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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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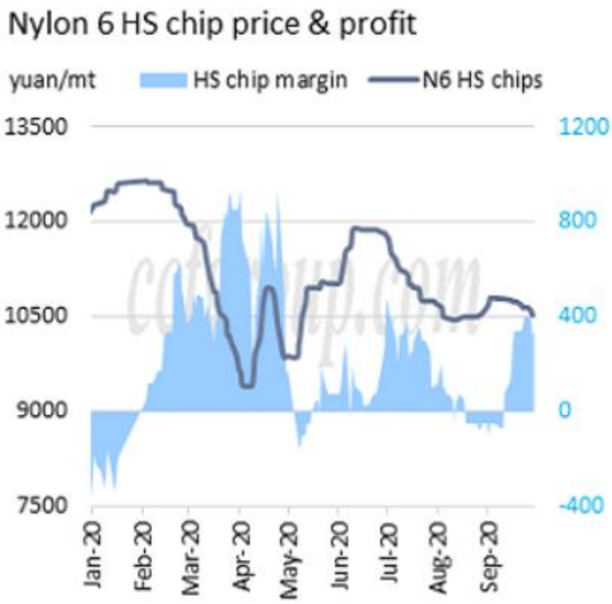
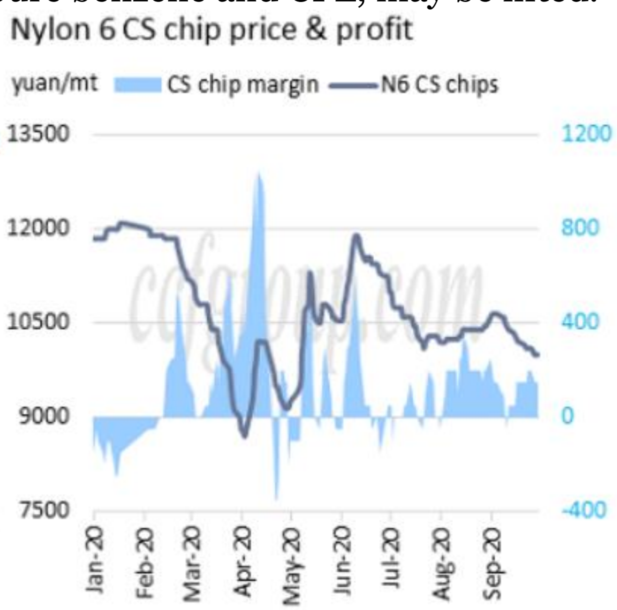
China fiber market operation status

Although the pandemic is still raging in many regions around the world, there is no doubt that with the advent and promotion of the vaccine for the new crown pandemic in 2021, the impact on the global economy will be gradually controlled. Under this premise, oil prices will gradually rise with the recovery of the consumer market and gradually be digested crude oil inventories. At present, the central price of crude oil in 2021 is expected to be $50-55 per barrel.

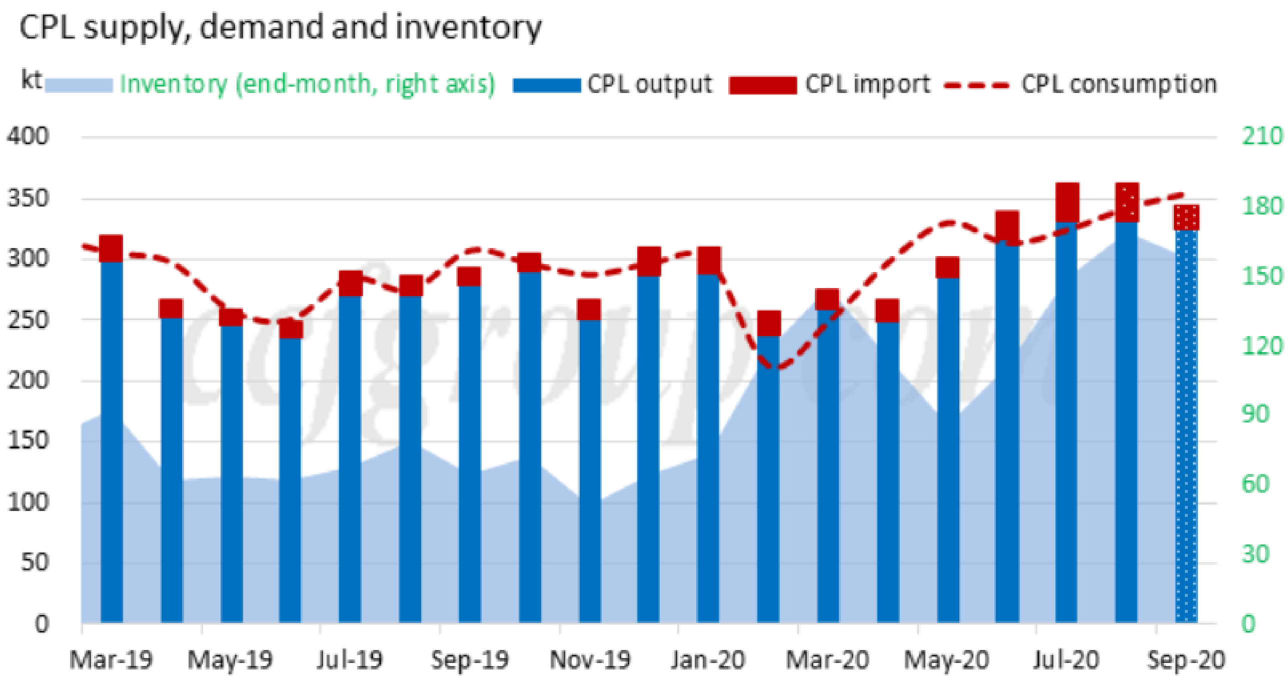
In other words, there is a high probability that the central pivot price of crude oil may increase in 2021. Based on this premise, the price platform of the energy and chemicals, including pure benzene and CPL, may be lifted.





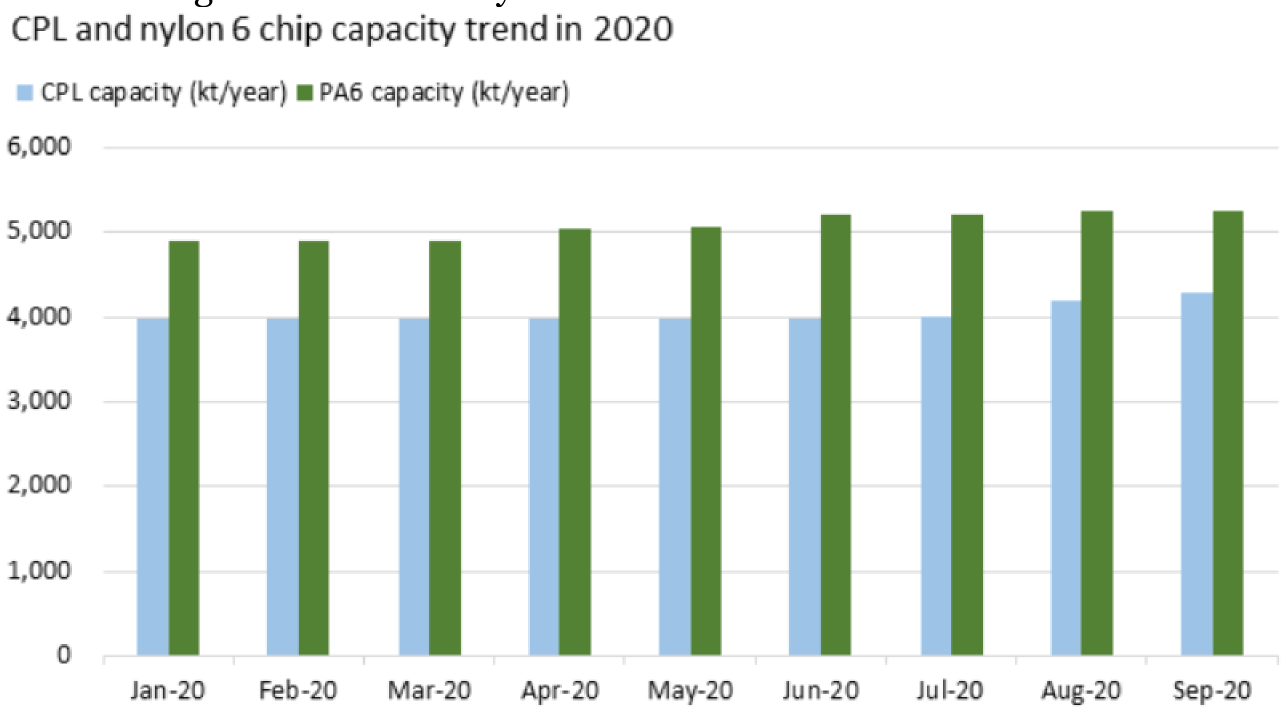
Currently, most of the rise in nylon industry chain has been initiated by CPL to market, and nylon 6 chip market, in most of the times, is just a passive follower. At present, profit margin of each section of the nylon industry chain, CPL-chip-filament, has almost been squeezed out.

Even the demand will recover moderately in 2021, there is still no way to rely on demand to initiate a rise in the market. The increase is still more likely depending on CPL. It is mostly likely to see nylon 6 chip price follow up raw material prices, after the effective recovery of demand.



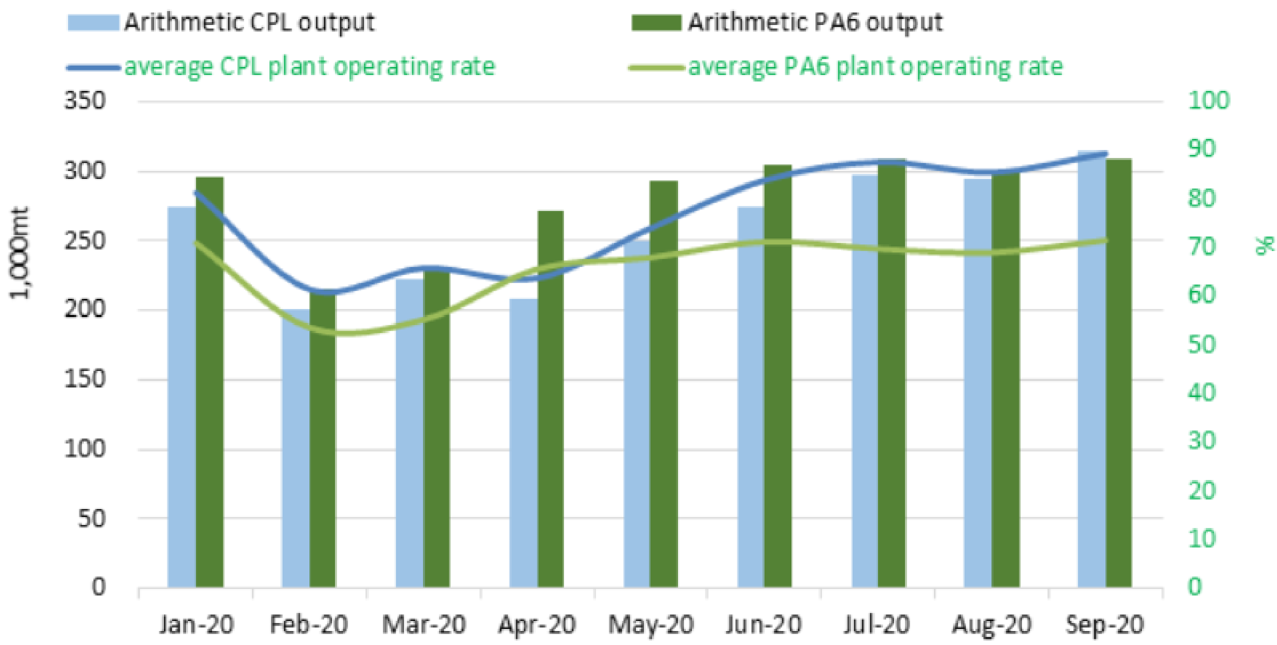
Based on above analysis, CPL market, as most possible the initiator of market uptrend, is also the focus of market analysis toward 2021.

Is it possible to rise in 2021? The answer is yes. First, crude oil prices are expected to rise gradually, and it will no doubt uplift the raw material cost for CPL as a whole. Second, supply and demand of caprolactam may continue a tight balance in the year of 2021.



CPL production has been kept high in the second half of 2020, and the operating rate remains at a very high level for a long period of time. The reason for high CPL output is the big gap between CPL and nylon 6 chip capacities. In September 2020, China caprolactam capacity has totaled 4.28 million tons/year, and that of nylon 6 chip 5.206 million tons/year.

Comparison of CPL and nylon 6 plant run rate & output



Above chart shows a dynamic balance of the arithmetic CPL and nylon 6 chip output based on their monthly average plant operating rate and monthly capacity. In June to September 2020, as CPL and nylon 6 chip plant operating rates were stabilized gradually, the average run rate of nylon 6 chip plants was between 69.0% and 71.6%, while that of CPL was between 83.9% and 89.4%. A relatively normal nylon 6 chip plant operating rate (around 60-70%) can support the average opening of CPL to as high as 90%.

According to the acknowledged new production plans in 2021, the production capacity of nylon 6 chip may still be significantly higher than that of CPL. CPL market may be still of natural advantage in supply and demand fundamentals. And it is likely to see periodical tight supply in the market when CPL plants have intensive turnarounds, and price increases will also be logical.

However, there is one thing worried by many insiders—such large number of new nylon 6 chip capacities may also cause some old facilities to be phased out and still some surplus of chips may be accumulated as inventory instead of effective consumption toward finished products. And this, as a result, will largely restrict CPL market in reverse.

There are actually two errors in this view. First, the initiator of the market is confirmed as CPL, and CPL market will be the dominative role in market directions. Nylon 6 chip market may restrict, but not reverse the trend. Second, there is a lead up time between start up and steady operation of new nylon 6 chip plants, and there is a period for old capacities to be eliminated. Enterprises would not be so willing to yield their market share to new participant so easily. But it is for sure that shuffling will be one of the main topics in nylon industry in 2021.

Source: ccfgroup.com– Sep 30, 2020

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USA: What's Inside Fruit of the Loom's First-Ever Global Sustainability Report

Fruit of the Loom Inc., a Berkshire Hathaway subsidiary, announced its new global sustainability plan Fruitful Futures, as it released its first-ever annual global sustainability report.

Fruitful Futures outlines the basics maker's commitment to reduce the environmental impact of its global supply chain with science-based targets, as well as a plan to enhance the lives and communities of its global workforce.

Melissa Burgess Taylor, chairman and CEO of Fruit of the Loom, said Fruitful Futures is a "comprehensive sustainability plan, uniting our global employees under shared goals that further our commitments to our customers and consumers."

Fruitful Futures connects Fruit of the Loom's portfolio of brands that include Fruit of the Loom, Russell Athletic, Spalding and Vanity Fair, and its employees in purposeful work across three main pillars.

They are "People-Centric," meant to enrich the lives of people and communities; "Planet-Conscious," reducing the environmental impact of its operations and products, and "Product Authenticity," sourcing sustainably from transparent supply chains.

Fruit of the Loom said the plan aligns with five United Nations Sustainable Development Goals–gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, and responsible consumption and production.

In its 2019 sustainability report, the company said it achieved a 59 percent reduction in greenhouse gas emissions in 2018 from a 2012 baseline in North and Central America, and a commitment to set targets aligned with the Science Based Targets initiative and achieve 100 percent renewable electricity by 2030.

The company reported that 89 percent of the cotton used by Fruit of the Loom was grown in the United States through Cotton LEADS, a program to advance sustainable agriculture practices in cotton production. The company has set goals to source 100 percent of cotton sustainably by 2025, and to increase sourcing of recycled polyester and nylon by 30 percent and packaging by 2030. It aims to increase recycled content in packaging by 2025.

The company also plans to ensure product safety with 100 percent Oeko-Tex certification for all global production made in its own facilities by 2025, and to have all of its global supply chain mapped to raw materials by 2025.

Headquartered in Bowling Green, Ky., Fruit of the Loom has a global team of more than 29,000 employees across 11 countries. Its products are sold in 89 countries. In 2019, it made 89 percent of its products in its own facilities, from managing textile production to sewing and distribution.

The majority of the production is located in Honduras and El Salvador, with other facilities in Australia, Haiti, Mexico, Morocco, Vietnam and the United States. In addition, Fruit of the Loom said its leadership team is now 37 percent female and 39 percent of managers are female. In addition to continuing efforts on gender equality, the company's goal is to finalize a comprehensive diversity and inclusion strategy this year.

"At Fruit of the Loom Inc., we have a rich 100-year history of providing the essential goods people all over the world need to flourish and thrive," Taylor said. "We are committed to enriching our consumers' lives. Fruitful Futures is our plan to make our world more fruitful for generations to come."

Source: sourcingjournal.com– Sep 30, 2020

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Is Canada the Next Denim Destination? Experts Weigh In

Canada may not be the first country that comes to mind when considering denim destinations, but members of the Canadian apparel industry foresee that changing as brands look for ways to bring manufacturing closer to home. Canadian residents Sydney Beder, disruptor and senior design director at Beder and Co. and Roots, and Kathy Cheng, president of apparel manufacturer WS & Co., hope to change that.

During a Kingpins24 Canada webinar last week, panelists discussed Canada's history as a hot spot for apparel manufacturing, at one time housing a production location for Levi's, as well as Hash Jeans, Rainbow Jeans and other notable denim brands. During his time as a distributor, Beder was credited in the denim community for bringing premium denim brands to Canada and breaking the $100 price point—a significant price tag for denim in the late '80s.

"When I first started in the industry, there was a large number of denim brands actually producing in Canada," Beder said. "There were choices, and it was a great time. Since then, for some reason that's fallen away."

Though the country's stake in denim eventually wavered, the Covid-19 pandemic resurfaced a need for local production. Generally, Canada lacks the infrastructure needed to produce denim at scale, but WS & Co., and its in-stock clothing line, Redwood Classics Apparel, is a step in the right direction.

According to Cheng, working with Canadian partners provides more benefits than just the obvious value associated with local production.

"One thing people aren't really thinking about when looking at the country of origin is whether it's taking advantage of trade agreements," she said. "With the world being the way it is and all the trade imbalances, to be able to make within a country that has 14 active trade agreements globally, and is the only G7 country that has trade agreements with all other G7 countries, I think that in itself adds a lot of value when you look at dollars and cents from a sourcing perspective."

Working with partners in Canada ensures the garments meet a high standard, as there are three levels of governance to which products must adhere, she added. For these reasons, Cheng says a higher price tag is necessary—and it's up to the consumer to then decide whether they want to invest in the future.

And while local production is applauded in some industries, it's generally overlooked in apparel.

"We celebrate farm-to-table—the food industry is now celebrating chefs that are using local supply chains and local ingredients," she said. "But when was the last time we celebrated [someone who makes our clothes]?"

Source: sourcingjournal.com– Sep 30, 2020

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Walmart+ Has Already Captured 11% of U.S. Shoppers: Should Amazon Be Worried?

Walmart's long-awaited Amazon Prime-competitor Walmart+ just launched earlier this month, but one study indicates that the loyalty platform might already be a hit—and that's very good news for the store-based retail giant.

In a poll of more than 20,000 U.S. shoppers, Piplsay Research found that 11 percent of consumers have already subscribed to the Walmart+ service within two weeks of its launch, while 27 percent are open to using the service soon. As many as 53 percent of shoppers have heard about the program, which offers unlimited free delivery.

Amazon Prime has long been the king of retail subscriptions, with Consumer Intelligence Research Partner estimating it commands 112 million members in the U.S. alone. But Walmart decided to take a crack at the membership concept by offering perks Amazon simply can't match, such as offering delivery from its breadth of 4,700 stores, with timing as fast as same-day from 2,700 locations and fuel perks at its scores of gas stations.

Membership was made available to all customers on Sept. 15, with annual costs of $98 a year or a monthly fee or $12.95, including a 15-day free trial period. In the future, the company will leverage its wide-ranging strengths to add additional benefits for members in a variety of services and offerings.

The unlimited free delivery appears to be the perk most of the shoppers surveyed were excited for, with 35 percent saying they were impressed the most by that benefit. Twenty-four percent cited the same-day/one-hour delivery window, while 14 percent highlighted the addition of mobile "Scan and Go" capabilities as the most impressive offering. In this case, scenario can scan their items as they shop and pay using Walmart Pay for a touch-free payment experience.

One major perk, fuel discounts, allow customers to fill up and save up to five cents a gallon at nearly 2,000 Walmart, Murphy USA and Murphy Express fuel stations. Sam's Club fuel stations will soon be added to this lineup. Twelve percent of shoppers were most excited about this perk, the Piplsay survey noted.

Amazon's lack of physical infrastructure aside from its Whole Foods locations might make Walmart+ an enticing option for shoppers that want to save money on gas and get their delivers from stores instead of distribution centers. Reports indicate that Amazon is looking to open 1,500 neighborhood fulfillment hubs to match Walmart and Target's competitive advantage.

Meanwhile, Walmart offers a number of ways for consumer to get their goods, from free curbside pickup and next-day delivery to two-day delivery, mirroring Amazon's fulfillment capabilities. Walmart will continue to have delivery options with a per-delivery transaction fee, so customers can choose the service that's best for them.

And of course, the costs are cheaper for Walmart+. So while members may not have access to a flurry of other perks like streaming video and music content, the membership is still less than Amazon's $119 per year.

Walmart still has plenty of catching up to do on the e-commerce front relative to Amazon, makes its membership push critical, especially ahead of the holidays. A June eMarketer study indicates that Amazon still leads the way in e-commerce sales by a wide margin at 38 percent of all online sales, while Walmart is ranked a distant second at 5.8 percent.

The Piplsay study shows that nearly half (45 percent) of the surveyed consumers already signed up for Walmart+ are using Amazon Prime as well, so it appears that many will evaluate the services side by side. But Walmart's platform still has plenty of room to capture new consumers or even take them away from Amazon if things break right for them.

As many as 36 percent that use Walmart+ say it's actually their first such shopping subscription, while 19 percent say they have migrated over from Amazon Prime.

Walmart originally planned to launch the program sometime in March or April as a rebrand of its $98 grocery delivery service before the Covid-19 pandemic first pushed those plans back to July. The project then got delayed again as Walmart continued its focus on other internal initiatives to help improve services throughout the crisis, such as expanding its "store-to-door" Express Delivery service to nearly 2,000 total stores in June.

In August, Walmart partnered with online delivery giant Instacart to offer same-day delivery starting in three California markets—Los Angeles, San Francisco and San Diego—as well as Tulsa, Okla., which all give customers the opportunity to have Walmart-purchased apparel at their doorstep within hours.

As far as whether the service poses a threat to Prime, consumers are still up in the air on whether that is the case. While 38 percent say it is a threat, 33 percent don't believe so and 29 percent are not sure yet, the Piplsay survey found.

Both Walmart and Amazon are beefing up ahead of the holiday season as usual, with the former bulking up on inventory that it thinks customers want, including lifestyle merchandise like outdoor grills, bicycles and exercise equipment, outdoor sporting merchandise, and pet products in both stores and online, as well as more electronics, 1,300 new toys and 800 Walmart holiday exclusives. Walmart says the holiday gifts are now in stores and on the company's website so customers can get a jump on seasonal shopping, which is expected to strain e-commerce.

On the other hand, the e-commerce giant is investing an additional $100 million in Prime Day and other holiday promotions starting now, giving Prime members an early start to the holiday season before the company-exclusive shopping bonanza even gets underway. Prime members who spend $10 on items sold by select small businesses in Amazon's store now through Oct. 12 will receive a $10 credit to use on Prime Day, which the online marketplace has confirmed will be on Oct. 13-14.

Source: sourcingjournal.com– Sep 30, 2020

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India-Vietnam seminar highlights need for greater partnership

As per a Textile Focus report, a recent seminar hosted by the Vietnamese embassy highlighted the importance of enhanced partnership between Vietnam and India to boost Vietnam's textile and clothing exports. The seminar was attended by 250 businesses, scientists and policy-makers.

Pham Sanh Chau, Ambassador of Vietnam in India, highlighted the changes in global geopolitical scenario.

He also emphasized on the rivalry and competition between major powers, and security conflicts and disputes. He opined that the pandemic gives India and Vietnam an opportunity to foster and complement bilateral relations, thereby contributing to the recovery and enhancement of supply chains in key areas.

Ashok Juneja, President of the Textile Association (India), said India exports apparels worth $16 billion and textiles worth $22 billion while Vietnam exports apparels worth upto $31 billion and textiles worth $5 billion.

This offers sufficient room for cooperation in both countries in this region. By exporting natural fibers like cotton, jute, silk and wool, to synthetic fibers, such as polyester and nylon, India can enhance its textile and garment industry in Vietnam, he added.

Source: fashionatingworld.com– Sep 30, 2020

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Vietnam garment exports could face EAEU safeguard duties

Textile and garment exports from Vietnam to the Eurasian Economic Union (EAEU) may face safeguard duties this year as volumes to the bloc are at risk of exceeding the trigger set under the Vietnam-EAEU free trade agreement.

The Eurasian Economic Commission (EEC) warned the Vietnamese Ministry of Industry and Trade (MoIT) about this issue in a recent note. The member countries of the EAEU include Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan.

Products impacted would include dresses and women's clothing (HS codes 6104.41, 6104.42, 6104.43, 6104.44, 6104.49, 6204.42, 6204.44, 6204.49). The export volume of these products to the EAEU from January to July this year reached 79.4% of the threshold set for all of 2020, the ministry revealed on its website on Monday.

According to the trade deal, textiles and garments are among 12 Vietnamese products that may face the EAEU's safeguard duties if import volumes during a calendar year exceed the trigger level of the agreement. Depending on the exceeding volume, Vietnam's garment products may be subject to the most favoured nation (MFN) tariffs for a period of six months or nine months.

Earlier this month Vietnam industry insiders told just-style they are optimistic that the country's apparel supply chain will emerge strengthened from the Covid-19 crisis in 2021. This is despite an ongoing shortage of orders during 2020, only partly mitigated by switching production to make face masks.

2020 has been rough for Vietnam's clothing sector, with a note from the Vietnam ministry of industry and trade flagging that many textile and garment enterprises have few orders for the remainder of 2020, especially for high-value products such as jackets and high-end shirts.

In the first seven months of the year, textile-garment exports from Vietnam dropped by more than 12% from January-July 2019 to US$16.2bn.

Source: just-style.com– Sep 30, 2020

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5th Cotton Day-Bangladesh held in Dhaka

Cotton Council International (CCI) introduced Cotton Day in 2016 in Bangladesh to celebrate US Cotton as well as Bangladesh being the largest manufacturer and exporter of cotton apparel products

COTTON USA held a virtual seminar in the capital to celebrate the fifth Cotton Day- Bangladesh recently.

Cotton Council International (CCI) introduced Cotton Day in 2016 in Bangladesh to celebrate US Cotton as well as Bangladesh being the largest manufacturer and exporter of cotton apparel products, said a press release.

Over 1,000 participants including spinning and textile mill owners, executives, garment manufacturers, officials from international brands and retailers, cotton merchants and traders including agents attended the seminar.

Michael Duke, former chief executive officer of Wal-Mart, Willis Sparks, director of Eurasia Group, Dr Gary Adams, president & chief executive officer of National Cotton Council of America, Hank Reichle, chairman of Cotton Council International & chief executive officer of Staplcotn, Ricky Clarke, president of Cotton Council International, and Bruce Atherley, executive director of Cotton Council International presented on different issues.

They discussed- Leadership Through Crisis, Sustainability & Post Covid Retail, Global Politics & Trade- A Rough Road Ahead, COTTON USA Solutions, US Cotton Trust Protocol, and Global Cotton Economic Outlook.

Bruce Atherley, executive director, CCI said: "We really appreciate all the support you have given to COTTON USA particularly in this terrible time that we are going through right now. We are optimistic that we will get through it and sooner hopefully we can get on our business, get back to doing things more in person."

Bangladesh Textile Mills Association president Mohammed Ali Khokon, in his welcome speech said: "The USA is a big market for our readymade garments. Those of us who use cotton from the USA, and make clothes of it, in this case, if the duty is relaxed, then we think our garment industry business will grow more in the USA market. Moreover, we have noticed that the use of USA cotton in Bangladesh has been gradually increasing in the last five years."

Shabbir Ahmed Chowdhury, managing director of Asana Ventures & Bangladesh consultant of Cotton Council International said: " Bangladesh used to export 100% cotton garments, although it is now exporting about 85% of the same cotton garment- which is still unique because no other garment exporting country of the world exports that percentage of cotton products. So, it is appropriate that such an event is held in our country."

Shabbir introduced Ali Arsalan, managing director of Atiya Consulting Ltd., who will act as CCI's Consultant in Bangladesh from October 1.

Source: dhakatribune.com– Sep 30, 2020

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Bangladesh: Border haats as a platform for cross-border value chains

The 'Neighbourhood First' policy, enunciated by the government of India under the Prime Minister Narendra Modi, prods India to improve its ties with her immediate neighbours. It focuses on cooperation based on requirements and needs of neighbouring countries. In keeping with this disposition, the government of India is keen to strengthen its relations with Bangladesh.

Keeping this in perspective, the governments of India and Bangladesh arrived at a consensus about establishing meeting points where people of the two nations could engage in mutual trade of commodities produced locally, without having to navigate through documentation processes that are usually entailed by international travel and trade. Border haats, thus, happened.

Four such border haats have been operationalised since 2011. Two of these are in Tripura (namely, Kamalasagar-Kasba and Srinagar-Chhagalnaiya) and the other two are in Meghalaya (namely, Balat-Dolora and Kalaichar-Baliamari). They offer a number of benefits to the local residents. First, residents in the border areas get access to a much-needed forum to exchange their local produce. Secondly, they created a number of alternative livelihood opportunities for both men and women, provided additional income to the stakeholders and in many ways restricted out-migration. Thirdly, they helped reduce informal trade in these areas.

Based on success stories that emerged from the operational border haats, the governments of India and Bangladesh have decided to set up more border haats along the India-Bangladesh border. Consequently, six additional locations have been identified for establishment of the haats (namely, Nolikata-Sayedabad, Shibbari-Bhulyapara, Ryngku-Baganbari, Kamalpur-Kurmaghat, and Palbasti-Paschim Batuli). There are several other locations as well along the long border between the two countries, which hold the promise of establishment of such rough-and-ready markets.

Alongside border haats, there exists a domain where bilateral relations between the two countries can be further buttressed. This requires one to delve into mutual dependencies of the border residents with respect to production and/or consumption processes in various sectors, which are pregnant with the possibility of forging bilateral cross-border value chains.

Over the years, bilateral trade between these countries has soared, yet official statistics indicate that cross-border value chains are confined almost entirely to the textile and clothing and cement manufacturing sectors. But a closer look at the pattern and data regarding informal trade reveals the existence of cross-border value chains in respect of several products, albeit in small scales. A more intense look into the preferences and skill bases of the residents of the two countries, particularly among the border residents, brings to light the immense potential for forging value chains in respect of several products.

Several factors contribute towards the development of effective and economically viable cross-border value chains. These include availability of resources, efficient transport and logistics services, efficient customs procedures and border management, harmonious regulatory standards and a regime that facilitates trade without imposing restraints like tariff or non-tariff measures.

It is unfortunate that both in India and Bangladesh, tariff and non-tariff measures continue to inhibit the growth of value chain linkages. Although the Agreement on South Asian Free Trade Area (SAFTA) has led to reduction in tariffs, non-tariff barriers persist in the form of cumbersome customs procedures and informal payments. They increase the total cost of trade and prices of commodities and militate against the formation of value chains and in the process force many into informal trade.

The World Customs Organisation enunciates provisions on inward and outward processing with the objective of encouraging and facilitating cross-border value chains. These provisions are also mandatory under the WTO Trade Facilitation Agreement (Article 10.9) and they came into effect in February 2017. The inward processing procedures provide conditional exemption from import duties and taxes on goods that are temporarily imported and which will be exported after due manufacturing, processing or repair.

In the case of outward processing procedures, intermediate goods may be temporarily exported for further processing, manufacturing or repair abroad, and the processed products are re-imported with full or partial exemption from import duties and taxes.

The main purpose of the inward processing procedure is to make it possible for national enterprises to offer their products or services in foreign markets at competitive prices, thereby promoting economic growth and creating further employment opportunities for national labour. But this rule is hardly implemented in respect of trade between India and Bangladesh.

A possible reason could be that goods exported temporarily must be subject to suitable identification measures making it possible to establish that the compensating products were obtained totally or partially from the temporarily exported goods. Even if this policy gets implemented, one remains apprehensive that the small traders and illiterate farmers/traders will not be able to carry on trade along lines spelt by these complicated procedures and will either continue to trade through informal channels or will limit themselves to domestic trade.

It is in this context that one has to understand the complementary role that 'border haats' can play in facilitating cross-border value chains, which often exist in border regions due to mutual dependencies and a shared history.

In India-Bangladesh border haats local people from both the countries in those areas are allowed to trade in vegetables, fruits, spices, food items, agri-implements, cosmetics, toiletries, garments, melamine products, aluminium products, bamboo products, plastic products, fruit juice, processed food items and other such indigenous products. Such haats or markets are located on the zero line of the border between India and Bangladesh, and each buyer is allowed to buy commodities up to US$200 a day.

As per CUTS research findings, prior to the establishment of the border haat, informal trade in raw betel nut from Kalaichar, Meghalya to its mirror village Baliamari in Bangladesh, and of dried or processed betel nut from Balaimari, back to Kalaichar was predominant. In Kalaichar and its neighbouring villages production of betel nut is abundant and there are good processing facilities on the Bangladeshi side. Yet the demand for processed/dried betel nut is significant in India.

Following the establishment of the Kalaichar-Baliamari border haat, informal trade in betel nut stopped completely and the betel nut trade got routed through the border haat. Trade in betel nut flourished subsequently between the two countries benefitting the border residents.

Exploring this issue one understands that in the absence of the haat, the betel nut farmers had to go to Mankachar, Assam to sell their produce and their to-and-fro journey would involve a transportation cost of approximately USD 64, which was not affordable to all, especially the female farmers. But in the post border haat scenario, those farmers sell their produce at the border haat, which saves their transportation cost and enable them to earn about USD 5-10 on a haat day.

As per official data, per month betel nut worth Indian Rupees 700,000-900,000 is traded from India to Bangladesh and dried betel nut worth INR 900,000- 1,700,000 is traded from Bangladesh to India through this border haat.

Thus, the establishment of the Kalaichar-Baliamari border haat has facilitated and strengthened the cross-border value chain in betel nut, not only diverting this trade through a formal channel, but also boosting its volume, thereby creating various income opportunities for border residents of these remote and economically backward areas, and ensuring market access and better prices to the betel nut farmers.

It has generated livelihood options for betel nut farmers and thrown up an array of opportunities for absorbing the local workforce -- vendors selling processed betel nut in this border haat, workers in the processing units, workers for grading and sorting, traders, labourers and transporters involved in the entire process.

The border haats have also created several opportunities for employment. Trading in border haats generally allows three to four labourers/staff/helpers for each of the 25 officially authorised vendors from either side. This results in the participation of at least 200 people from both sides of the border in each of the border haats. In addition to these people who are largely attached with the sellers, there are also vendees who get involved in such trade not just for self-consumption but for securing an income by selling goods purchased at the haats, in other places outside.

Therefore, it is imperative that such mutual synergies in border areas are leveraged and cross-border value chains facilitated through existing and upcoming border haats. This will also lead to development of border areas and ensure long-term peace, security, stability and prosperity through border haats.

The governments of India and Bangladesh had initiated the idea of border haats along the India-Bangladesh border with the objective of helping border inhabitants to market their local produce and also to promote people-to-people connect. It is acting as one of the best confidence-building measures among the citizens of the two countries.

The case of the Kalaichar-Baliamari border haat demonstrates how effectively border haats can also function as platforms for promoting cross-border value chains. One hopes that in the days to come, border haats will have a growing role to play in the lives of the border residents.

Source: thefinancialexpress.com.bd– Sep 30, 2020

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NATIONAL NEWS

India, Bangladesh looking to address logistics challenges for seamless movement of cargo: Smriti Irani

Union Minister Smriti Irani on Wednesday said various measures are being looked at to address the logistics challenges and reduce the turnaround time for seamless movement of cargo between India and Bangladesh.

Irani said leveraging the inland waterway route will also be looked at for seamless movement of cargo between the two neighbours.

“We are actively looking at addressing logistics challenges which emanate at our borders to facilitate quicker turnaround time for both the industries in India and Bangladesh,” said the minister at a CII webinar. The issues being faced in the movement of cargo through Petrapole and Benapole ports are also being investigated, she said.

Irani said imposition of zero duty on exports of ethnic apparel from India to Bangladesh would help increase trade. “The Indian industry can rejoice if Bangladesh allows retail of ethnic apparel from India at zero duties,” the minister said.

Irani stressed that India should focus on increasing yarn and fabric exports to Bangladesh. “Both sides are aware that when we compare our share of imports in Bangladesh with China, while China stands at 54 per cent, we stand at only 17 per cent given the high tariff on Indian textiles and apparel export products,” the textiles minister said.

The minister said she was hopeful that the dialogue to be undertaken for coming to a resolution on the proposed MoU by both countries can reflect on these challenges. The Cotton Corporation of India (CCI) which at present is holding surplus stocks of cotton, is working out the modalities for exporting to Bangladesh, which will help serve the requirements of its spinning industry.

“I am sure the needs of the spinning industry of Bangladesh can be met by the Cotton Corporation of India,” Irani said. The minister observed that India can also learn from the Bangladesh’s experience with diversified jute products and partner with the country to capture a share in global value chain of silk as well.

Textiles Secretary Ravi Capoor stressed on the need for developing regional value chains, with India supplying raw materials and Bangladesh exporting value added goods like fabric and apparel clothing to the world. There was, however, a need for removing the irritants to trade from both sides before this could fructify.

“We would request the Bangladesh side to consider removing the duties on our raw materials,” Capoor said. Highlighting the opportunity for India and Bangladesh as immediate neighbours to create a huge supply chain for the entire globe in the apparel and textiles sector, Capoor said both countries together “can aspire to replace China as 35 per cent of the global market supplier”.

“Together our vision should be to capture 35 per cent of the global market in the next five years,” he added. Golam Dastagir Gazi, Minister of Textiles and Jute, Bangladesh, emphasised that there is a huge potential for further collaboration between Bangladesh and India in the textile and apparel industry, with opportunities for both countries.

Source: financialexpress.com– Sep 30, 2020

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India, Denmark agree to finalise bilateral broad-based trade, investment agreement

Prime Minister Narendra Modi and his Denmark counterpart Mette Frederiksen agreed to work towards an early conclusion of the bilateral broad-based trade and investment agreement.

In the first virtual summit on September 28, Prime Minister Narendra Modi and his Denmark counterpart Mette Frederiksen agreed to elevate India-Denmark relations to a Green Strategic Partnership.

Responding to a question on EU-India free trade agreement (FTA), Neeta Bhushan, Joint Secretary (Central Europe), said, "It was agreed that both sides will work to an early conclusion of the bilateral broad-based trade and investment agreement." She further shared details about the discussion on COVID-19 by the two Prime Ministers.

"The Danish Prime Minister said that the scale at which it is being handled in India cannot be imagined and she expressed deep appreciation for our Prime Minister's leadership in that context.

On the issue of vaccine, it was mentioned that collaboration between like-minded countries will help to meet the challenges of this pandemic and India is well known for its pharmaceutical capabilities, and we are working in the field of vaccine development as well."

During the summit, Prime Minister Modi stated that the Green Strategic Partnership was a new age partnership and will add a new dimension to bilateral relations between the two countries.

"This will help to expand economic relations and green growth, and strengthen cooperation on addressing global challenges; with a focus on the implementation of the Paris Agreement and the climate change goals," he said. Bhushan said that Prime Minister Modi proposed setting up of India-Denmark Green Energy Park in areas where there are large numbers of Danish companies.

"Our Prime Minister stated that the concept of the circular economy should be added and a time-bound action plan needs to be drawn up. He proposed setting up "India-Denmark Green Energy Park in areas where there are large numbers of Danish companies. He also proposed setting up of India Denmark Skill Institute so that the Danish companies will be able to get skilled manpower as per their requirement.

Both sides mentioned the strong trade and investment links," she said. During the Summit, Prime Minister Modi welcomed Denmark's decision to join the International Solar Alliance. PM Modi also invited the Danish counterpart to visit India soon, Bhushan added.

Source: timesnownews.com– Sep 30, 2020

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Cotton futures firm at Rs 18,140 per bale in afternoon trade

Cotton futures traded firm at Rs 18,140 per bale on September 30 as participants widened their positions as seen from open interest.

Mohit Vyas, Analyst at Kotak Securities said: “Weakness in ICE Cotton futures in the last couple of sessions, increasing new crop arrivals and weak demand prospects even during festival season due to unfettered outspread of COVID-19 in the home country is keeping cotton prices under check at present.”

Textile Ministry’s Committee on cotton production and consumption has pegged Indian output at 357 bales for 2019-20 season and ending stock of cotton at 105.5 lakh bales.

According to Agmarknet data, Cotton arrival across the country during September 1-25 have more than doubled from the previous month at 49,530 tons, but it is still down 31 percent from last year.

In the futures market, cotton for October delivery touched an intraday high of Rs 18,180 and an intraday low of Rs 18,080 per bale on the MCX. So far in the current series, the commodity has touched a low of Rs 16,060 and a high of Rs 18,260.

Cotton futures for October delivery gained Rs 40, or 0.22 percent, to Rs 18,140 per bale at 15:20 hours IST on a business turnover of 773 lots.

The value of October contract traded so far is Rs 2.35 crore.

Kotak Securities expect Cotton to consolidate near current range this week but upcoming supply pressure from the US will keep long term outlook marginally weak.

Source: moneycontrol.com– Sep 30, 2020

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Govt working on single window clearance to attract local investments, FDIs: Piyush Goyal

Railway freight volumes show that the economy is picking, says Minister

The Government is working to extend single window clearance to a number of sectors to attract investments, both domestic and FDIs, while also seeking to make India a manufacturing hub in areas such as automotives, toys and footwear.

Union Minister for Commerce, Industry and Railways Piyush Goyal said single window clearance will help attract more investments in various sectors which have already been opened up for FDI.

Interacting with industry representatives hosted by FTCCI here, Goyal said: "the Government is trying to remove all barriers for investments in manufacturing in areas such as Defence, coal mining, retail, civil aviation, agriculture and financial services. In addition, a number of measures announced by Prime Minister Narendra Modi under the Atmanirbhar Bharat will ensure we overcome the current Covid pandemic-hit situation to a robust economy."

Referring to the reforms in the agriculture sector, he said the Farm Bills passed by Parliament are watershed and will ensure higher productivity, better price realisation and herald a new future.

The Minister said the Government is working with local bodies and federations to understand their concerns and address their problems, including that of MSMEs.

Railways and freight

Striking a note of positivity and encouraging the industry to adjust its functioning in the Covid pandemic situation, he said the Railways has brought about a number of changes to improve its performance and efficiency. This has resulted in strong volume growth.

Goyal said the freight volume numbers show that the economy is picking up. In September, Railway freight movement was up 15 per cent over September 2019 and the freight movement on September 29, 2020 was up 33 per cent over September 29, 2019.

"While the overall freight movement during April-September was down by about 9 per cent, we expect to make up for this gap in the second half of the current financial year and end the year on a positive note. The 9 per cent gap in freight in H1 works out to about 54 million tonnes," he explained.

Referring to how the Railways continues to innovate, the Minister said the average speed of freight trains is now twice that of last year. A train that used to take about 6-7 days from Hyderabad to Guwahati now manages to make it in three days, all pointing towards more efficient functioning.

He said the Government measures to open up private sector investments in the Railways and early indications show that there is immense interest in taking part in the sector.

Source: thehindubusinessline.com– Sep 30, 2020

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India urges Bangladesh to import ethnic garments at zero duty

Smriti Irani assures Dhaka that efforts will be made to ensure supply of quality cotton through CCI

Textile Minister Smriti Irani has asked Bangladesh to increase its textile sourcing from India, which lags way behind China, by lowering tariff barriers and other irritants to trade.

She also assured that New Delhi will try to ensure support for supply of quality cotton for the neighbouring country's spinning industry through the Cotton Corporation of India (CCI).

The Minister especially made a case for zero duty imports of ethnic apparel from India by Bangladesh while addressing representatives from the government and the textile industry at the 'India-Bangladesh Virtual Conference on Textiles and Apparel Sector' on Wednesday.

The China factor

"Today both sides are aware that when we compare our share of imports (of textiles) in Bangladesh with China, while China's share stands at 54 per cent, we stand at 17 per cent given the high tariffs on Indian textiles and apparel export products," Irani said.

The dialogue between the Indian and Bangladeshi textile sectors should reflect on these challenges, she said.

"Just like we would like to support through the CCI, the procurement of quality cotton by the spinning industry of Bangladesh, similarly Indian industry can rejoice if Bangladesh allows retail of ethnic apparels from India at zero duties," she said.

The virtual meet was jointly organised by Confederation of Indian Industry and Federation of Bangladesh Chambers of Commerce and Industry.

Logistics challenges

Irani further stated that measures are underway to address the logistics challenges in order to reduce the turn-around-time for movement of cargo between the two countries, and inland waterways will also be leveraged for the same.

The issues being faced currently in the movement of cargo through Petrapole and Benapole ports are also being investigated, she said.

Bangladesh's Minister for Textiles and Jute Golam Dastagir Gazi pointed out that there was a huge potential for further collaboration between Bangladesh and India in the textile & apparel industry, with opportunities for both countries.

The Minister said that barriers to trade in the textile trade of the two countries will be resolved through mutual discussion.

Textiles Secretary Ravi Capoor stressed on the need for developing regional value chains, with India supplying raw materials and Bangladesh exporting value added goods like fabric and apparel clothing to the world.

There was, however, the need for removing the irritants to trade from both sides.

Source: thehindubusinessline.com– Sep 30, 2020

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Technical Textiles Are Helping Save Lives During COVID-19

As the transmittal of the coronavirus occurs by infected persons even without symptoms, face coverings play a vital role in containing the spread.

Recently, there has been a flurry of research activities on the type of face coverings, materials, design and so forth. While there is no one perfect model or type of face coverings, it is important that we use them based on the guidelines established by agencies such as the United States Centers for Disease Control and Prevention (CDC).

"As a survivor of the deadly coronavirus infection along with my son, I request all to wear a mask and maintain at least six feet distance in public places to avoid the virus infection," stated Amarashish Phanse of Ahmedabad, India.

I first met Mr. Phanse in one of my technical textiles awareness events in India over a decade ago and have maintained close connection with him to develop the field. He has been in the technical textiles sector and has been a great support in my research and outreach efforts in the nonwovens and technical textiles field. It is heartening that Mr. Phanse took time to convey the importance of safety measures in fight against the virus amidst his recovery.

It is becoming clear that even with the availability of a vaccine, good public health measures such as the use of face coverings may be needed. "There is increasing evidence that masks help prevent people who have COVID-19, including those without symptoms, from spreading SARS-CoV-2 to others," stated Dr. Robert Redfield, Director of the CDC in a recent testimony to a United States Senate panel.

Speaking from his own grueling experience in the fight against the virus, Mr. Phanse stated, "Having worked with textiles and technical textiles industry closely for over a decade, I can now realize the immense contribution made by its fiber to the fashion value chain in developing user friendly and functional protective textiles."

The advanced textiles sector has a renewed purpose now to develop life-saving products at a competitive price. Developed economies such as the United States has to revamp its R&D and manufacturing sectors that will focus on human health and environmental aspects. Research into comfortable face masks with enhanced protection is a tall order and well worth investing. Similarly, cost effective sustainable products that find applications ranging from household items to space crafts will be needed. The Indian government has created a National Mission on Technical Textiles to grow the field.

I have been articulating the use of natural fibers like cotton and coarse wool in advanced products for more than two decades. In close association with people like Mr. Phanse, collaborative programs developed between India and the United States in the nonwovens and technical textiles sectors have led to awareness creation and business relationships.

The current COVID-19 crisis has shined a genuine spotlight on the positive aspects of cotton as a life saver and may open pathways towards exploring new materials for value-added applications.

It has become clear that apart from functionalities, the cost of products plays a very vital role in the market acceptance of products. So, examining the economic aspects of new products and market surveys to analyze the need must be undertaken simultaneously while conducting R&D. The next phase of R&D should involve scientists, economists and marketing professionals working towards new product development such as PPE.

Let us practice safety and wish speedy recovery of all those who have been afflicted by the virus. Mask on and stay positive!

Source: cottongrower.com– Sep 29, 2020

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Exports of goods not to attract TCS

In other cases, TCS only on sale after October 1

The export of goods will be exempted from new provision of the tax collected at source (TCS), the Finance Ministry said on Wednesday. New provision of TCS applicability for sale consideration of ₹50 lakh or more is coming into effect from Thursday.

This provision was made in the Budget this year. The rate of TCS would be 0.1 per cent. TCS and TDS (tax deducted at source) are two means of tax collection. Under TCS, the seller receives payment along with tax at a fixed rate and then deposits it with the government. TDS means buyers make payment after deducting tax at a fixed rate.

In a detailed clarification, the Ministry touched upon various points apart from the exemption for export. In cases other than export, it said, TCS will be applicable only on the amount received on or after October 1. For example, a seller who has received ₹1 crore before October 1 from a particular buyer and received ₹5 lakh after the date, would be required to collect tax on ₹5 lakh only. It also said that TCS applies only in cases where the receipt of sale consideration exceeds ₹50 lakh in a financial year.

Further, the seller in most of the cases maintains a running account of the buyer, in which payments are generally not linked with a particular sale invoice. Therefore, in order to simplify and ease the compliance of the collector, it may be noted that this TCS provision shall be applicable on the amount of all sale consideration received on or after October 1, 2020, without making any adjustment for the amount received in respect of sales made before the said date.

Mandating the collector to identify and exclude the amount in respect of sales made up to September 30, 2020, from the amount received on or after October 1 would have resulted into undue compliance burden for the collector and also litigation.

According to the Ministry, TCS is not an additional tax but is in the nature of advance income-tax/TDS for which the buyer would get the credit against his actual income tax liability and if the amount of TCS is more than his tax liability, the buyer would be entitled for refund of the excess amount along with interest.

In order to reduce the compliance burden, as the Ministry said, this TCS is made applicable to only those sellers whose business turnover exceeds ₹10 crore. In other words, those having turnover of less than ₹10 crore will not be required to collect TCS. There are only around 3.5 lakh persons who have disclosed business turnover of more than ₹10 crore in FY 2018-19.

There are around 18 lakh entities which already deal with TDS/TCS. Therefore, this TCS collection under these new provisions would be required to be made by persons who, in most of the cases, would already be complying with the other provisions of TDS/TCS.

Source: thehindubusinessline.com– Sep 30, 2020

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Textile technology is advancing into new frontiers

When you hear textile engineering, you may think apparel. But today, it has more to do with technical fibre, which has huge applications across multiple fields, says Ashwini Agrawal, professor of textile technology at IIT Delhi.

He says such textiles are increasingly being used in civil, mechanical and even automobile engineering. The subject has been multidisciplinary, and has become more so in application.

"You need to know a lot of things before you make a product, a lot of knowledge in chemistry and polymers," says Agrawal. The government, he says, is putting its weight behind the technical textile sector and has earmarked about Rs 1,400 crore as part of the technical textile mission.

Textile technology is key to applications such as personal protective equipment (PPE) kits and face masks that are today being widely used for protection from Covid-19. It is key to body suits to protect people from harsh conditions such as fire or extreme cold.

The government's science & technology department has approved support for upscaling an antiviral nano-coating developed by Agrawal. It can be used to produce triple layer medical masks and N95 respirators.

And yet, Agrawal says, textile engineering is often the last choice of students entering the IITs. "It is never their preferred subject because at the end of graduation, the jobs they land up with are at apparel companies, which do not pay the kind of salaries others do. And after a few years, they will pursue an MBA to move to another career," he says.

However, students from other institutes who join the Master's programme in the IITs end up getting absorbed in companies like Reliance and Arvind as product managers, which are really well paying. Agrawal suggests that students who wish to stay in this field should pursue higher studies.

The IITs are now more focused on higher studies, research and innovation and not just on churning out students at the undergraduate levels who would bag plum salaries. In many IITs, the ratio of undergraduate to post graduate and research fellows is now almost equal, compared to a 80:20 ratio a decade ago.

"A major emphasis is now on the entrepreneur cell. The objective is that students would use their engineering skills to create something and then float a company. IIT Delhi has created about 100 such companies in the last 5-7 years," Agrawal says.

One of the ways the interdisciplinary approach and entrepreneurship interest have been achieved over the years has been by assigning 50% of the focus on the student's core subject, and the rest on a minor area such as entrepreneurship and mathematics, so that students have a holistic view of the ecosystem around them.

Source: timesofindia.com– Sep 30, 2020

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GST returns information to be included in Form 26AS

Information on GST returns will appear in an income tax statement form called Form 26AS. Experts feel this will ensure better compliance and curb tax evasion.

"The Central Board of Direct Taxes (CBDT) authorises the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) to upload information relating to GST returns, which is in his possession, in the Annual Information Statement in Form 26AS, within three months from the end of the month in which the information is received by him," an order by the CBDT said. Further, it was mentioned that the Principal DG/DG (System) will specify the procedures, formats and standards for the purposes of uploading of Annual Information Statement in Form 26AS.

Form 26AS is an annual consolidated income tax credit statement. It helps the taxpayer to ascertain the tax deducted and the advance tax paid during the year and match with the tax deposited as per the tax department's records.

Now, one can directly import the Form 26AS information, while filing Income Tax Returns. The form can directly be accessed through net banking facility or through e-filing website of the Income Tax Department (https://incometaxindiaefiling.gov.in).

According to Shailesh Kumar, Partner at Nangia & Co LLP, recently the CBDT had issued notifications u/s 138 of the Income Tax Act, allowing income tax authorities to share information with various other departments/ authorities, including GST. Further, the format of Form 26AS was also modified and enlarged to include information received from other departments/ agencies, including the GST authorities.

By the present order, the CBDT has assigned responsibility within the Income Tax department, to upload information received from the GST authorities into Income Tax department systems, which will also reflect in profile/ Form 26AS of respective taxpayers.

"With this order, the Income Tax department moves a step further to plug the loopholes and use data received from other departments/ authorities to improve income tax compliance/ collection," he said.

Source: thehindubusinessline.com– Sep 30, 2020

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Due date for FY19 GST return filing extended till October 31

One-month extension follows CBIC getting clearance from Election Commission

The Central Board of Indirect Taxes & Custom (CBIC) on Wednesday extended the last day for filing annual GST return for FY 2018-19 by one month, to October 31.

"After obtaining due clearances from the Election Commission in view of the Model Code of Conduct, the Government has extended the due date for furnishing Annual Return in GSTR-9 and GSTR 9C for 2018-19 from 30.09.2020 to 31.10.2020," CBIC said in a tweet.

Abhishek Jain, Tax Partner at EY, said the tweet was one of the most awaited ones by the industry under GST and helps provide much-needed relief to businesses, who were struggling to finalise GST annual returns and GST audit certification because of Covid-led hallenges.

"While this one is sorted, businesses are also eyeing a relaxation in e-invoicing compliances, (including) making it a voluntary one for a few months, which is slated for mandatory implementation from tomorrow (October 1)," he said.

Every GST assessee has to file an annual return in GSTR 9. Among these assessees, every registered taxable person whose turnover during a financial year exceeds ₹2 crore will also be required to get his accounts audited by a chartered accountant or a cost accountant and then submit a reconciliation statement in GSTR 9C along with GSTR 9.

Assessees under the composition scheme (businesses with turnover up to ₹1.5 crore) will be required to file the GSTR 9A form.

Source: thehindubusinessline.com– Sep 30, 2020

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ECLGS: Micro firms get maximum loans from banks under credit guarantee scheme; medium units 'bypassed'

Micro enterprises have emerged as the biggest beneficiaries so far of the collateral-free loans disbursed by public and private sector banks and non-banking financial companies (NBFC) under the Modi government's Emergency Credit Line Guarantee Scheme (ECLGS) to revive Covid-hit MSMEs and other businesses.

According to a survey published by the National Institute of Bank Management, Pune in August involving responses from 1,722 MSMEs and other businesses, 86.53 per cent of total loans disbursed by public sector banks (PSB) have been given to micro businesses in comparison to 5.38 per cent loans to small businesses, 0.73 per cent to medium enterprises and 7.35 per cent to other businesses.

A similar pattern is visible in loans given by private banks and NBFCs. Micro units received 87.31 per cent of private banks' loans followed by only 8.77 per cent, 0.72 per cent and 3.20 per cent going to small, medium and other businesses. 65.41 per cent share in NBFC loans were to micro-businesses.

Small businesses, medium enterprises and other businesses had a share of 11.51 per cent, 0 per cent, and 23.08 per cent. Clearly, "medium enterprises appear to have been bypassed," the survey titled Study on the Impact of ECLGS for National Credit Guarantee Trustee Company noted.

"Study on the impact of Emergency Credit Line Guarantee Scheme (ECLGS) by the National Institute of Bank Management shows that micro-enterprises are the biggest beneficiaries of the scheme," Finance Minister Nirmala Sitharaman's office tweeted on Wednesday.

Banks, NBFCs had disbursed Rs 1,25,425 crore of the Rs 3 lakh crore of ECLGS as on September 21, 2020, to 25,74,181 MSME and individual accounts, according to the government data.

Out of the total disbursement, Rs 1,22,808 crore was credited into 25,24,788 MSME accounts, as per the data tweeted by the Finance Minister Nirmala Sitharaman's office last Thursday. Moreover, loans to 49,393 individual accounts stood at Rs 2,617.08 crore.

The survey also noted that 87 per cent respondents said that the ECLGS had helped to ease their short term financial problems while 93 per cent found the loan process to be fairly easy. However, for MSMEs getting smaller loan loan, the short term liquidity benefit was relatively lower than those who had received a larger ECLGS loan.

33 per cent respondents getting loans between Rs 5 lakh-10 lakh claimed the liquidity ease would last more than three months while only 14 per cent of the respondents getting up to Rs 10,000 claimed the loan to help them with cash crunch beyond three months.

51 per cent of the respondents claimed deploying funds to restart operations while 50 per cent would use it to clear dues to suppliers. Another 36 per cent and 5 per cent said the funds will be used to pay salaries and repaying existing loans respectively. "In contrast (to manufacturing units), since services firms are less dependent on suppliers and workers, by design, their focus is on restart of operations," the survey added.

Source: financialexpress.com– Sep 30, 2020

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Frequent changes in GST compliance system hassling taxpayers

Taxpayers have been facing issues in coping with the changes as their internal IT systems also need need to updated regularily

With the introduction of GST, multiple reporting under VAT, service tax and central excise have been done away with and a uniform compliance mechanism has been introduced. While this is seen as a major reform and a step towards ease of doing business in India, there have been constant changes to the compliance system which has now led to complexities.

Changes to GST return filing system

It was initially prescribed that Form GSTR-1 (details of outward supplies), Form GSTR-2 (details of inward supplies) and summary return in Form GSTR-3 needed to be filed. However, due to glitches in the GST portal, this mechanism could not be implemented and a simplified return in Form GSTR-3B was introduced in place of GSTR-3. GSTR-1 continued to be filed by taxpayers and GSTR-2 was deferred to a later date.

In order to move forward with the "matching" concept for seamless flow of input tax credit (ITC), the government introduced Form GSTR-2A where a taxpayer could view the inward supplies reported by vendors. This statement came with a "view only" option. Taxpayers were then required to undertake a reconciliation between the ITC register and Form GSTR-2A on a regular basis to ascertain the gaps, which increased efforts in compliance.

Thereafter, the government asked for suggestions from the trade and industry regarding their views on the return filing mechanism. Based on the feedback, the GST Council proposed a new return filing system which comprised one return Form GST RET-1, and two annexures — Form GST ANX-1 (bill-wise details of outward supplies) and Form GST ANX-2 (bill-wise details of inward supplies).

A prototype was introduced for testing purposes and businesses started configuring their systems based on the new returns. However, the proposed new GST returns system has been kept in abeyance and instead, changes are being made to the existing returns system to optimise compliance.

The government has made changes to Form GSTR-2A to include details of import of goods from outside India/SEZ. Also, Form GSTR-2B has been introduced for easy reconciliation of ITC availed with the ITC available as per GST records. A matching tool has also been made available for comparing the ITC register with Form GSTR-2B.

Thus, many changes have been/are being brought out in the return filing system since the inception of GST which require considerable effort to stay updated on the part of taxpayers.

Reporting requirements

Taxpayers need to file an annual return (summary of inward and outward transactions of a financial year) and a reconciliation statement (comparative of the GST returns with the books of accounts) in specified cases.

During the first year of filing, there were certain issues with the offline utilities provided by the government which led to multiple extensions of the due date for filing these returns. Also, businesses were facing issues in reporting requirements, which were later clarified by the government by issuing FAQs.

Certain reporting requirements were eased for FY 2017-18 and FY 2018-19 such as HSN code-wise details of inward and outward supplies, value of expenses reported in financials vis-à-vis ITC availed of, etc., for helping the taxpayers in filing these returns.

E-invoicing

A topic which has been in much discussion of late is the e-invoicing system to be introduced from October 1, 2020, for certain taxpayers. Taxpayers would now be required to transmit the details of outward supplies on a separate portal. A unique invoice reference number and QR code would be given by the portal which is required to be mentioned on the invoice generated by a taxpayer for being GST compliant.

This system is based on an interplay of the accounting system of the taxpayers with the portal. The e-invoicing system would be linked to the e-waybill as well as to the return filing system.

The government has been making changes to the prescribed format and the schema on a regular basis to create a robust system. However, taxpayers have been facing issues in coping with the same as changes to the internal IT systems are also required to be made.

Frequent changes by the government have, sometimes, caused confusion among taxpayers regarding the reporting requirements to be compliant with GST provisions. The recent steps taken by the government for GST compliance may involve a certain effort on the part of taxpayers, but are expected to ease the burden in the longer run.

Source: thehindubusinessline.com– Sep 30, 2020

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