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INTERNATIONAL NEWS

China's production, new orders rise in Sept 2022

Factory activity in China expanded in September with rise in production and new orders, reflecting a momentum in economic recovery amid a better domestic COVID-19 situation and intensified macroeconomic policy support, according to officials and experts. The official purchasing managers' index (PMI) for manufacturing was 50.1 in the month, up from 49.4 in August.

A PMI reading above 50 indicates expansion, while a reading below that number reflects contraction.

The sub-index for production stood at 51.5 in September, up by 1.7 points from the previous month, , data from the National Bureau of Statistics (NBS) showed.

Demand continued to increase as the sub-index for new orders rose 0.6 point from August to 49.8, NBS said.

"As measures of stabilising the economy continued to take effect in September and the negative effects of heat waves waned, manufacturing PMI has bounced back to expansionary territory," senior NBS statistician Zhao Qinghe was quoted as saying by official Chinese media.

China's non-manufacturing PMI was 50.6 in September, down from 52.6 in August.

Experts, who expect further fiscal and monetary easing, such as proactive infrastructure spending, as well as supportive credit to manufacturing and realty, have cautioned against downward pressures and uncertainties both at home and abroad.

Source: fibre2fashion.com- Oct 02, 2022

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US' Levi Strauss & Co. aims for 40% decline in GHG emissions by 2025

Levi Strauss & Co. aims for 40 per cent reduction in supply chain greenhouse gas (GHG) emissions by 2025, as per the company's new slate of goals which has been released as part of its Sustainability report, demonstrating its commitment to a holistic definition of sustainability and progress across its key pillars of climate, consumption and community.

The goals cover focus areas including greenhouse gas emissions, water stewardship, circular economy and new business models, worker well-being in the supply chain, diversity, equity and inclusion and social issue advocacy.

Taken together, they are a clear expression of the company's guiding philosophy of profits through principles. They also signal the company's commitment to working in partnership with others throughout its value chain, its intent to accelerate the development of circular products and the broader circular economy ecosystem, and its determination to enhance a longstanding company value of treating all people with dignity and respect.

"These goals are crucial to the future of our business," says Chip Bergh, chief executive officer and president of Levi Strauss & Co. "By doubling down on sustainability and ESG reporting at Levi Strauss & Co., we are creating a more resilient business while also signaling to our full range of stakeholders, including our consumers, that we are committed to being transparent about our progress on ESG matters and working to create the scale necessary to address the most pressing challenges of our time."

The goals are among the highlights of the company's recently published sustainability report and comprehensive set of disclosures.

It also complements the latest iteration of the Levi's brand's Buy Better Wear Longer marketing campaign, launched on September 21 as a continuation of the brand's ongoing conversation with consumers about the need to combat overproduction and overconsumption in and by the apparel industry.

With regard to the goals, the company will be reporting progress on each goal on an annual basis, demonstrating to all stakeholders – from investors to employees to supply chain workers to partners around the world – that it is becoming more sustainable, more equitable and more impactful as a company day by day.

“Our new goals signal a step change in our sustainability ambitions and our intent to increase open collaboration in the industry,” says Jeffrey Hogue, chief sustainability officer. “We intend to leverage the strength of our brands and our longstanding company values to inspire our employees, communities and value chain partners to join our journey to create a more inclusive and regenerative apparel industry.”

Source: fibre2fashion.com- Oct 02, 2022

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EU employment up, labour market slack down in Q2 2022

The employment rate of people aged 20-64 in In the European Union (EU) stood at 74.8 per cent in the second quarter (Q2) this year—a rise of 0.3 percentage points (pp) compared with the first, according to Eurostat. The highest increases in employment rate were recorded in Lithuania (1.6 pp), Latvia (0.9 pp) as well as Ireland and Slovakia (both 0.8 pp).

The labour market slack, which comprises all people who have an unmet need for employment and of which one of the main components is unemployment, amounted to 11.5 per cent of the extended labour force aged 20-64 in Q2 2022, down from 11.9 per cent in Q1 (minus 0.4 pp).

While employment rose in 20 EU member states, it remained stable in two (Hungary and Slovenia) and decreased in Croatia, Belgium, Luxembourg, Cyprus and Portugal, Eurostat said in a release.

Source: fibre2fashion.com- Oct 02, 2022

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US Cotton exports take drastic hit in July 2022

Cotton exports from the US witnessed a steep fall to $28.362 million in July 2022 from $1,062.592 million in June 2022. The new cotton marketing season begins in the country from August and exports had reduced drastically in the last month of the previous year 2021-22. However, the country had exported a large volume of cotton during the earlier months.

The country had exported large quantities of cotton till June 2022 due to a scarcity of the natural fibre and skyrocketing prices. Therefore, cotton exports dried up in the last month of the previous season. Cotton exports amounted to $1,162.222 million in May, $1,104.972 million in April, $1,112.802 million in March and $919.778 million in February 2022, according to Fibre2Fashion's market insight tool TexPro.

On a quarterly basis, cotton shipment from the US rose to $3.328 billion in the second quarter of this year from $2.820 billion in the first quarter. Exports had declined to $1.002 billion in the fourth quarter of last year from $1.254 billion in the third quarter of 2021. Cotton exports amounted to $1.972 billion in the second quarter of last year.

The world's largest economy earns $6-7 billion on an annual basis from cotton exports. The country had fetched $5.156 billion in 2021, $6.321 billion in 2020, $6.608 billion in 2019 and $7.088 billion in 2018 from cotton shipments.

Source: fibre2fashion.com - Oct 02, 2022

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Inditex, PVH, Euratex among members of new circular fashion consortium Cisutac

Cisutac members will start working on technological, industry-specific and socio-economic issues relating to sustainable fashion, concentrating on three areas: repairing, disassembling products and sorting used items to identify those that are recyclable and reusable, with an emphasis on fibre-to-fibre recycling, and circular design. Pilot projects will be carried out in each of these areas.

In its initial press release, Cisutac stated that it will evaluate the creation of semi-automated workstations, assess infrastructure and material flows, and encourage the gradual digitalisation of waste sorting operations. Cisutac also aims to raise awareness, among consumers and the industry as a whole, about circularity issues related to clothes.

"As part of the Cisutac consortium, Euratex will facilitate the circular economy transition, liaise with other projects and initiatives, support the development of training and education material, including masterclasses and MOOCs, raise awareness in Europe of the environmental impact of textiles and provide input for policy, standardisation and certification to facilitate the transition to the circular economy," stated the new consortium.

Euratex represents Europe's textile federations at the EU offices in Brussels, and is active in the Rehubs project, whose goal is to deploy sorting and recycling hubs for end-of-life textiles on the continent. A sector that Euratex estimates could generate 15,000 jobs in Europe, for a revenue between €3.5 billion and €4.5 billion by 2030.

Source: fashionnetwork.com - Sep 30, 2022

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Vietnam earns $6.52 bn trade surplus from Jan-Sep 2022: GSO

Vietnam has recorded a surplus of $6.52 billion in trade during January-September, 2022, according to the General Statistics Office (GSO). A trade deficit of $3.44 billion was noted for the Southeast Asian country for the same period last year.

It was found that Vietnam's import-export value reached $558.5 billion, which was a rise of 15.1 per cent year-on-year (YoY) during the reviewed period. Moreover, imports totalled $276 billion, an increase of 13 per cent YoY, and the export turnover touched $282 billion, a rise of 17.3 per cent YoY, according to various media reports.

During the first nine months of the current year, China turned out to be Vietnam's biggest exporter ($91.6 billion) and the US was its top importer ($86.3 billion), the GSO said. Vietnam also witnessed a trade surplus of $24.3 billion with the European Union during the period.

In just the month of September, the nation's total import-export value is calculated at $58.7 billion, a decrease of 11 per cent month-on-month (MoM), but an increase of 8.4 per cent YoY.

Source: fibre2fashion.com - Oct 01, 2022

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Vietnam opens garment unit in An Giang province with Dutch investment

Vietnam recently opened a garment factory in the Mekong Delta province of An Giang with Dutch investment worth 253 billion VND ($10.6 million). The Spectre An Giang Garment Technologies Factory, whose construction started late last year, can produce 2 million products a year and create jobs for more than 1,200.

Spectre started its production in Vietnam more than 10 years ago with joint ventures in Thai Binh province, followed by Nam Dinh and An Giang. With several years of operational experience in Vietnam, the company considers the country a promising market, Danish ambassador to Vietnam Nicolai Prytz was quoted as saying by a news agency.

He said Vietnam's political stability and impressive socio-economic growth have made it easy for Spectre to expand its investment in the country.

Source: fibre2fashion.com - Oct 02, 2022

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Making most of EVFTA to boost logistics industry: Talk show

The EU–Vietnam Free Trade Agreement (EVFTA) has set the scene for surging exports to the EU, resulting in an expansion in demand for logistics services that promises a better outlook for the industry and the Vietnamese market, heard a recent Hanoi talk show.

Hosted by the Industry and Trade Magazine, the function sought solutions to make the most of the opportunities from the EVFTA, which took effect in August 2020, to boost logistics.

The EU has remained Vietnam's key market, deputy director of the Ministry of Industry and Trade (MoIT)'s Foreign Trade Agency Tran Thanh Hai told the event, noting the volume of goods exchanged between the two sides has significantly increased after the signing of the EVFTA.

Logistics service providers play a very important role in delivering the shipments of Vietnamese products, such as textile and garment, footwear and seafood, to the EU at a reasonable cost, according to Hai.

The long geographic distance between Vietnam and the EU is a matter of concern following last year's six-day Suez Canal blockage caused by a stuck oil tanker, he said, adding potential problems can rise in the bilateral trade activities.

Le Hoang Khanh Nhut, general director of Da Nang Rubber Joint Stock Company, said logistics makes up a large proportion of firms' cost for products. There were periods when firms were having a hard time as logistics costs rocketed dozens of times, he stated, stressing it was difficult for the businesses to balance the cost of production and proposing Vietnam develop logistics centres at major ports to ensure the appropriate number of ships in and out.

Speakers put forward a number of recommendations to better make use of the benefits from the EVFTA, saying domestic enterprises must have greater understanding of Vietnam's commitments in logistics services to better identify potential competition risks and gain more innovative mindsets in order to optimise their operation.

Additionally, there should be not only more incentives from the Government but also support provided by local departments and administrations to raise logistics firms' competitiveness and help them capitalise the trade deal, they suggested.

Source: en.vietnamplus.vn - Oct 02, 2022

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Bangladesh: Volatile energy could become the norm for garment makers

As a garment maker, while the pandemic was tough going, there always seemed to be light at the end of the tunnel. Initially we saw global lockdowns which impacted our major markets in the US and European Union. But then came the vaccines and as they were being rolled out, business slowly started returning to normal and we even had a backlog of orders at one point.

The worry, at present, is that it is hard to see an end in sight as far as the energy crisis is concerned, which continues to hamper productivity in our garment industry. This crisis is causing sleepless nights for all of us with a vested interest in the success of our most important industry.

Recent estimates suggest various global issues which have led to gas shortages have hit garment production levels by up to half.

Lack of adequate gas pressure combined with soaring fuel costs means that many factories are now running at significantly lower capacity. Some factories have closed and others may follow if the situation does not ease soon. Some factories are only running during the evening when gas pressure is consistent.

These issues all have knock-on effects, impacting the ability of factory owners to pay bank loans, salaries, rents, and so on.

As well as energy challenges, factory owners are also suffering from a lack of orders. Orders have been falling since spring and, many claim, ever since the start of the Russia-Ukraine war. The question is, why are we facing such a situation and when will it all end?

I spoke to many friends in Europe and the US to try and find some answers to these questions. Here is what I discovered.

Firstly, let's go back to early spring and the beginning of the Russia-Ukraine war, which has had such a profound knock-on effect around the globe.

I do not want to get too much into the politics of the war so I will keep things simple. Nato is a defensive alliance of 30 countries from Europe and North America. While not a Nato member, Ukraine is a Nato partner.

Accordingly, Nato has consistently condemned in the strongest terms Russia's war of aggression against Ukraine and has been providing Ukraine with unprecedented levels of support, helping to uphold its right to self-defence. This has included weapons and arms.

In retaliation to this, Russia – a major exporter of oil, coal and gas – has weaponised these vital energy supplies. Many Nato members have had their oil and gas supplies cut off by Russia, meaning that Europeans have seen their energy prices skyrocket beyond anything they could have imagined. This, in turn, is impacting spending power in a key market of Bangladesh. With huge gas and electric bills to pay, customers are reducing discretionary spending in things such as fast fashion.

Many American and security leaders have been telling Europe for years that they need to diversify their energy supplies and not be so dependent on Russian oil and gas. Sadly, they have not moved quickly enough and left themselves highly exposed to the energy supply squeeze being implemented by Russia.

Because supply is being squeezed, this is placing upward pressure on energy globally. This is because Russia is such an important player in the global energy market. Basic economics say if you restrict supply, prices will rise, and that is what we are continuing to see. It could be a long winter.

There is more. Many countries in the European Union have been attempting to transition away from oil and gas towards renewable energy resources. All of this has helped create the perfect storm whereby Russia has intermittently stopped the flow of natural gas to Europe, using its dominant market position to inflict pain and uncertainty on Europe. The European Union is dependent on Russia for 46 percent of its coal imports and nearly 30 percent of its oil imports according to latest estimates.

Where will this end and what can garment makers expect in the coming months? Business associates tell me the war between Russia and Ukraine is dragging on for longer than expected. There is no sign of a ceasefire and, like so many of these wars, this has become a long, protracted battle.

The implications of all these are profound. As long as this war is raging, and as long as Nato is not willing to cede to Russia's demands (Russia wants an agreement that Ukraine will not join Nato), then energy markets globally will continue to be impacted. The effects of this will be felt even more severely as winter kicks in.

Like it or not, Bangladesh now operates in a globalised world. It is hard to see the energy challenges being experienced by our garment makers easing any time soon.

As garment makers, we need to prepare ourselves for the idea that these challenges will be here for many more months to come. The pandemic was tough but this is a different animal altogether.

Source: thedailystar.net - Oct 02, 2022

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Here's why factories making towels and bedsheets are shutting in Pakistan

Pakistan's small textile mills, which make products ranging from bedsheets to towels mainly for consumers in the US and Europe, are starting to shut after devastating floods wiped out its cotton crop.

As many as 100 smaller mills have suspended operations due to a shortage of good quality cotton, high fuel costs, and poor recovery of payments from buyers in flood-hit areas, said Khurram Mukhtar, patron-in-chief of the Pakistan Textile Exporters Association. Larger firms, which supply to global companies like Nike Inc., Adidas AG, Puma SE, Target Corp., are less affected as they are well stocked, he said.

The mill closures underscore challenges for the sector that employs about 10 million people, accounts for 8% of the economy and adds more than half to the nation's export earnings.

Their hardships have become acute due to recent floods, which submerged a third of Pakistan, killed more than 1,600 people, and damaged about 35% of the cotton crop.

The latest blow comes at a difficult time for the South Asian nation that is already struggling with high inflation and falling currency reserves. The closure of firms, such as AN Textile Mills Ltd., Shams Textile Mills Ltd., J.A. Textile Mills Ltd. and Asim Textile Mills Ltd., could worsen the country's employment situation and hit its export earnings. Larger companies are also facing rough weather, with demand for their products seen falling about 10% by December from now due to a slowdown in Europe and the US, Mukhtar said.

Due to an "unforeseen downturn in the market and unavailability of good quality cotton" following heavy rains and floods, the company's mills have been temporarily closed, Faisalabad-based AN Textile said in an exchange filing earlier this month.

Cotton production in Pakistan could slump to 6.5 million bales (of 170 kilograms each) in the year that started in July, compared with a target of 11 million, Mukhtar said.

That could force the nation to spend about $3 billion to import cotton from countries such as Brazil, Turkey, the US, East and West Africa and Afghanistan, said Gohar Ejaz, patron-in-chief of All Pakistan Textile Mills Association. About 30% of Pakistan's textile production capacity for exports has been hampered because of cotton and energy shortages, Ejaz said.

Pakistan's textile sector, which exports about 60% of its production, is also facing poor demand in the domestic market due to fragile economic conditions. Gross domestic product is estimated to halve from 5% in the fiscal year ending June following the floods that led to damages of around $30 billion. Pakistan secured a $1.1 billion loan from the International Monetary Fund in August to avert an imminent default.

Source: business-standard.com- Oct 03, 2022

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NATIONAL NEWS

$1.2-trn 'PM Gati Shakti' plan can snatch away factories from China

In India, half of all infrastructure projects are delayed, and one in four run over their estimated budget. Prime Minister Narendra Modi believes technology is the solution to these perennial and notorious bottlenecks.

Under a 100-trillion-rupee ($1.2 trillion) mega project called PM Gati Shakti -- Hindi for strength of speed -- Modi's administration is creating a digital platform that combines 16 ministries. The portal will offer investors and companies a one-stop solution for design of projects, seamless approvals and easier estimation of costs.

"The mission is to implement projects without time overrun and cost overrun," Amrit Lal Meena, special secretary of logistics in the ministry of commerce and industry, said in an interview in New Delhi. "Global companies choosing India as their manufacturing center is the objective."

Fast-tracking projects will give India an advantage, especially with China still largely closed to the outside world and companies increasingly adopting a China-plus-one policy -- finding other countries to expand in or source from -- to diversify their businesses and supply chains. Asia's third-largest economy not only offers cheap labor, but also a talent pool of largely English-speaking workers, even though rickety infrastructure keeps many investors away.

"The only way to compete with China, apart from the fact there are political requirements of countries to move away, is to be as competitive on the cost as you can be," said Anshuman Sinha, a partner at Kearney India who leads transport and infrastructure practices. "Gati Shakti is about making it easier to have a flow of goods and manufactured components across the length and breadth of the country."

The key pillars of the project are identifying new production clusters that don't exist today, and linking those sites seamlessly to the nation's railway network, ports and airports, Sinha said. "If you peel the layers of Gati Shakti, it's made up of identifying nodes and strengthening the logistics network connecting those nodes."

Reducing red tape through technology is crucial for India to unclog its stalled infrastructure projects. Of the 1,300 projects Gati Shakti's portal currently oversees, almost 40% were delayed due to issues related to land acquisition, forest and environment clearances, resulting in cost overruns, according to Meena. At least 422 projects had some issues and the portal resolved problems in some 200 of those.

Under Gati Shakti, the government, for example, will use technology to ensure that a newly constructed road isn't dug up again to lay out phone cables or gas pipelines, according to a government agency promoting investments in India. The plan envisages modeling infrastructure projects along the lines of what Europe did after the Second World War or what China did between 1980 and 2010 to raise the nation's "competitive index," according to Invest India, the government agency.

"Today's India is committed to investing more and more to develop modern infrastructure and it is taking every step to ensure projects do not face roadblocks and get delayed," Modi said in a speech last year inaugurating the program. "Quality infrastructure is the key to kick-start several economic activities, and create employment on a large scale. Without modern infrastructure, all-round development cannot happen in India."

Indeed, data on the Ministry of Statistics and Programme Implementation's website paints a picture of delayed, over-budget projects, which are hurting the nation's economic recovery in a post-pandemic world. In May, India had a total of 1,568 projects, out of which 721 were delayed, while 423 ran over their original cost of implementation.

Since coming to power in 2014, Modi has been increasing spending on infrastructure to create new jobs and bolster an economy that was hit by an aggressive wave of Covid-19 infections. He has had some early success.

Apple Inc. now plans to begin manufacturing the iPhone 14 in India about two months after the product's initial release out of China, while Samsung Electronics Co. opened the world's largest mobile phone factory in the country in 2018. Home-grown Ola Electric Mobility Pvt has pledged to build the world's biggest electric scooter factory locally.

The government is also using the Gati Shakti portal to spot infrastructure gaps in last- and first-mile connectivity, Meena said.

It's prioritizing 196 projects to plug gaps and increase port connectivity for the movement of coal, steel and food, he said. The road transport ministry is using the portal to design 11 greenfield projects under the government's $106 billion Bharatmala plan to construct 83,677 kilometers (52,005 miles) of roads by 2022.

"There is further focus on modern warehousing, digitization of process, skilled manpower and reduction in the logistics cost," Meena said. "For any manufacturer, choosing India as a manufacturing destination would be a sought after decision."

Source: business-standard.com- Oct 03, 2022

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Proposed trade promotion body to drive Indian exports

Hiring the best private sector talent, operational independence and target-setting and monitoring for sectors, states, and foreign missions may be some of the key responsibilities of the proposed dedicated trade promotion body that is part of the government's plan to revamp the department of commerce.

The move comes at a time India's exports are facing headwinds due to a demand slowdown in key economies amid rising interest rates and geopolitical tension.

According to the proposal, the body will enjoy operational independence and oversight from the department of commerce.

Besides, it will have government and private sector talent, set targets for sectors, states and missions, and monitor them. It is part of the government's strategy to make the department future-ready and take India's exports from $650 billionto $2 trillion by FY31.

The trade promotion body will cover 13 elements, including 'brand India', government-to-government liaising, industry liaising and exporter training. The body will drive the overall export promotion strategy and export targets and monitor execution.

It is in line with the government's broad goal of projecting 100 Indian brands as global champions and placing India in the top three of the global services trade by 2047 in sectors such as tourism, IT&ITeS, business services, healthcare and wellness and education.

Arpita Mukherjee, a professor at the Indian Council for Research on International Economic Relations, said that instead of having multiple export promotion councils, the plan might be to create a single umbrella trade body like KOTRA in South Korea or JETRO in Japan.

"What will then happen to the multiple trade councils? If the trade promotion body has to do target-setting and monitoring, then it will require expertise in that area.

The government has already created a Centre for Regional Trade. While the idea is excellent, as Japan and Korea have benefitted from one key organization, how it's going to be implemented and structured needs more clarity. Another example is USTR of the US," added Mukherjee.

The trade promotion body will act as a single data source for exporters and buyers. It will act as a marketplace for exporters, connecting them to buyers. It will also train exporters and organize buyer-seller events with a focus on strengthening supplies and bolstering demand.

Queries emailed to the department of commerce on Saturday remained unanswered at press time.

Pradeep S Mehta, secretary-general of CUTS International, a think tank, while welcoming the move, argued that the government must ensure its independence in functioning. "The government must appoint a private sector professional as the head of the institution with clear independence. It must also ensure that the government is out of it to avoid inability to function due to egos of bureaucrats and ministers," said Mehta.

India accounted for 1.6% of global exports and 2.1% of global imports in 2020, according to the World Trade Statistical Review, 2021.

India aims to scale up the production and export of pharma, gems and jewellery, marine and farm products, textiles and leather, engineering goods, electronics and telecom products, and chemicals. "Trade promotion councils and bodies should have representation from across the country, not just in a few chambers of commerce in Delhi.

For example, in textiles, it is important to have representatives from Coimbatore and Tiruppur. If you talk about the auto component exporters, Maharashtra and Gujarat will know more," said Vijay Kalantri, chairman, MVIRDC World Trade Center, Mumbai.

Source: livemint.com- Oct 03, 2022

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7 new PLI schemes just approved; Micro Small and Medium Enterprises (MSMEs) are the real beneficiaries of the PLI scheme: Shri Piyush Goyal

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal announced that 7 new PLI schemes that are not part of the original program had just been approved and reiterated the Government's commitment to promote manufacturing in India. He was addressing IIM Ahmedabad's Red Brick Summit 2022 virtually from New Delhi today.

Shri Goyal said that the Production Linked Incentive (PLI) scheme has been very well received. The Minister opined that the idea behind PLI was to promote those champion sectors where we have a comparative and competitive advantages. The Minister also said that we must get out of the mindset of subsidies and build a resilient and self- reliant business ecosystem that is not dependant on government.

Shri Goyal observed that Micro Small and Medium Enterprises (MSMEs) are the real beneficiaries of the PLI scheme because when a large industry came up, it brought with it a whole ecosystem of manufacturers and service providers. "The mainstay of India is MSMEs and the mainstay of MSMEs is large industry which aggregates what our MSMEs are doing and provides them with more opportunities", he said.

The Minister also assured that every PLI scheme is very carefully and thoroughly assessed in collaboration with Industry before being formulated. He added that the PLI was just a kick-start mechanism and therefore needs to have a sunset clause as ultimately the industry needs to be viable and independent.

The Minister said that the roll-out of 5G in the country is a very big confidence booster to India's aspirations for growth and added that the enthusiasm surrounding the launch of 5G is truly empowering.

The Minister noted that India's youngsters made the nation very proud with their out of the box ideas and observed that the spirit of enquiry has finally set into our young people.

He expressed his admiration for the simplicity and brilliance of the innovations of countless start-ups of the nation. He said that this simplicity of innovation is what took India from the 81st rank in 2015 to 40th rank 2022 in the Global Innovation Index (GII). He said that it was a matter of pride that government, industry and academia have started realizing the value of innovation in India.

The Minister highlighted India's green energy push and said that India is one of those few countries which have not only met the commitment it made in Paris in 2015 but has exceeded it. "We committed to 175 GW of clean energy. We have now upped the ante to set a target of 500 GW and we are well on track to achieve it", he said. Shri Goyal added that our energy mix is expected to be predominantly renewable by 2030.

The Minister also noted that India was well on track to create 1 billion tonne Carbon sink through afforestation and rejuvenation. He added that our industry has been working on newer technologies like green Hydrogen to ensure round- the -clock supply of renewable energy.

Referring to Prime Minister Shri Narendra Modi's vision of an international solar grid, the Minister said that efforts were being made to collaborate with like-minded nations to create such a grid. He said that love and respect for nature are intrinsic in every Indian and added that this government is totally committed in its efforts to make India and the whole planet a better place to live in.

The Minister said that PM Modi believed very strongly in inter-generational equity, that we do not have the right to take away the natural resources of the world and leave behind a problem for our future generations. He invited participation from academia and industry in the Government's pursuit of sustainable development.

Source: pib.gov.in- Oct 01, 2022

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The global economic slowdown could hit India's plans for a higher export trajectory

Earlier this week, the Union ministry of commerce and industry decided to postpone the release of its much - anticipated Foreign Trade Policy, a set of five-yearly guidelines and instructions that focuses primarily on boosting exports.

The latest version, 2015-20, expired two years ago and has since been on serial extensions, first due to the Covid-19 pandemic and now thanks to uncertain global economic conditions.

The document was almost ready when officials disagreed on the timing of its release, ET has learnt. Some insisted that these turbulent times called for a well laid-out policy to forge ahead, while others, who finally prevailed, contended that such a long-term policy should be launched only during a phase of economic tranquillity, if not buoyancy, and not when India's key export markets, the US and Europe, were experiencing a massive economic downturn triggered by the Russia-Ukraine war, among others. The new policy, as of now, will be unveiled only after six months.

"Releasing a foreign trade policy is not enough. As the government is targeting a yearly export of $1 trillion (by 2030), it must also bring in a funding mechanism to incentivise exporters," says Ajay Sahai, director-general, Federation of Indian Export Organisations (FIEO).

"The global slowdown has started impacting us. One, the demand for highvalue products has started shrinking. Two, prices of raw materials and intermediates which India exports in huge quantities have drastically fallen in recent months."

The global economic slowdown, along with price rise and currency fluctuations, is bound to affect India's bid for a higher export trajectory. The question is no longer about whether exports will be hit but to what extent.

At the beginning of the current fiscal year, there was a sense of optimism as India had clocked an all-time high export figure of $676 billion ($421 billion in goods and $255 billion in services) in FY22, well above the $527 billion of pre-Covid FY20 and the $497 billion of FY21.

RISE & FALL

Indian exporters began with a bang this fiscal year — with a 19.7% jump in overall (merchandise and services) exports in April-August 2022 as compared with the same period last year. The first sign of trouble was spotted in August when the month's merchandise export of $33.9 billion had merely grown by 1.6% year-on-year. The number for September is likely to be released mid-October but exporters whom ET has spoken to did not exude much confidence. Exports seem to have begun a turbulent path downhill.

The finance ministry's monthly economic review for August also points to how the world's growth and trade outlook have weakened. "Global composite PMI declined from 50.8 in July 2022 to 49.3 in August, as manufacturing and services output, mainly in advanced economies contracted. The US witnessed a massive slowdown with its rate of decline the steepest since May 2020. Japan, Germany, the UK and Italy faced similar contraction of output," it says.

PMI (Purchasing Managers' Index) above 50 means an expansion in business activity; if it falls below 50, it denotes contraction. From April to August this year, the US continued to be the top importer from India, buying goods worth $35 billion, a jump of 18% year-on-year. The US was far ahead of the United Arab Emirates (7%) and Netherlands (3.8%), which came second and third on the country-wise list of top exporters from India. If the US economy stumbles in the coming months, Indian exporters will pay a heavy price.

As far as exports to China are concerned, there has been a 36% fall in April-August year-on-year, mainly due to its stringent zero-Covid policy. During the same period, India's imports from China surged by 29%. China accounts for 14% of India's total imports, well ahead of the UAE and the US, each having a 7% share. "India must eschew the lure of low-value-added products and invest in deep manufacturing," says Ajay Srivastava, a former Indian Trade Service officer, analysing the India China numbers (See column, "China's Covid Sneeze").

Some imports, for instance, solar cells and lithium-ion batteries surged over 100% in JanuaryAugust 2022 over the same period last year. "The adoption of electric vehicles will increase this value steeply," he adds. Economist and former chief statistician of India, Pronab Sen, says India's export to China may bounce back to the original level as the story of China's slowdown is a bit different from that in the West. "Its slowdown is the result of very harsh Covid restrictions. Once the restrictions are lifted, the country will rebound," says Sen, adding that the slowdown in advanced economies is, however, a grave concern. "After all, the slowdown affects both volume and value in exports. The impact could be huge."

To add to their woes, exporters are facing yet another challenge — volatile currency fluctuations. Though a depreciated rupee should theoretically fetch more value in exports, in practice it's not so simple. Exports with high import contents, for instance, petroleum, cut diamond, gold jewellery etc., don't gain much due to the fall of rupee against the dollar.

Many other currencies, for example, the euro and the British pound, have depreciated more than the rupee, against the US dollar. According to an FIEO analysis, the pound fell by 16% and the euro by 15% while the rupee depreciated only by 7.2% as of September 14 compared with the same date last year. This means, Indian exporters settling their accounts in pounds or euros may end up losing some money. Meanwhile, the newly conceived mechanism of rupee trade is still at a nascent stage and requires more clarity.

CEREAL NUMBER

Another monster threatening to drag down export growth is inflation. One, it weakens household spending in advanced economies, thus exerting pressure on high-value export items. Two, inflation at home has already forced our policymakers to impose ban, partial restrictions and export duties on multiple items ranging from wheat and broken rice to steel.

"The ban on broken rice (used for poultry feed in some countries), effective from September 9, may lead to a loss of business worth `6,000 crore for the rest of the fiscal year," says Vinod Kaul, executive director, All India Rice Exporters Association. He adds that once a customer is lost because of ban or restrictions, it becomes a herculean task to woo them back when the situation normalises and curbs are lifted. In the beginning of the financial year, India's fast-growing agri-exports seemed to be leading the country to a healthy overall export growth figure. But agri-exports have faltered mid-way.

In FY22, India's agricultural exports touched a historic high of $50 billion, with the momentum continuing this fiscal till the government imposed a ban on wheat exports in mid-May, a step necessitated by rising domestic food prices. Three staples which were fully or partially banned this year had a 32% share in last year's exports in terms of value— rice ($9.65 billion), wheat ($2.19 billion) and sugar ($4.6 billion).

This is one reason questions are raised on whether India's agri-exports will touch last year's milestone, forget registering a spectacular growth this fiscal. Last year, agricultural exports saw a 20% rise y-o-y, with wheat witnessing a 273% jump, mainly due to low base effect.

M Angamuthu, chairman of the Agricultural and Processed Food Products Expor t Development Authority (APEDA), concedes that there are challenges due to multiple restrictions but says his team is concentrating on "value-added and processed food products" sourced from segments such as "horticulture, millets, coarse cereals and organics". To compensate for possible losses from core items, APEDA has shifted its focus to some unique products this year. "Products with distinct identities such as those with a GI (geographical indication) tag are prioritised," he says.

Sahai of FIEO anticipates that this year's export growth will settle at about 10%, down from 17% till August, which means business will fall in the rest of the fiscal. "The situation is so volatile that we need to evaluate targets on a monthly basis," he says.

Source: economictimes.com- Oct 02, 2022

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Commerce Ministry mulling ways to help Indian industry use FTAs better

To help Indian industry leverage Free Trade Agreements (FTAs) with partner countries better and maximise use of the negotiated concessions, the Commerce and Industry Ministry is mulling a series of steps, including setting up an FTA export advisory panel and launching websites and social media platforms to provide online resources.

“While India has signed a number of promising FTAs recently, such as ones with the UAE and Australia, and is negotiating several others with developed partners like the UK, the EU, and Canada, the fact that the country’s utilisation rate of such pacts is low cannot be ignored and the government wants to focus more on it,” a person tracking the matter told businessline.

Based on various studies, India’s utilisation rate of its FTAs is pegged very low, between 5 per cent and 25 per cent, compared to many developed nations where it is as high as 70-80 per cent.

At a recent Board of Trade meeting, the Commerce Department highlighted various ways in which it plans to help industry leverage old and new FTAs better, the source said.

Advisory panel

One of the plans is to constitute an FTA export advisory panel, consisting of senior personnel from a range of industry groups, to promote the benefits of the FTA.

“Such an advisory panel can provide details of how particular sectors can go about exploring market opportunities in specific countries with which FTAs have been signed or are in the pipeline,” the source explained.

FTA websites and social media platforms as one-stop online resource sites is another avenue being explored. Such online platforms can also be used to get feedback from the industry on the proposed FTA, the source said.

India has signed a total of 13 FTAs, including three recently concluded FTAs, including the India-UAE FTA, the India-Australia Economic Cooperation and Trade Agreement and the India-Mauritius

Comprehensive Economic Cooperation and Partnership Agreement (CECPA).

The Commerce and Industry Ministry has set a goal of achieving $1 trillion in exports of goods by 2030, up from $422 billion in 2021-22, partly through judicious signing and use of FTAs with major trading partners.

India hopes to finalise FTAs with the UK, Canada, and the EU soon, while one with New Zealand is also in the pipeline.

Source: thehindubusinessline.com- Oct 02, 2022

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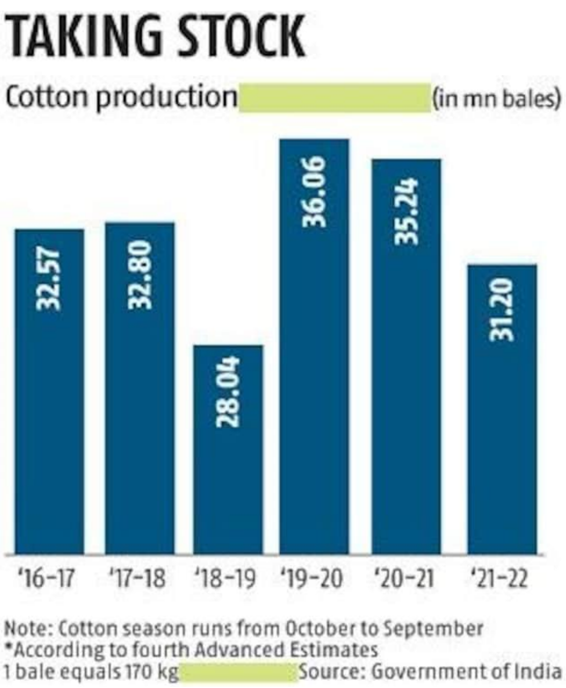
Cotton sector pins hopes on stable demand-supply situation in new season

The Indian cotton sector is hoping for relatively better supply and stable prices in the coming season, which starts from October 1, after a difficult year.



According to industry players, the yarn segment has been reeling from the impact of low demand, high cotton prices, and growing stockpiles, over the past few months.

Demand, especially, has taken a hit because of the ongoing war in Ukraine, which has affected demand from Europe, while the economic slowdown in the US and other developed countries has also been a setback.

On the supply side, the first advanced estimate has offered some hope. It has pegged cotton production next year at 34.19 million bales (1 bale weighs 170 kilograms), a rise of 9.58 per cent over the production number as per the fourth advanced estimate of the 2021-22 season.

However, stakeholders are sceptical about the estimate because of the unexpected late rains in the main cotton growing regions, increased pest attacks, and some shift towards other crops have made stakeholders wary of the estimates.

Besides, they are also wary of the accuracy of the first estimate since it underwent massive revision this season.

Last year, the government in its first advanced estimate of cotton production released on September 21, 2021, had pegged the output in the 2021-22 season at around 36.21 million bales. But, by the fourth estimate, released on August 17 this year, the number had been cut by almost 14 per cent to 31.20 million bales.

The revisions also meant that India, a country looking to export cotton, had to scramble for supplies to meet the rising demand from its yarn and textile industry within seven to eight months. The government also slashed the import duty of 11 per cent in April to enable yarn and textile makers to replenish their inventories.

Missing orders

“The cotton production numbers may change depending upon pest attacks, climatic changes and intensity of rain,” said K Venkatachalam, chief advisor, Tamil Nadu Spinning Mills Association (Tasma).

But, for the textile industry, Venkatachalam said the problem now is not with the crops and prices, but orders. “Orders in the yarn segment have reduced almost 70 per cent due to the global economic slowdown, while the Ukraine war has affected demand in Europe,” Venkatachalam added.

This year, cotton prices more than doubled to around Rs 95,000 per candy (1 candy=356 kg) in May, up from around Rs 48,000 at the beginning of this season, an increase of almost 98 per cent due to low supplies and high demand.

In the coming year, the textile industry feels prices may stabilise around Rs 60,000-70,000 a candy. “At present, due to the Ukraine war, high inflation across the world, and high interest rates, demand has slowed down and international prices of cotton are also falling, which is why we expect prices to stabilise around Rs 60,000-70,000 a candy,” said Sanjay Kumar Jain of Delhi-based firm TT.

At present, prices of the Shankar-6 cotton variety for the new season are reportedly trading at Rs 73,000-75,000 per candy at the spot markets of Gujarat.

Source: business-standard.com- Oct 02, 2022

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FTP extension gives time to rethink present policies

Last Monday, the government decided to extend the present Foreign Trade Policy 2015-20 (FTP) till the end of this fiscal year. On Thursday, the government issued the notification to this effect.

In a press release, the government said the FTP extension is a response to requests from exporters and industry bodies due to the uncertain and volatile global economic and geopolitical situation. Few are willing to take this explanation, as the government had prepared an FTP to be unveiled on Thursday and had even sent out invitations to many for attending the event.

The bureaucracy was taking confirmation from each invitee on attending the event, when the announcement regarding cancellation of the event came through suddenly on Monday evening. The widespread impression is that the commerce ministry could not get the nod for making some headline-grabbing announcements. This impression is bolstered by media reports that the decision to not announce a new FTP came soon after a meeting of the commerce minister with the prime minister.

Some organisations of exporters welcomed the government's decision to extend the FTP but they would have welcomed even the announcement of a new FTP. The fact is that the decisions to bring in a new FTP and to dump the move came from the commerce ministry. The exporters were quite indifferent either way for the simple reason that no new ideas for a new FTP were in sight.

In 2015 and 2017, the commerce ministry released FTP statements explaining the vision, goals, objectives, market and product strategies and other measures required for export promotion and enhancement of the entire trade ecosystem, keeping in view the global trade developments. If a similar document was prepared this time, the commerce ministry should release the same, in the interest of transparency and to enable the trade to understand its thought process.

The commerce ministry should now get into serious discussions with the finance ministry, industry and academia to understand and review whether so many schemes like duty exemption, Export Promotion Capital Goods, Export Oriented Units, Special Economic Zones, Manufacture and Other Operations in Warehouse Regulations, etc. are necessary for allowing duty-free import of capital goods and inputs required for export production. It should ask some serious questions. Is it better to trim the exemptions and have a lower rate for capital goods and inputs across the board and let the duty drawback scheme rebate the duty incidence on the inputs used in export production?

Is it better to grant the benefits of Remission of Duties and Taxes on Exported Products scheme in cash instead of through duty credit scrips that can be used only for payment of basic customs duties? Should there be a better and transparent institutional mechanism to arrive at decisions on erecting protectionist tariff and non-tariff barriers for imports? Is there a better way to administer the export promotion schemes through the Customs using information technology? And so on.

The commerce ministry should rethink its strategy of walking away from multilateral/regional trade negotiations and getting into more and more bilateral trade agreements. The extension of FTP for six months ensures continuity during turbulent times but also gives time to rethink the present policies/strategies and make course corrections.

Source: business-standard.com- Oct 02, 2022

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'Adverse global conditions present a challenge for textile demand'

The Indian cotton markets saw wild fluctuations in prices this year (October 2021 to September 2022) because of low supplies and global trends. In an interview, William Bettendorf, director of the Cotton Council International, and Peush Narang, the council's India representative, said prolonged lockdowns in China, rising inflation in the US and the UK present a challenge to clothing demand, which is considered discretionary expenditure. Edited excerpts:

What is your forecast for Indian cotton production this year?

According to the latest United States Department of Agriculture report, India's forecast for cotton production shows an upward trend with around 27.5 million bales (each bale size 480 lbs or pounds) in the year 2022-23.

Do you think it will be significantly higher than last year or less than last year?

It is higher than last year. Last year there were 24.5 million bales.

In the past few years, the global cotton markets have passed through a difficult phase with tight supplies. Do you think the situation will continue this year too?

This year, global production is up by 1.4 million bales at 118.4 million bales and global consumption is projected at 118.6 million bales, with lower projected use in a few countries, so we expect the supply situation to be relatively better, with the exception of the US, where the cotton crop output is expected to be lower this year.

What is your demand and supply balance sheet for cotton 2022-23 (August to July) globally and in India (October to September)?

Production in the US is estimated at 13.8 million bales, exports at 12.6 million bales, and domestic use at 2.3 million bales, resulting in an ending stock of 2.7 million bales.

In India, production is estimated at 27.5 million bales, domestic use of 25 million bales, imports of 1.5 million bales, and exports of 3.7 million bales, resulting in an ending stock of 8.9 million bales.

Where do you see Indian cotton prices heading next season in rupees per bales? Also what is the outlook for global cotton prices in 2022-23?

With so many variable macroeconomic factors and volatility, it is extremely difficult to predict Indian and global cotton prices. We are looking at concerns from both the demand and supply sides.

The situation in the major textile consuming nations – China where there have been prolonged lockdowns, Europe which is staring at the exorbitant rise in energy costs, and the US and the UK which are witnessing unprecedented inflationary pressures – presents a challenge for clothing demand, which is considered discretionary spending.

Indian cotton has become increasingly vulnerable to pests and diseases. What is your remedy for this? How should the industry and government move forward?

This has been an issue that has been hurting the Indian cotton industry for a while. It would need a collaborative approach to address this problem. In the US, the advancement in technological know-how has enabled us to address this issue.

Do you think China will continue to buy cotton in large volumes as it has been doing in the past few years?

We need to see how China reacts after the US-China trade deal Phase 1. With less domestic consumption because of the lockdown in many parts of China, it has good cotton stock this year. But with the Xingjian cotton/Uyghur labour Act in the US, China has to import cotton for export orders.

Do you think; India will need to import cotton this year? If yes, how much would it need to import? Also, should the zero tariff regime for imports continue for a few more months?

There is always demand for imports in India for specialty and high value products like extra-long staple cotton and clean cotton. The zero tariff regime should continue as this is beneficial to the mills as they have easy access to good raw material.

Source: business-standard.com- Sep 30, 2022

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Tax move IGST exemption on export transportation charges ends; rate of 5% and 18% to be applied

There will not be IGST on the transportation of import consignment

Transportation service by vessel/aircraft for export of goods will be taxable with effect from October 1 as the government has decided not to extend exemption beyond September 30.

Experts advise exporters to rework their strategy in terms of seeking refunds and pricing of products.

Now, service charges for transportation by a vessel of the export consignment will attract IGST (Integrated Goods & Services Tax) at 5 per cent with some restrictions on the input tax credit (ITC). In the case of transportation by aircraft, the rate of IGST will be 18 per cent but with ITC.

However, there will not be IGST on the transportation of import consignment. GST is levied on the date of invoice. So, even if goods has been transported on or before September 30, 2022, but the invoice has been issued on or after October 1, 2022, then IGST will be levied. Transporter will issue the invoice to the exporter, who is sending the consignment.

Exemptions due to delays

A senior official of the Central Board of Indirect Taxes and Custom (CBIC) confirmed the end of exemption. The exemption was warranted when the export refund mechanism was manual and had not stabilised resulting in delays.

“Now the process is not only fully automated but also working smoothly. That is the justification for not continuing with the exemption,” he told BusinessLine.

According to Aditya Singhania, Founder at Singhania’s GST Consultancy & Co, it appears that the exemptions till September 30, 2022, were provided because of reported delays in processing the refund which was causing financial hardship to the exporters.

However, with the maturity in the processes of smooth and faster processing of GST refunds, the further extension has not been given as it will not lead to blockage of working capital of exporters unlike at the advent of GST regime.

Accordingly, "necessary tweaks will be required by transporters in terms of charging GST as well as while claiming ITC. Besides, exporters do need to timely apply for refunds and if such refunds get disbursed timely, then it is a successful uplifting of exemption which the government aims at rationalising the tax structure by reducing exemptions".

"Further, it may be straight hit to the exporters exporting goods on which exports duty is levied for whom refunds is not available, leaving them to think about the pricing of their products," Singhania said.

IGST Act

Transportation of goods by vessel/air in relation to export consignments was exempted from the levy of GST from January 25, 2018.

An amendment in IGST Act says where the transportation of goods is to a place outside India, the place of supply shall be a place of destination of goods. Since the POS is outside India, as per law it shall be treated as interstate supply, and hence, IGST is to be levied.

Source: thehindubusinessline.com- Oct 02, 2022

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GST receipts surge in September to ₹1.48 lakh crore

The Government collected around ₹1.48 lakh crore in the month of September through Goods & Services Tax (GST). This is seventh successive month of collection exceeding ₹ 1.4 lakh crore.

September collection is related with consumption of goods and availing services during the month of August. “This is the eighth month and for seven months in a row now, that the monthly GST revenues have been more than the ₹ 1.4 lakh crore mark. The growth in GST revenue till September 2022 over the same period last year is 27 per cent, continuing to display very high buoyancy,” a statement issued by the Finance Ministry said.

The overall gross collection rose to over ₹8.36-lakh crore from April 1 to September 17 in FY23

It also highlighted another milestone crossed in September with more than 1.1 crore e-way bills and e-invoices, combined (72.94 lakh e-invoices and 37.74 lakh e-way bills), generated without any glitch on the GST Portal run by NIC on September 30, 2022.

For six months till August, the monthly GST revenues have been over ₹1.4 lakh crore mark

During August, 7.7 crore e-way bills were generated, which was marginally higher than 7.5 crore in July 2022. Also, September witnessed the second highest single day collection of ₹49,453 crore on 20 th with second highest number of 8.77 lakh challans filed.

Earlier on July 20 this year, ₹57,846 crore collected through 9.58 lakh challans, which pertained to end of the year returns. “This clearly shows that the GST portal maintained by GSTN has fully stabilized and is glitch free,” the ministry said.

The revenues for September are 26 per cent higher as compared to the same month last year. During the month, revenues from import of goods was 39 per cent higher and the revenues from domestic transaction (including import of services) are 22 per cent higher as compared to the same month last year.

Commenting on the latest collection, MS Mani, Partner with Deloitte India feels the collections in the next three months are expected to be even more robust due to the higher consumption expected during the festive season and the extension of the mandatory e-invoice protocol to taxpayers having turnover above ₹10 crore from October 01.

"The state-wise data reflects the good growth in collections across key states with many large states demonstrating an above 20% increase in collections compared to the last year. It will be very interesting to see the industry/sector wise data which would indicate the sectors that are doing very well and those that are encountering stress and provide a correlation with the GDP estimates.," he said.

Parag Mehta, Partner with N.A. Shah Associates attributes surge in collection on account of festive buying. In the month of September & October due to festivals like Navratri, Dusshera, Diwali the spending is usually high. Further the level of compliance has increased substantially and the department has also been making the best use of data available with them. Further, this is also the effect of withdrawals of various exemptions. Hopefully "the trend should continue for ongoing months also. It appears that GST is finally stabilizing," he said.

Source: thehindubusinessline.com– Oct 01, 2022

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Stakeholders rue govt not extending GST freight exemption

The Goods and Service Tax (GST) freight exemption notification that expired on September 30, 2022, has not been extended and industry sources warn that this will have a huge impact on airlines, shipping lines and freight forwarders and the industry.

In a trade notice, KLM and Airfrance said that the validity of GST exemption on services by way of transportation of goods by an aircraft from Customs station of clearance in India to a place outside India was extended up to September 30 in the 45 th meeting of the GST Council. However, there is no information regarding the extension of exemption as yet, so such services will be liable to 18 per cent GST from October 1. Similarly, DHL put out a notification saying the transportation of goods by vessels will attract a GST of 5 per cent from Saturday.

Multi-pronged impact

Not extending the GST freight exemption will have a huge impact on the air freight trade. Ideally, export freight and freight forwarding should have been zero-rated, as is prevalent in most countries. India levied GST on it when it was introduced. After many rounds of representation by the trade at the Council, it brought an exemption through zero rating which was ideal, said K Vaitheeswaran Advocates & Tax Consultants, and an expert on GST.

The move will have a multi-pronged impact. It will affect the cash flows of freight forwarders as they have to pay upfront GST to airlines and shipping lines. It will also increase the freight cost for the exporter and create cash flow pressures.

There will be an accumulation of Input Tax Credit as refunds are not easy and freight forwarders located outside India would have more to gain, he told businessline.

Earlier, the GST freight exemption was provided till September 2020, and extended by another two years. As in the past several years, the trade was expecting a further extension of this exemption. However, there is no information as yet, said J Krishnan, an official of a leading air freight forwarding company.

Will strain cash flow

"At a time when the Centre has launched the National Logistics Policy with the motive of reducing the logistics cost, the non-issuance of the GST freight exemption will increase the logistics cost," he said. "This will strain the working cash flow of the exporters who are yet to fully recover from the pandemic downturn and lack of robust international demand on traditional export products," he added.

While the Commerce Ministry wants every district to identify and promote export of at least one product the withdrawal of this exemption will pose financial challenges, especially to the SME segment as many of them are cottage industries or below the threshold limits. Even for those who have registered their GST this increases their compliance cost, he said.

Echoing a similar view, Afzal Malbarwala, President, The Air Cargo Agents Association of India, said "This will definitely affect the community and exporters. The cash flow will be the biggest hurdle. The government wants to promote exports and launched the NLP, which was accepted by all and now this is a big blow."

Shanmugham, a garment exporter in Tiruppur said, "The entire textile industry is reeling from a grave situation due to recession and the Ukraine war. Any added cost would be an additional burden on the industries for its existence. The exemption needs to be extended."

Dr. Ajay Sahai, Director General & CEO, FIEO, expects the notification extending GST exemption on export freight will be issued soon. The issue of GST on overseas freight may be getting deliberated as IGST on imports was recently struck down by the Apex Court.

Since freight rates have increased abnormally in the last two years, the levy of 18 per cent GST will further squeeze the liquidity of exporters.

Until the GST exemption on exports is notified, exporters should pay it and take a refund through the ITC or IGST route, Sahai said.

Source: thehindubusinessline.com– Oct 01, 2022

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