) chain. Besides, it will look into the instances of an inverted duty structure to correct the inverted structure and recommend suitable rates to eliminate the inverted duty structure, as far as possible, to minimise instances of refund due to the inverted duty structure.

The GoM was set up in September last year and was then tasked to submit its report in two months. In December, the group was given further time till March-end, but it is yet to finalise its recommendations. It last held a meeting in November 2021.

The GoM's main mandate is to review the current tax slab rates, and recommend changes as needed to garner more resources, as the five-year GST compensation mechanism comes to an end this month.

While a much-awaited comprehensive restructuring of the GST slabs to raise the revenue-neutral rate (RNR), from a little over 11% now to 15.5%, may take some more time due to inflationary concerns, the GST Council could consider raising the GST on online gaming from 18% to 28%, to bring the skill-game tax rate at par with chance games involving gambling and betting, sources said. The GST Council s likely to meet by end-June.

There are four major GST slabs now — 5%, 12%, 18% and 28%. A clutch of demerit goods in the 28% bracket also attracts cesses, the proceeds of which go to a separate fund meant to compensate states for the revenue shortfall.

The Bommai-led GoM will consider the merger of tax rate slabs, required for a simpler rate structure in GST. Given the slab rejig is a complex exercise involving, among other things, correction of inverted duties in many value chains, the GoM will likely be given additional time, another source had said recently.

The council had to drop a plan to hike the GST rates for most textile products in the man-made fibre value chain from 5% to 12% in late December 2021, to correct the inverted duty structure, amid protests from the industry from Gujarat and other states. The GoM will revisit the matter afresh.

Based on the recommendation of the GoM, the council may eventually shift items under the 12% and 18% slabs to a new median slab of 15%. The 5% rate may be replaced by a new rate, which will be 6% or 7%, but the rate tweaking will be done in a manner that finally creates a three-slab structure.

In the meantime, officials are banking on the continuation of the buoyancy in GST collections and anti-evasion measures to narrow the likely shortfalls in GST receipts.

Under the GST compensation mechanism, which is constitutionally guaranteed, state governments are assured 14% annual revenue growth for the first five years after the tax's July 2017 launch.

Source: financialexpress.com– Jun 16, 2022

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Shri Narayan Rane calls for coordinated effort by all stakeholders to resolve the issue of delayed payments

Union Minister for MSME Shri Narayan Rane has called for coordinated efforts by all stakeholders to resolve the issue of Delayed Payments. Receiving a comprehensive report on the impact of delayed payments on MSMEs on Tuesday, Shri Rane said delayed payments from buyers weaken the MSME suppliers and impede their growth. He said that the Government has been implementing a series of interventions to address the problem.

At the same time, given the complexity of the problem, a lasting solution will need all stakeholders – the buyers, solution providers and MSMEs – to come together to address it, he added. The Minister highlighted the key role of MSMEs in powering the Indian economy to its $5 trillion dollar future.

The report titled 'Unlocking the full potential of India's MSMEs through prompt payments' written by Global Alliance for Mass Entrepreneurship (GAME) and Dun & Bradstreet (D&B) India and supported by Omidyar Network comprehensively covers the issue of delayed payments, and looks into the impact of this practice on MSMEs' survival and growth, supply chains and the overall economy.

Source: pib.gov.in– Jun 15, 2022

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Is the Indian economy truly resilient?

The Indian economy is in facing some unprecedented challenges. A protracted war in Europe has introduced new strains even before the impact of Covid-19 has fully waned. Together, these two significantly weaken the backbone of the world economy, impacting both the advanced and emerging markets. Contemporaneously, the Indian economy is also impacted.

Inflation has turned alarming and is generalised. There are fears that in the current fiscal, the inflation rate will be above the upper tolerance limit of 6 per cent as mandated in the flexible inflation target (FIT) system for three consecutive quarters. This will imply a failure of the RBI to adhere to the FIT mandate, a first since the inception of FIT in 2016.

Economy slowing

Economic growth has slowed as evident in Q4 data of 2021-22 (Q-o-Q, around 4 per cent). Even though the Monetary Policy Committee (MPC) has kept unchanged the rate of economic growth at 7.2 per cent for 2022-23, the Q3 and Q4 data at 4.1 per cent and 4 per cent, respectively, are pointers to a marked slowdown. Against this backdrop, the RBI Governor's remark (in his statement of June 6) that the "Indian economy has remained resilient supported by strong fundamentals and buffers" needs a relook.

With inflation out of control and growth under pressure, what does resilience really mean?

If the upside risks to inflation continue, the upside risks to economic growth will also continue as the higher interest rate will be transmitted to a higher lending rate which, in turn, will discourage both private consumption and private investment. The RBI has released credit offtake data as on May 22. The non-food credit data in general as on this date was 9.7 per cent (Y-o-Y) and industrial credit data in specific in the same period was 7.1 per cent.

For an economy of India's size, this is not very encouraging. The 90 basis points (bps) hike in interest rate (policy repo rate, announced in the May and June policy statements) will result in an increase in the bank lending rate as the MPC rate action transmits to the credit channel. The higher bank lending rate will further discourage private consumption/investment.

The Governor's statement also noted that "optimism on exports, both goods and services, and remittances, should help contain the current account deficit (CAD) at a sustainable level which can be financed by normal capital flows". The slowdown in economic growth both in advanced and emerging market economies will affect India's exports as the global demand will be weak. Furthermore, the external demand for our commodity exports are inelastic. Thus, our exports will be affected both by inelastic demand and the weak economic growth worldwide.

Even though the remittances and software services are to some extent pro-cyclical, the prolonged war in Europe could hurt trade in goods, services and remittances.

In view of the above, optimism on exports is misplaced at this stage. There is also pressure on imports in terms of crude oil, edible oil and pulses. Therefore, CAD could well be higher than that is anticipated currently. Past evidence suggests that higher crude prices make CAD unsustainable. Further, on account of the global slowdown and large-scale uncertainty, "normal capital flows" in terms of foreign direct investment (FDI) may take a pause for some time.

Forex reserves

In the context of a forex "buffer", as mentioned in the Governor's statement, a large component of forex reserves of $601.1 billion is debt flows. According to the International Investment Position (IIP), which measures external assets and liabilities, India is a net liability country. For example, as per the latest IIP data released by the RBI on March 31, 2022, for December 2021, our external debt liabilities comprised 48.5 per cent of the total external liabilities.

These debt liabilities mostly consist of External Commercial Borrowing (ECB) and NRI deposits. Furthermore, our assets-to-liabilities ratio as on end-December 2021 is 72.1 per cent. To the extent the "safe haven demand for US has increased", as mentioned in the Governor's statement dated June 8, the pressure on capital outflows from India continues.

Given the uncertainty in global demand for our exports and the rising oil import bill, the CAD position could remain fluid and the capital outflows may add pressure on volatility of our exchange rate vis-a-vis the dollar. Thus, the present 2.5 per cent rupee depreciation as against the dollar may not be a comfortable phenomenon, given the potential pressure on the CAD and normal capital flows.

Another important issue is the fiscal situation. The fiscal deficit, as a proportion of GDP, stood at 6.7 per cent in the provisional account of 2021-22 as against 6.9 per cent recorded in the revised estimates. This was on account of higher revenues but also a cutback in capital expenditure. Thus, growth-augmenting expenditure was reduced.

Furthermore, the revenue deficit-to-GDP ratio was 4.37 per cent. Revenue deficit conceptually is dis-savings of the government and is, therefore, a drag on growth. Thus, the fiscal trend for 2021-22 is not growth augmenting. If a similar trend continues in 2022-23, economic growth will further slow down and will be lower than the MPC-RBI estimate.

Survey findings

Let us now turn to the forward-looking surveys released by the RBI on June 8. The consumer confidence survey remained negative in respect of the economic situation, employment and price level.

The inflation expectation survey indicated that both, three months ahead and one year ahead, inflation will remain high. The survey of professional forecasters on macroeconomic indicators indicated largely a slowdown in growth rate (6.5 per cent), higher inflation rate (7 per cent) in 2022-23 against 7.2 per cent economic growth rate and 6.7 per cent for inflation estimated by MPC-RBI.

Also, the professional forecasters have estimated that CAD relative to GDP will be 3 per cent, which is higher than the CAD-GDP ratio of around 2 per cent historically.

In sum, growth is slowing and will slow further because of the higher lending rate, resulting in potential deceleration in credit offtake. Inflation has moved to a higher trajectory, mostly supply driven, and will cause hardship.

CAD will be higher and normal capital flows may not be forthcoming. In this light, claims that the Indian economy is resilient offers an encouraging and optimistic reading but it is based less on ground realities and more on hope.

Source: thehindubusinessline.com– Jun 15, 2022

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Cotton prices will continue to stress yarn spinners' working capital, liquidity: India Ratings

Spinning units across the country are not likely to get respite till the arrival of the new cotton season in October this year, as increased cotton prices will continue to stress working capital and liquidity of yarn spinners, especially small-sized ones, said the latest report of Mumbai-headquartered credit rating agency India Ratings and Research (Ind-Ra).

As per the report, inflated prices of cotton may lead to lower capacity utilisation of small-sized spinners during 1HFY23.

However, an operational recovery is expected by 2HFY23, on the back of a likely correction in cotton prices with the arrival of the new cotton season in October 2022, claimed the report.

Cotton production could be higher in the new cotton season compared to the current season, says Barath Ramjee, Ind-Ra director (emerging corporate), adding, "While the duty-free import of cotton and arrival of summer cotton are likely to support the moderation in the domestic cotton prices in the short to medium term, a decline is expected in cotton yarn prices in tandem with cotton prices. This could benefit apparels and textile players, who are already facing challenges to pass on raw material price inflation to consumers."

In the beginning of the current cotton season, Cotton Corporation of India (CCI) had 12.5 million bales (170 kg per bale) of cotton. At present, CCI has less than 4 million bales, he said. Agreeing with the Ind-Ra report, S Jagadesh Chandran, secretary of the South India Spinners Association (SISPA), said that most of the spinning units in South India are operating at hardly 50-60% capacities due to increased prices of cotton and other inputs.

"Small-sized spinners are facing the challenges of liquidity crunch and issues of availability of working capital in the wake of increased production cost. At the same time, their buyers are not willing to pay price hikes in proportion with the inflated input costs," lamented the SISPA secretary.

Of the over 3,000 spinning units across the country, nearly 70% are situated in South Indian states. Of these, nearly 10% are almost closed. Similarly, Gujarat-based spinning units are also operating at less than 50% capacity on an average. Gautam Dhamsania, secretary, Spinners Association – Gujarat (SAG) says that nearly 10% of 120-odd mills have closed operations, and most others are struggling to survive in the wake of increased input costs.

Cotton prices started moving upwards post-pandemic, not only domestically but also globally on account of the US ban on the use of Xinjiang-region cotton, followed by a low crop yield in India, says Nithyashree B, senior research associate, Ind-Ra. As per CCI, cotton production of the current season (Oct 2021-September 2022) is expected to remain at 32.36 million bales.

“On a monthly average, in May 2022, the price of Shankar-6 Guj cotton grew 113% year-on-year (y-o-y) to around Rs 99,786 per candy (356 kg per candy), whereas yarn prices increased only 45% y-o-y. The substantial hike in cotton prices has increased working capital requirements for cotton yarn manufacturers, especially small-sized entities,” she said. According to her, the margins of small entities will decline significantly, whereas medium and large sized entities are likely to record a moderate decline in 1HFY23.

Large players could continue to witness resilience in the margins on account of a high value-added product portfolio, control on power cost, benefits from economies of scale, availability of easy financing, etc, she added. “The aggregate average inventory-holding period fell in FY22 to 98 days from 127 days in FY21, owing to the higher cotton prices which led reduced stock holding. The total cotton stock with mills decreased around 17.8% y-o-y to 1,326 million kg in FY22,” says that report.

Source: financialexpress.com– Jun 16, 2022

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India vs China: The advanced industry production race

A quarter century ago, it was an open question as to which nation—India or China—would vault ahead in advanced industry production. It was China that won. Between 1995 and 2018, China's output of advanced industries grew six times faster than India's. Notwithstanding, India has some key strengths it can build upon.

To assess India's performance, the Information Technology and Innovation Foundation (ITIF) examined data from the OECD on seven key industries: pharmaceuticals, electrical equipment, machinery and equipment, motor vehicles, other transport equipment, computers, electronics, and IT and information services. As the Indian economy has grown, many of these have gained global market share. India is a major provider of active pharmaceutical ingredients and the US is the largest market for Indian IT services suppliers such as TCS, Infosys, Wipro etc, which collectively enjoyed some $50 billion in sales in 2020.

There is another way to examine India's advanced industry strengths—looking at their share of India's economy compared to the global economy; what regional economists term a location quotient (LQ). If India had the same share of advanced industries as the global economy, its LQ would be 1. In 1995, India's LQ for advanced industries 0.66, meaning that its advanced industry production as a share of its economy was a third lesser than the rest of world.

But by 2018, its LQ had increased to 1.14. In fact, the Indian economy is now more specialised in advanced industry than is US's (LQ 0.94), China's (1.3), and Germany's (1.6). India had 44% more pharmaceutical production as a share of its economy than the global average in 2018, and 89% more IT and other information services. Performance and prospects are much better than they were a decade ago. From 1995-2014, advanced industry production in China grew more than nine times faster than in India.

However, from 2014-2018, Chinese output grew just 50% faster than its Indian counterpart. But when looking at percentage growth, it was a completely different picture: output in all seven industries grew faster in India than China, with overall advanced industry output growing 43% faster in India. Given the efforts by the Trump administration to limit China's predatory economic and technology practices, with the current slowdown in the China economy, it is likely that these trends have continued and perhaps even risen to this day.

So what can India do to take advantage of this favourable trend? First, India's R&D tax credit should be increased. India ranks 26th of 34 major countries in R&D tax generosity. If it wants to exceed China's credit generosity and move to the 7th rank, it would need to triple its R&D credit rate. For this, it could start with incentivising R&D in its $27 billion PLI programme.

Second, India will need to strengthen its intellectual property system, including patents, and build entrepreneurial and institutional capacity to leverage it. Third, the world is moving away from the post-Cold War utopian model of global free trade. China helped destroy that with its aggressive innovation mercantilist actions and its threats to the global order. As such, there is likely to be continued decoupling from China by democratic nations.

India is well positioned to take advantage of that trend, and build its advanced economy in part on production moving out of China. It has already begun to engage with rest of the world on these lines. Another key step is to engage deeply with the Indo-Pacific Economic Framework proposed by the Biden administration in a mutually beneficial manner.

The bottom line is to make it easier for MNCs and domestic enterprises to do business in India. This will require unrelenting focus on enhancing India's competitiveness through convergence between policies both horizontally and vertically and improving implementation.

India has made significant progress on advanced industries, particularly in the last decade. It has the potential to make even more progress in this coming decade, but only if it takes the needed steps to succeed.

Source: financialexpress.com– Jun 16, 2022

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CBIC issues guidelines for post audit and refund claims under GST

The Central Board of Indirect Taxes & Customs (CBIC) has put out a procedure relating to sanction, post-audit and review of refund claims for taxpayers.

This is following several reports CBIC received about different practices being followed by the field formations, creating issues for taxpayers. The indirect tax body clarified that post-audit to be conducted only for refund claims amounting to Rs one lakh and above till further instructions, the CBIC said.

Also that while passing refund orders, officers are required to upload a detailed speaking order along with refund sanction order in the GST form. The matter has been examined with the twin purpose of ensuring uniformity in procedure and enabling effective monitoring of sanction of refund claims to safeguard interest of revenue, the board noted.

Source: business-standard.com– Jun 16, 2022

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