TEXTILE INTELLIGENCE CENTRE
iBtex.
INFORMATION BUREAU
TEXPROCIL

GLOBAL UPDATE
TEXPROCIL
NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 1 of 2018 January 02, 2018

USD 63.70 | EUR 76.55 | GBP 86.09 | JPY 0.56

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
19242	40250	**80.55**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
20170	42191	**84.43**

International Futures Price

NY ICE USD Cents/lb (March 2018)	78.63
ZCE Cotton: Yuan/MT (Jan 2018)	14,705
ZCE Cotton: USD Cents/lb	**87.21**
Cotlook A Index – Physical	**89.6**

Cotton & currency guide: The year 2017 ended for Cotton with a strong positive tone but with lots of complications around the world.

The cotton prices are predominantly high and major reasons being supply concern in the world's largest cotton producer India. The kind of crop loss due to effect of pink bollworm, poor quality crop and very much likely reduction in yield now has become a strong question mark over the production estimation.

Earlier CAI has estimated 37.70 million bales which market is expecting much lower number. Despite daily arrivals coming close to 200, 000 bales the price of cotton is increasingly incessantly close to Rs. 42000 per candy much higher than ICE cotton price for reference.

Also there is expectation of higher mills usage this year which also indirectly means the exports could be lower while India may depend upon large imports.

The major supply concern is coming from Maharastra and Telengana and some other states. Looking at the current condition the very early estimates suggests 2018-19 acreage under cotton will come back to its average figure of 20 million hectare.

The other points that are currently supporting cotton price to rise is higher exports from US and lower MIC of US crop.

The US 2017-18 sales for the season through December 21st totaled 11,051,100 bales, 2.44 million bales ahead of last year.

On the price front Indian cotton is at season high near Rs. 42000 per candy. The ICE futures are near year high close to 80 cents per pound. Market is looking positive amid supply concern across the globe while funds are actively involved in buying cotton as part of their portfolio adjustment.

The very near term trend looks positive. We will have to keenly watch the key technical resistance of 80 cents and a clear breakout would mean market may move towards 83/84 area. On the domestic front the January would be critical to evaluate. The daily arrivals are expected to increase over 200,000 bales a day and generally market tends to move down however need to watch this year how it is planned out.

Lastly Indian futures are taking cues from both domestic and ICE market. Last week the most active January future settled higher and we expect market to broadly hold a positive trend.

Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com, Source: Reuters, MCX, Market source

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Rewriting the Rules of World Trade
2	Sri Lanka exports up 14% in October post US demand
3	US$ 24.5mn garment processing zone being built in Nepal
4	Bangladesh's real deal
5	U.S. cotton must avoid contamination
6	Pakistan: Cotton prices surge on strong demand
7	Myanmar: Garment industry must raise value proposition to stay sustainable
8	Egypt's home textiles exports up 4.8% in Jan-Nov '17
	NATIONAL NEWS
1	Rs 6000 cr package for labour intensive garments sector falls short of target
2	Cotton Corporation to focus on commercial operations this season
3	Textile industry tries to cope with a knotty GST
4	Cotton was 2017's star crop, hedge funds have high hopes for new year 2018 too
5	India-UK trade meet to focus on visa restrictions, trade barriers
6	Textile exporters: benign financial metrics make wait for business recovery worthwhile
7	Bhiwandi hopes for specific textile export policies
8	Surat textile industry still under subdued capacity utilisation
9	Disaster strikes: Maharashtra farmers lose 84% cotton crop to pest attack
10	Sushil Modi pitches for error-free e-way bill

INTERNATIONAL NEWS

Rewriting the Rules of World Trade

If the recently concluded 11th Ministerial Conference of the World Trade Organization (WTO) at Buenos Aires during 10–13 December 2017 is anything to go by, then the United States (US) seems bent upon wrecking the multilateral framework of the WTO. The US Trade Representative (USTR), Robert Lighthizer not only ensured that there would be no agreement on subjects that had been mandated for decisions, but also made certain that the conference would end without any "ministerial declaration."

Early signs of such a dismal outcome were discernible in November at the Asia–Pacific Economic Cooperation forum in Vietnam, where US President Donald Trump pitched for an "America First" trade policy. Expressing strong disapproval of multilateral approaches, Trump made clear that the US would pursue "mutually beneficial commerce" via bilateral trade agreements. Holding a weak US leadership responsible for the huge trade deficits that had "stripped" the US of jobs, factories and entire industries, he went on to accuse the WTO of treating the US unfairly.

At the WTO's Ministerial Conference, the USTR paid short shrift to the "cotton-four"—Benin, Burkina Faso, Chad, and Mali—who had compromised on the extent of domestic support and market access just to get the US to agree. Such conduct can best be described as the condescension of an oligarch even as his subjects are confronted with a matter of life and death. Similarly, in relation to India and many other developing countries, the USTR reneged on Washington's earlier assurances on arriving at a permanent solution for public stockholding to ensure food security.

Add to this the USTR deriding the appellate body of the Dispute Settlement Mechanism, blocking the filling of vacancies therein and thereby creating a backlog of pending cases. Of course, a closer look at what has been unfolding in and on the sidelines of the WTO would make it evident that the US has not been the only patronising oligarch in dealing with the developing and least-developed countries. On most matters, the European Union, Japan, and Canada have been its close ally, especially on issues concerning China.

For some time, the US has been regarding the Doha Round of multilateral negotiations as good as “dead.” One needs to note that the USTR’s statement at the conclusion of the conference mentioned that the US “need(s) a result on agriculture that is based on the realities of today, rather than a 16-year-old, outdated and unworkable framework,” a clear deprecating reference to the foundational structure of the Doha Development Round. Moreover, even as the multilateral framework of the WTO was being eroded, initiatives on a number of “plurilateral” agreements (with voluntary membership and on issues that have not been covered by the WTO) —on investment facilitation, electronic commerce, and disciplines for micro, small and medium enterprises—were announced.

It may be recalled that the General Agreement on Tariffs and Trade (GATT) emerged from negotiations to reduce tariffs launched by the US in 1946. This concluded with an agreement signed by 23 countries (including India) in October 1947. In the event of US Congressional hostility to ratifying the Havana Charter of March 1948, signed by 53 countries, to establish a proposed International Trade Organization to oversee international trade, the GATT remained in operation until it was replaced by the WTO in January 1995. Although the 70th anniversary of the GATT in October 2017 has largely been ignored, we must -remember that the US, the prime mover of the post-World War II multilateral trading framework, seems to have decided to be the central figure in wrecking that very substructure.

The GATT was firmly controlled by successive US trade administrations. Each round of multilateral trade negotiations was conceived to coincide with significant changes in US trade policy. So, for instance, in the mid-1950s, the agricultural sector was removed from the jurisdiction of GATT rules. This suited the Treaty of Rome, then being negotiated to establish the European Economic Community, and the economic principles of what was to become its Common Agricultural Policy.

In 1958, the textiles and clothing sector was taken out of the authority of GATT rules, orchestrated jointly by Japan and the US. With the Uruguay Round (1986–94), however, these sectors had to be brought back into the purview of the GATT in order to widen its remit to include commercial services, intellectual property, and trade-related investment measures.

But, as earlier, under the auspices of the WTO, in a setting characterised by a lack of democratic accountability, a handful of developed nations have continued to exercise influence in trade and trade-related policies, adversely affecting all sectors of the world's subordinate economies.

The Trump administration is not out to wreck this profoundly unequal system. It just wants to reset the rules governing it, in order to offset the relative economic decline of American capitalism and re-establish the US as the undisputed top dog in the global economy.

Source: epw.in- Dec 30, 2017

HOME

****

Sri Lanka exports up 14% in October post US demand

Sri Lanka's exports rose by 14.1 per cent from a year earlier to 976 million US dollars in October 2017, this was due to increased demand from the US and higher prices for agricultural products. Apparel exports to the US increased by 14.7 per cent while exports to the EU was up 8.0 per cent, with the help of GSP+ facility, the Central Bank disclosed. The US economy had been recovering and the Federal Reserve is already raising rates.

In the first 10 months of the year, exports were up 8.8 per cent to 9,399.7 million US dollars. Imports grew only 0.2 per cent to 1,727.2 million US dollars in October as against a year earlier with foreign reserve collections and slowing credit depressed economic activity. Up to October imports were up 8.7 per cent to 16.99 billion US dollars and the trade gap was up 2.7 per cent to 2,924 million US dollars.

Sri Lanka is now recovering from a balance of payments crisis generated in 2015 with large deficit budget which was accommodated by the Central Bank with money printing. When credit slows and foreign reserves are collected imports, and economic activity can slow or contract, though returning capital can help lessen the pain. The Central Bank disclosed that Sri Lanka's gross official reserves had risen to 7.5 billion US dollars by October 2017, with a 2.0 billion surplus in the balance of payments.

Source: fashionatingworld.com- Dec 30, 2017

HOME

****

US$ 24.5mn garment processing zone being built in Nepal

Nepali Government officials revealed that the government has started the construction of a Rs 2.5 billion (US$ 24.5mn) garment processing zone in Simara, Bara to facilitate exports of Nepali readymade clothes. The facility, which will be spread over 300 bighas, is expected to be completed by 2018-19.

Chandika Prasad Bhatta, Executive Director of the Special Economic Zone (SEZ) Development Committee, announced that the site was being developed as an SEZ. The processing zone, he said, was expected to help the production of readymade garments and reduce manufacturing costs. “The services that will be offered at the processing zone will make Nepali products price competitive in the international market,” he added.

As per the Trade and Export Promotion Centre, exports of Nepali readymade garments have been falling in recent years due to lack of product diversification. In the last fiscal year, export earnings dropped by 9.9 per cent to Rs5.3 billion.

The US was the largest buyer of Nepali readymade garments till 2000. Exports to the US began falling from $171.39 million in 2003 onwards, touching a low of $60.51 million in 2010 after the US government stopped providing duty-free, quota-free market access to Nepali products.

Since February 2016, the US government has been providing duty-free access to 77 tariff lines under the Trade Preference Programme. Shawls, scarves, travel blankets, handbags and gloves are among the products that can avail of duty-free market access under the preferential treatment that will continue till 2025.

Bhatta said investors would receive a single window clearance in the area. “Services such as new licence issuance, licence renewal and tax and banking services will be available within the premises,” adding that visa related services would also be made available to foreign investors under the facility.

The SEZ will offer land plots to interested garment manufacturers at the rate of Rs 20 per square metre. They will be provided uninterrupted power supply and other logistics services at reasonable rates.

SEZ will offer facilities to firms that export at least 75 per cent of their output. Bhatta said that they would call for tenders post completion of the processing zone.

"Companies with a history of being a large exporter, providing jobs to a large number of people and making large investments will be given priority to operate their production units inside the processing zone," he concluded.

Source: fashionatingworld.com- Dec 30, 2017

HOME

****

Bangladesh's real deal

Their employment in the RMG sector has not only changed their lives, but also made difference to the lives of their children. Their financial capacity helps them to secure better life for their children, especially girls

Difference is certainly conspicuous when you compare the present state of Bangladesh with that of in 1971 when the country was born with a promise of prosperity for her citizens. Since her independence, Bangladesh has come a long way and is now a lower-middle income country with an expanding economy where poverty rate has been dropping while life expectancy, literacy, and per capita food intake are on the rise.

Bangladesh has been praised in the world as a model of development through its socio-economic progress and achievement of MDGs.

The ready-made garment (RMG) industry has significant contribution to the socio-economic development of Bangladesh through generating employment, empowering women, reducing poverty, and achieving the targeted GDP growth. The sector accounts for around 81% of the total export earnings of Bangladesh and contributes to around 13% of the country's GDP. An-almost-three decade success story

The emergence of apparel industry in Bangladesh, in the early 1980s, appeared as a ray of light for the country struggling to recover from a devastation caused by the nine-month long Liberation War.

Before independence, no major industries were developed in erstwhile East Pakistan as major share of development budget went to West Pakistan due to discriminatory policy and rule by the then Pakistani government.

External markets for the major export item, jute, had started losing due to the instability of supply and the increasing popularity of synthetic substitutes. Despite having a large workforce, workers were largely illiterate, unskilled, and underemployed.

The RMG industry came as a good solution to the problem as this labour-intensive sector started generating employment for a large number of people and, on the other hand, fetching foreign currency for the country through garment exports. Beginning the venture with exports worth only $12,000, the apparel sector is now the flagship industry of Bangladesh with export earnings of around $29 billion.

The RMG industry has created direct employment for around 4.4 million people; of them 70% are women. Besides, the expansion of the RMG industry has led to the development of other sectors, including backward linkage industries, creating jobs for a huge number of people.

The RMG industry has been playing a significant role in poverty reduction in Bangladesh, because most of the people working in the garment sector are from poor rural areas. With their employment in the apparel sector, they have been able to come out of poverty and give their family members access to better life.

It’s all about the women

A formal job and income are essential ingredients of women’s empowerment, and the RMG industry has provided that to around 3 million women, mostly from poor families. Majority of the female RMG workers, who mainly come from rural areas, have little or no education at all.

Creating job opportunity for this huge number of women in other sectors would generally require skills and education, and that would have been difficult. Now they are no longer treated as a burden on their families, rather have earned dignity and freedom to take decisions in their families.

Their employment in the RMG sector has not only changed their lives, but also made difference to the lives of their children. Their financial capacity helps them to secure better life for their children, especially girls. Poor parents generally consider education for girls unnecessary and tend to get their daughters married off at an early age. Thus, the industry has contribution to enrolling more young girls in school than ever before.

After the liberation of Bangladesh, the female literacy rate was only 11% which is now around 56%. A study by Rachel Heath of the University of Washington and Ahmed Mushfiq Mobarak of Yale University's School of Management, has also found the garment industry's contribution to female education. According to the study, 27% more young girls were going to school than before the emergence of garment industry in Bangladesh.

Moreover, women engagement in the RMG industry has led to a drop in child marriage rate because these working women feel discouraged to get married at an early age. This contributes to lowering child and maternal mortality rates.

According to World Bank data, the infant mortality rate decreased from 92 in 1991 to 29 per 1,000 live births in 2015; while maternal mortality rate came down to 170 in 2013 from 472 per 100,000 live births in 1991. It is observed that between this period the apparel industry grew considerably creating job opportunity for more women in the country.

Since the apparel industry has been acting as a catalyst for socio-economic development in Bangladesh, we need to pay more attention to this sector to unlock its untapped potentials.

More development of the RMG industry means more people getting jobs — more women being empowered, more children going school, more foreign currency — which will ultimately bring more prosperity for the country.

Source: dhakatribune.com- Jan 02, 2018

HOME

****

U.S. cotton must avoid contamination

Avoiding contamination will be job 1 in 2018 for the U.S. cotton industry.

Cotton farmers are beginning the new crop year with optimism as prices are expected to stay above 70 cents. Credit strong export demand and tightening world stocks for the bullish 2018 outlook.

At the Deltapine NPE (New Product Evaluator Summit) in Savannah in December, Ed Jernigan, the CEO of Jernigan Global, forecasted prices in the 75 cents per pound range with the greater need for higher quality, machine-picked cotton driving stronger demand. He also pointed to the end of "fast fashion" that favors polyester with mills expected to move to more cotton for higher quality apparel.

Smaller crops in India, Pakistan and China help with the U.S. expected to enjoy a greater share of world trade in 2018. The outlook is good, but with the good outlook comes the continued call for quality. More customers will be looking to U.S. cotton and the industry must do all it can to keep the quality parameters of U.S. cotton high.

Avoiding contamination will be job 1 in 2018. This is a top priority for the National Cotton Council that Council Chairman Ronnie Lee hit home in an interview with Southeast Farm Press editor Brad Haire.

"Over the years, U.S. cotton has had an excellent reputation with global cotton customers as a source of contamination-free cotton. Unfortunately, based on an increase in complaints that we are receiving from mills, our reputation and our ability to receive a premium in the market is under serious threat," Lee, a Bronwood, Ga. producer and ginner, said.

The National Cotton Council has a website dedicated to getting the word out on best practices with regard to handling cotton to prevent contamination. The website lays out steps for keeping cotton clean with the Council calling for "zero tolerance" when it comes to lint contamination.

Fierce competition, both from manmade fiber and other cotton producing countries, is not going away. Higher quality can give U.S. cotton an edge. At the NPE Summit, Jernigan said the strong demand for machine-picked cotton will strongly favor U.S. cotton. Ensuring quality by taking steps to avoid contamination is paramount.

Source: southeastfarmpress.com- Jan 01, 2018

HOME

****

Pakistan: Cotton prices surge on strong demand

Relentless buying from needy spinners on the first day of 2018 pushed cotton prices to a new record high at Rs8,000 per maund on Monday. This is the second session in a row where cotton prices touch record levels. On Saturday, lint price had touched Rs7,800 per maund.

Similarly, official spot rates also soared to a new peak at Rs7,500 per maund on Monday from Rs7,300 per maund in the last session on Saturday.

The market remained under the grip of nervousness as buyers tried to cover up their cotton position from the local market. Rising cotton prices in the world market also influenced trading.

Ginners were fully controlling the market by dictating terms and cotton prices. This was quite disturbing for spinners who are facing the issues of short crop, cotton quality and rising world lint prices.

Brokers hoped that the next cotton production figures due this week may clear the picture and only then cotton prices would adopt a new course depending on crop size.

There were buying orders but a large number of spinners failed to get hold of deals of their choice. However, those who readily paid premium rates managed to lift huge lots of their choice.

The following deals were reported to have changed hands on ready counter: 400 bales, Ghotki, at Rs8,000; 400 bales, Mirpur Mathelo, at Rs8,000; 1,200 bales, Khanpur Mehar, at Rs8,000; 4,800 bales, Khanewal, at Rs7,600; 8,000 bales, Rahimyar Khan, at Rs8,000; 600 bales, Haroonabad, at Rs5,750; 600 bales, Ahmedpur East, at Rs7,300; 600 bales, Gojra, at Rs7,000; and 400 bales, Faqeerwali, at Rs6,500.

Source: dawn.com- Jan 02, 2018

HOME

****

Myanmar: Garment industry must raise value proposition to stay sustainable

2017 was a strong year for the garment export sector. During the seven months between April and November, some $1.5 billion worth of garment products were shipped out of Myanmar, bound for warehouses owned by the likes of Uniqlo and Primark in Japan and Europe, according to the Ministry of Commerce (MOC).

The pace of growth has been gaining momentum with labour costs picking up in former low-cost manufacturing hubs like China, and as demand from global clothes, lingerie and sportswear brands rises on the back of growing affluence in many parts of the world.

Now, the garment sector represents Myanmar's second largest export sector, and it is expanding fast. During the 2016-17 fiscal year, the industry exported a garments worth some $2.2 billion, which is up from $1.8 billion the year before, according to the Myanmar Garment Manufacturers Association (MGMA). During 2013-14 and 2014-15, garment exports totalled $1.2 billion and $1.5 billion, respectively.

International markets

Looking ahead into 2018 and beyond though, insiders said more has to be done for growth to remain sustainable. "The garment sector has grown significantly over the past three years. But to continue expanding, we are planning to reach more customers in international markets and raise demand," said Daw Yin Yin Moe, secretary of the Myanmar Textile Manufacturers' Association.

Currently, about a third of locally produced garments are exported to Japan, while a quarter each is shipped to Europe and South Korea, respectively, according to the MOC. The remaining merchandise is shipped in smaller quantities to China and the US.

To serve a wider range of markets, the industry will cooperate with the government to host the Myanmar Gar-Tex Expo in Yangon next March. The exhibition will promote Myanmar-made garment products and expose local manufacturers to international competitors and customers, U Kyaw Win, vice-president of MGMA, said.

The exhibition, which will showcase more than 80 garment exhibitors and host up to 3,500 trade visitors worldwide, will be organised by the Ministry of Industry in cooperation with MGMA, the Myanmar Textile Manufacturer Association, Textile Engineer Association, and Vietnam Textile & Apparel Association.

Long term growth

But the industry must also take steps to ensure growth is sustainable over the longer term. This involves Myanmar taking charge of the entire garment manufacturing and distribution process, from producing the garments in their entirety to arranging for shipments to retailers. In other words, adopting a freight-on-board (FOB) system instead (see chart).

Currently, the vast majority of garment factories operate under the Cut-Make-Pack (CMP) system, under which foreign buyers pay contracting fees to a garment factory in Myanmar to carry out labour-intensive tasks at a low cost. These include cutting fabric, sewing garments together and then packing the finished garments for export.

In addition, most factories in Myanmar work under CMP contracts of just six months, The Myanmar Times understands. The country's garment workers are also among the lowest paid compared with key garment hubs like China, Thailand, Cambodia, Vietnam and India, making it among the most competitive manufacturers in the world, according to MGMA.

Nevertheless, the industry should raise the quality of locally made products and negotiate for better contract terms to improve margins and employee wellbeing. Things are moving forward on this front. On December 29, the Ministry of Labour, Immigration and Population at the 4th National Minimum Wage Committee meeting in Nay Pyi Taw decided to raise the minimum wage by 33 percent to K4,800 per day from K3,600 per day currently.

The move comes after rounds of negotiations over the last year. The decision is now open for public comment or objection for a period of 60 days before taking effect. In Myanmar, employers with 10 workers of more are responsible for paying the minimum wage.

Meanwhile, recent research by MGMA and Boston-based Tufts University has also showed that better employee welfare in the sector enhances the productivity and performance of garment factories.

“The government, employers and employees have to work together in a fair manner so that we can enjoy a sustainable and growing garment industry,” said U Kyaw Win.

If all goes well, the Myanmar garment sector could be worth as much as $8 billion - $10 billion in ten years’ time, according to MGMA. So far, some 500 garment local and foreign manufacturing companies have already opened factories in the country.

These are mostly situated in Yangon, but quickly spreading to industrial zones in neighbouring townships like Bago, Hmawbi, Hlegu, Thanlyin, Thilawa Special Economic Zone as well as to other regions like Pathein and Mandalay.

Source: mmtimes.com- Jan 02, 2018

HOME

****

Egypt's home textiles exports up 4.8% in Jan-Nov '17

Exports of home textiles from Egypt increased 4.8 per cent year-on-year in January-November 2017.

Exports during the eleven-month period were valued at $664 million, as against $443 million registered in the same period last year, according to the Egyptian Home Textiles Export Council (HTEC), under the ministry of foreign trade and industry.

Around 40 companies, under the aegis of HTEC, are going to participate in the Heimtextil International Trade Fair for home textiles, to be held in Frankfurt, Germany from January 9-12, 2018, Egyptian media reports said.

Some Egyptian companies are also going to participate in the Carpet Domotex International exhibition, scheduled for January 13-17, 2018, in another German town of Hanover.

Meanwhile, exports by Egypt's Textile Export Council increased by 3 per cent between January and October this year, standing at $673 million compared to $651 million during the same period a year before, according to official statistics.

Source: fibre2fashion.com- Jan 02, 2018

HOME

****

NATIONAL NEWS

Rs 6000 cr package for labour intensive garments sector falls short of target

Around a year and a half since launch, the Rs 6,000-crore package for the labour-intensive garments sector, which included freedom to mills to have fixed-term employees, has accomplished much less than envisaged.

Despite a crucial component of the package that the government will bear the entire 12% employer's contribution to the employees provident fund for the first three years (against 8.33% earlier under a scheme), just 655 units have availed themselves of the benefit so far and the number of beneficiaries stood at 1,55,564, according to labour ministry data. And not all are new employment.

Through the package, the government had targeted to create one crore additional jobs and investments of Rs 74,000 crore and extra exports of $30 billion (over and above the textile and garment exports of $40 billion in 2015-16) over a three-year-period.

A senior textile ministry official said a comprehensive study on the impact of the package is yet to conducted, but according to an assessment done by it on the basis of investments under Amended Technology Upgradation Fund Scheme (A-TUFS), 3,26,471 direct and 4,24,412 indirect jobs were created in the textile and garment sector in the last fiscal, mostly after the announcement of the package.

The actual job creation, said the official, will be much higher, after factoring in the investments made by the companies outside A-TUFS. Still, the targets prove to be elusive.

An assessment by the Apparel Export Promotion Council (AEPC) and announcements by some companies, around six months after the declaration of the package, indicated investments of only Rs 1,000 crore pledged by various exporters. Garments exporters said the package, especially the scheme under which state levies paid by exporters were refunded to them from the centre's funds, did help them reverse an earlier slowdown until the incentives were substantially cut under the goods and services tax (GST) regime.

The fixed-term employment made it easier for the industry to hire more in times of need to cater for the seasonal nature of order flows, but this remission of state levies (RoSL) scheme, along with a duty drawback scheme, were fiscally most important for exporters. The RoSL alone was estimated to cost the exchequer around Rs 5,500 crore in three years (of the Rs 6,000-crore package).

Garment exports went up almost 9% to $13.47 billion between July 2016 and March 2017 (after the package was announced), exceeding the overall textile and apparel export growth of 3.5% during the period. Garment exports continued to rise up to May this year before dropping almost consistently since June, ahead of the introduction of the GST, barring the blip in September. This, exporters claim, was the adverse fall-out of the fears of a cut in incentives under duty drawback and RoSL scheme in the GST regime, and an actual cut later, which negated the positive impact of the package.

“The package helped us a lot and the government made some landmark announcements. But before the full benefits were reaped and businesses scled up, incentives under the RoSL and the duty drawback schemes were cut under the GST regime. This hit us hard.

As such, we have been handicapped by the duty disadvantage against our competitors like Bangladesh and Vietnam in biggest markets — the EU and the US,” said AEPC chairman Ashok G Rajani said. Rajani said exporters are now getting less than 4% under both duty drawback and RoSL schemes, which need to be raised to around 11% (of freight on board value of exports) to offset various levies, even excluding the taxes that are subsumed by GST.

AEPC and other garment exporters have sent representations to the ministries of textile and finance, NITI Aayog and even the Prime Minister’s Office to raise these incentives. The government had said since the GST subsumed a number of state levies, including sales tax and VAT, the incentives were reduced.

According to Sudhir Dhingra, chairman of one of the country’s largest garment companies, Orient Craft, if the proposed free trade agreement with the EU and another one with Britain are clinched, all these targets will be easily realised.

Indian exporters are paying around 10% duties for supplies to the EU, while key competitor Bangladesh, Pakistan and Cambodia have zero duty access to it. The EU makes up for 37% of India's garment exports and Britain alone used to account for roughly one-third of the EU demand. Orient has committed to add 4,000 people to its existing workforce of 32,000 over the next three years.

Virender Uppal, chairman of another large exporter, Richa Global, said he will add 3,000 people within a year to its existing employee base of 11,000 people. Narendra Kumar Goenka of Texport Industries said his company is looking to hire 4,500 people over the next three years, recording a sharp increase over the current workforce of 1,000 people.

Despite enthusiasm shown by exporters for the package, analysts say the targets set by the government are too ambitious to be achieved in a span of three years, given stressed balance sheets of most companies, subdued demand and dented cost competitiveness of Indian exporters vis-a-vis Bangladesh's or Vietnam's.

Source: financialexpress.com- Jan 02, 2018

HOME

****

Cotton Corporation to focus on commercial operations this season

Cotton Corporation of India (CCI) has procured around 5 lakh bales this season of which 4 lakh bales have been procured at Minimum Support Price (MSP) and the remaining 1 lakh bales as part of its commercial operations, senior officials at the CCI said.

With cotton prices firming up to around Rs 5,300 per quintal, farmers are finding it more lucrative to sell cotton in the open market. Officials at CCI therefore feel that the intervention of the corporation may not be required for a better part of the season unless arrivals increase and prices fall below MSP.

CCI, however, is likely to continue with its commercial operations during the ongoing season for some of its existing buyers.

With CCI having already procured around 5 lakh bales, the target is to procure another 5 lakh bales, officials said.

CCI already has some buyers on its list with whom it has reached agreements to sell cotton. Cotton prices have firmed up on lesser availability of the commodity owing to the pink bollworm attack.

According to Cotton Association of India (CAI), the crop arrivals in the country up to December 31 have crossed 147.75 lakh bales in this season. By the same time last year, arrivals were about 108 lakh bales.

Since cotton rates have gone up in the country by 10% in the last one month, the earlier set target of cotton export of 63 lakh bales looks difficult now. Hence, cotton export figures have been reduced and revised from the earlier 63 lakh bales to 55 lakh bales, said CAI president Atul Ganatra.

Since cotton price has increased in India, parity to import of cotton has increased so CAI has revised import figures from 17 lakh bales to 20 lakh bales this season.

CAI has estimated the total consumption of cotton during October 1, 2017 to September 30, 2018 of around 320 lakh bales. Due to reduction in export and increase in import, CAI's carry forward has increased from 39 lakh bales to 50 lakh bales on September 30, 2018, which is a very comfortable position for Indian spinning mills, he said.

Officials at CCI said some one-third of the arrivals have been completed and another two-thirds remain. Farmers are holding on to their crop in anticipation of a better price. Mills are also stocking up on cotton in anticipation of shortage, industry people said.

The Cotton Advisory Board (CAB) has estimated the fibre's output to increase by 9% to 377 lakh bales (of 170 kg each) despite lower production in Maharashtra and Madhya Pradesh.

The output in the northern region is expected to increase 28% to 59 lakh bales from 46 lakh bales earlier on the back of a bumper crop in Rajasthan and Punjab, which is pegged at 22 lakh bales from 16 lakh bales previously and 12 lakh bales from 9 lakh bales earlier.

On the demand side, mill consumption is estimated to be higher at 288 lakh bales from 263 lakh bales earlier — consumption by the small-scale and non-textile industry may increase to 27 lakh bales from 26 lakh bales previously and 19 lakh bales from 17 lakh bales earlier.

Exports are slated to increase to 67 lakh (58 lb) as Pakistan is expected to import from India, Textile Commissioner Kavita Gupta had said. Maharashtra suffered the worst pest attack of Pink Bollworm, especially in Yavatmal and Jalgaon.

Other States that were hit are Karnataka, Telangana and Madhya Pradesh During the current cotton season, CCI has opened 348 procurement centres to ensure remunerative prices to farmers.

Source: financialexpress.com- Jan 02, 2018

HOME

****

Textile industry tries to cope with a knotty GST

New indirect tax regime has led to production disruptions

For the textile industry, the year 2017 was challenging as it faced headwinds in the form of Goods and Services Tax (GST) leading to disruptions in production

“We started the year getting out of demonetisation,” said S.K. Jain, chairman, Confederation of Indian Textile Industry (CITI).

“During November and December last year, production activities were down (on demonetisation). In January, it picked up. However, in April, concerns related to GST set in and no one wanted to hold stocks. Till September, demand was sluggish. From October, the market has picked up,” he said.

While retailers and manufacturers reduced inventory with special discount sales before the new indirect tax regime took effect, industries along the textile value chain saw GST-related disruptions in production.

For an industry that is highly fragmented, runs on cash economy and where products are for mass consumption, the tax regime put a spanner in the works.

According to industry sources, textile production was affected by about 3% to 4 % this year on account of GST. Though exports are showing growth issues with GST remain.

“China is reporting positive activity and demand is picking up in the U.S. and the European Union,” said Siddhartha Rajagopal, executive director, Cotton Textiles Export Promotion Council.

“These are expected to augur well for Indian textile and clothing exporters next year. While there might be a small growth in exports this year (2017), there are problems in refunds for GST as even the July refunds are yet to come. The government should clear the backlog.“

Industry sources say that as more textile units get into the formal tax system, the prices of textile products might go up in the coming months. But, the impact would not be much for consumers. What is of concern to the industry is imports going up after GST.

Post-GST, import of many textile items have increased, affecting the domestic industry and exports have become less competitive. The Centre has to restore the pre-GST import duty and export incentives. It should also focus on Free Trade Agreements, Mr. Jain says.

Cotton production

The production of cotton, has, however, has picked up.

Cotton continues to be an advantage for the Indian textile sector as the current season’s production might be 380 lakh bales or a little more, said P. Nataraj, Chairman, Southern India Mills’ Association. “Capacity utilisation in spinning should go up if yarn exports improve.

Yarn exports are approximately 70 million kg a month now and are likely to increase to 100 million kg next year,” Mr. Nataraj said.

"Investments continue in the textile sector in States such as Gujarat and Telangana, mainly because of the support extended by the State governments. The Union government should focus on the entire sector instead of specific ones such as garments," he said.

Exports saw 3% rise between April and October, according to according to Kavita Gupta, Textile Commissioner. Though garment exports saw a slight decline in October, yarn and fabric exports have been better so far this year.

Also, ₹1,400 crore was disbursed as subsidy under the Technology Upgradation Fund Scheme (TUFS), supporting investments in the textile sector. GST would benefit the industry in the long run. With regard to technology mission on cotton, the office of the Textile Commissioner had submitted a proposal to the Textile Ministry, she said.

Source: thehindu.com- Dec 30, 2017

HOME

****

Cotton was 2017's star crop, hedge funds have high hopes for new year 2018 too

The longest winning streak in two decades propelled cotton to 2017's biggest increase among crop commodities, and hedge funds are ready for more gains in 2018. Of the nine components tracked by the Bloomberg Agriculture Subindex, only cotton and wheat contracts posted gains last year. The fiber lead the way with an 11 percent advance as demand grew for U.S. exports. Prices capped 2017 with 10 straight weekly gains, the best streak since 1998.

Cotton was also one of the few crops that hedge funds got more positive on during the course of the year. Money managers held a net-long position, or the difference between bets on a price increase and wagers on a decline, of 102,402 futures and options as of Dec. 26, according to U.S. Commodity Futures Trading Commission data released Friday. That's up from 76,052 at the end of 2016.

Cotton's stellar performance came as crop woes in Pakistan and India, two of the world's biggest growers, raised prospects for American shipments. In the 2017-2018 season, commitments for U.S. cotton exports are running 29 percent higher than a year earlier, government data show.

The investors also added to their bullish outlook in soybean meal in 2017, the CFTC show. By contrast, the funds lowered their net-long holdings in soybean oil, while turning bearish on coffee, sugar and soybeans during the year.

Cotton's gains are especially notable in a year that was dismal for most other crops amid large global gluts. Combined wagers on benchmark corn, wheat and soybean contracts reached a net-short position of 421,450 contracts as of Dec. 26, the CFTC figures show. That's the most-bearish ever in data that starts in 2006.

While both varieties of winter wheat posted gains in 2017, they were pretty small, coming in at less than 5 percent. The other members of the Bloomberg Agriculture Subindex — corn, soybeans, soybean meal, soybean oil, sugar and coffee — finished the year with losses. The gauge reached a record low in December, data going back to 1991 show.

Source: financialexpress.com- Jan 01, 2018

HOME

****

India-UK trade meet to focus on visa restrictions, trade barriers

India will ask the UK to review restrictions on work visas imposed last year that has affected the Indian IT industry when Trade Ministers from both countries interact at the India-UK Joint Economic and Trade Committee (JETCO) meeting in London later this month.

"Issues for discussion in India's agenda would include visa restrictions that have hit Indian companies in the UK and specific non-tariff barriers for exports including quality standards. It will also discuss ways to attract more investments from the country," a government official told *BusinessLine*.

The Indian delegation will be led by Commerce and Industry Minister Suresh Prabhu. In April 2017, the UK put in place a number of restrictions on work visas that included closing a skills transfer sub-category of visa and raising the salary threshold for other categories.

"Although the UK wants to now increase the number of visas for top-skilled people, it cannot compensate for the restrictions that have been placed on other categories," the official said.

Services push

The UK, on the other hand, would want to stress on improving access in India's services market including legal, financial and accountancy services, the official added. "The country has been seeking greater access in a number of services sectors and is expected to continue to push for it," he said. It has also expressed its interest in attracting investments from India in areas such as real estate and infrastructure.

The UK is among India's major trading partners. During 2016-17, the UK ranked 15th in the list of India's top 25 trading partners. It is also the fourth largest inward investor in India, with a cumulative equity investment of $24.73 billion (April 2000-June 2017). Following its decision to exit the European Union, the need for the UK to strengthen its bilateral ties with partner countries independently has become more important.

FTA moves

While the UK can engage in free trade agreement (FTA) talks with other countries including India only after the process of full disengagement from the EU is complete, talks are already happening unofficially on the potential of such a pact. "Although there is no chance of an FTA between India and the UK till the country has exited the EU and the terms and conditions under which it has happened are clear, the two sides are informally talking about the contours of a future free trade pact," the official said.

Non-tariff barriers

Formally the two countries are working on easing non-tariff barriers. A new joint working group on trade, primarily aimed at discussing and resolving trade related issues, was formed at the last meeting of JETCO in New Delhi in November 2016. "If most trade related issues between the two countries are sorted out on a priority basis, it would lead to smoother negotiations for a FTA when the right time comes," the official said.

Stressing on the high value which the UK placed on its close relationship with India, UK Secretary of State for International Trade Liam Fox, who co-chaired the last JETCO meeting in New Delhi with then Commerce Minister of India Nirmala Sitharaman, said that in recent years, the growth in the UK's merchandise trade with India has far outperformed that of the 'EU three' — France, Germany and Italy. "Your country is the third largest foreign investor into the UK economy, and our mutual investments build a trusting commercial relationship that benefits millions of our citizens," he said.

Source: thehindubusinessline.com- Jan 01, 2018

HOME

****

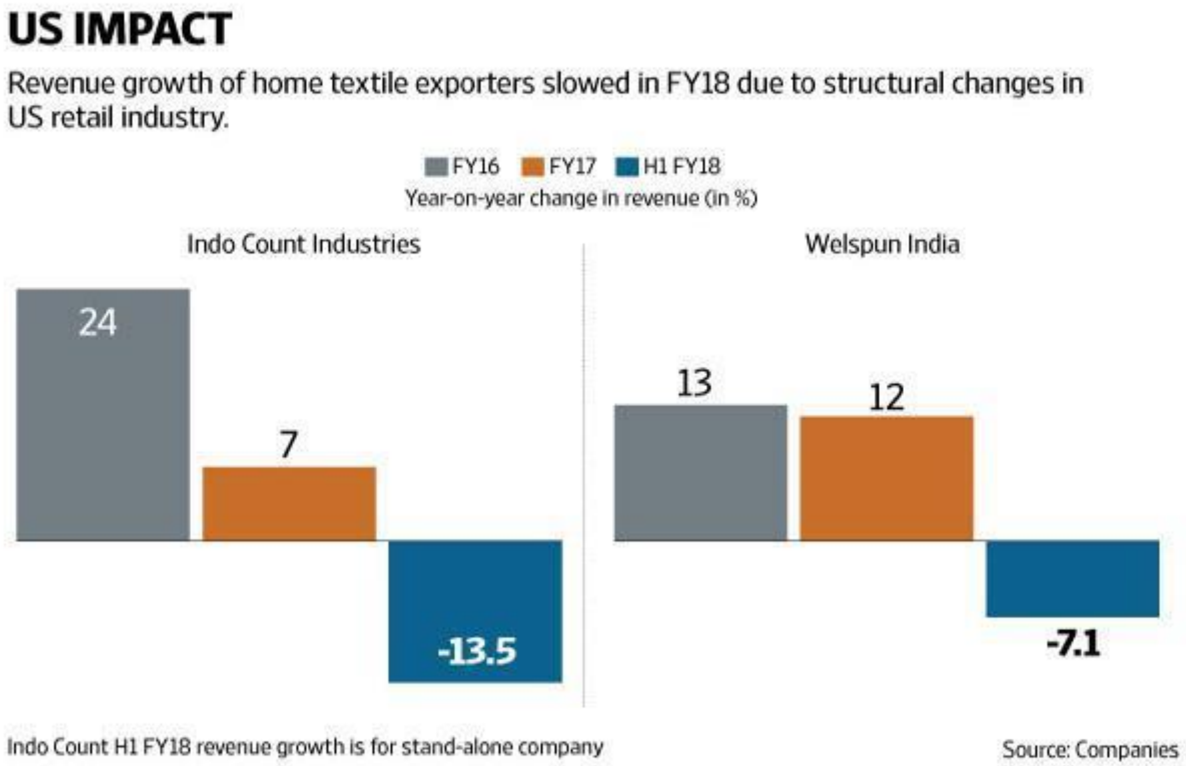
Textile exporters: benign financial metrics make wait for business recovery worthwhile

Beyond the cyclical recovery, the challenge for the Indian textile exporters is to hold on to the customers by building relevant products, brands and being competitive.

Home textile exporters had a tough 2017. Shares of several companies languished for most of the year as structural readjustments in the US retail industry—the largest market—hurt revenue growth and profitability. To this was added the impact of the adverse currency movement and rise in raw material costs.

But as clients in the US and the companies adapt to new procurement cycles, industry participants expect growth to re-emerge in FY19. "Usually clients keep inventories on the lower side at the year end. However this time the inventory reduction was more than usual. Expect this process to reach normalcy by Q4 and growth to return in Q1 (of next fiscal)," says Pawan Jain, director, corporate affairs, Trident Ltd.

According to a Credit Suisse note on Welspun India Ltd, destocking at US retailers may not continue beyond one more quarter as the stock in the retail channel cannot fall more than a certain level. So a recovery should be reflected in the second half of the fiscal year. But the reduction in the government's duty drawback and rebate of state levies schemes (offsets input tax) can optically lower revenue growth in the second half of the current fiscal year, Credit Suisse said in a note on Welspun India.



Even then if the new purchase cycles were to take off, earnings of the home textile exporters can see a notable recovery in FY19, partly aided by a favourable base. Further, as Icra Ltd points out, the credit profile of domestic textile companies is stable, indicating financial health. According to the ratings agency, the aggregate debt of the domestic textile industry is declining as the industry reduced debt-funded expansion.

Barring Himatsingka Seide Ltd, which is vertically integrating, none of the companies are in major expansion mode now. In fact Trident and Welspun India says they have enough capacity to deliver double-digit growth for the next two fiscal years. Indo Count Industries Ltd has just completed its first phase of capacity augmentation.

Of course, the quantum and the quality of the business recovery is a big if. Also a strengthening of the Indian rupee and cotton prices remain risks to profitability. But as industry data show, US imports of cotton textiles continues to rise with India’s share expanding.

That said, beyond the cyclical recovery, the challenge for the Indian companies is to hold on to the customers by building relevant products, brands and being competitive.

“I think the requirements for corporates to grow in this segment will be more than just capacities, companies will have to have promising IP (intellectual property) portfolios relevant for our global clientele and that adds value to their offering,” Shrikant Himatsingka, managing director and chief executive officer of Himatsingka Seide, said in a post-September quarter results conference call.

Source: livemint.com- Jan 01, 2018

HOME

****

Bhiwandi hopes for specific textile export policies

Dust lifts off the ground as 50-year-old Yaseen Ansari walks into his textile manufacturing unit for the first time in two months. Inside, 20-odd powerlooms sit silently, covered in dust and cobwebs. The family-owned textile manufacturing facility, located on a narrow alley of Narpoli in Bhiwandi, has not been operational for almost a year.

A kilometre away, a handful of powerlooms weave ‘fancy’ fabric — white fabric with intricate borders of red and blue – at Iqbal Burhanpuri’s textile unit in Khadipar. A large part of the unit is not operational. He had once sold the fabric for Rs 37 a meter, he said, but is now unable to find traders willing to buy it for Rs 25.

“Bhiwandi’s textile industry has become a casualty of volatile government policies that keep changing every few months. First there was demonetisation, then there was the new tax,” said Ansari, adding that the year 2017 was catastrophic for the state’s textile industry.

Almost a year ago, the alleys in Bhiwandi — one of India’s largest textile hubs, located 20 km northeast of Mumbai — were abuzz with the constant whirring of powerlooms. Today, they wear a somewhat deserted look as many units remain shut. Those that are operational, are only partly so.

The textile industry, which is heavily dependent on cash transactions, had been crippled by the move to ban old Rs 500 and Rs 1,000 notes, announced by the Prime Minister on November 8, 2016.

As weavers were still reeling under the impact of demonetisation, the government's introduction of the Goods and Services Tax (GST) did little to ease the situation.

Five months on, business has picked up only slightly. "Some of the master weavers have been able to mobilise capital and resumed operations. I have been able to start 200 looms," said Rashid Tahir Momin, former MLA from Bhiwandi, whose family owns around 500 looms.

However, not many weavers are hopeful. The year-long slowdown has wiped out capital, pushed weavers into a debt cycle and created a shortage of labour. While many, including Ansari, have not been able to resume operations, some have even had to mortgage their looms. Now, they work as contractors for other master weavers.

"For the first couple of months after demonetisation, all transactions had come to a halt. Traders were not buying fabric, and labourers left as they were not getting paid. Then came GST, and the traders' strike in Gujarat. The workers left again. Business was not viable anymore," said Ansari.

Bhiwandi's labour-intensive textile industry has a decentralised structure, where master weavers own powerlooms, but sublet most of the work to contractors. The conversion of yarn to cloth requires at least 10 levels of work, including transport, sizing, warping, weaving, mending, folding and packaging. Each of these levels require a special set of skills. Most of the workforce are migrants from different parts of the country, and therefore, a labour shortage has severe consequences.

"Once the labourers leave, they don't return for a couple of months. The remuneration for the job have dropped as master weavers are incapable of paying the usual rates. There's no incentive to come back," said Momin.

For Mazhar Zainudeen, work comes occasionally these days. A labourer with expertise in mending and weaving, Zainudeen said he would earn Rs 12,000 a month when there is work. "Until last year, I would earn up to Rs 16,000 a month, and there was regular flow of work," he said.

"We have seen bad phases in this line of work, but this year has been unlike any other. It has discouraged my children from pursuing the family business. Unless there are specific policies to promote textile export, the future appears dark," said Burhanpuri, whose family has been in the business for generations.

It is not the policies that many weavers have a problem with, but how they are implemented. "GST is a welcome move for the textile industry as it promises to eliminate middlemen. But, the government cannot announce policies on an experimental basis and make changes along the way. That is not conducive for any business. Policies have to be robust and well implemented," Momin said.

Source: indianexpress.com - Jan 01, 2018

HOME

****

Surat textile industry still under subdued capacity utilisation

As against a 40 mn metres per day of production in the Rs 500 bn synthetic textile hub of Surat, the current production is down to 2.5 mn metres per day.

While it may have played a crucial role in helping the ruling Bharatiya Janata Party (BJP) win the recently concluded Assembly elections in Gujarat, the Surat-based textile industry is still reeling under the goods and services tax (GST) impact.

According to industry sources, especially in weaving and trading, capacity utilisation at most of the power looms and trading units is still down by 50 per cent or lesser. While spinning units are finding takers in the knitting industry — which is currently doing better due to the winter season — the other verticals in the textile chain, such as weaving and trading, are still finding business unsustainable, especially among smaller players.

Against 40 million metres per day of production in the Rs 500-billion synthetic textile hub of Surat, the current production is down to 2.5 million metres per day. Similarly in the weaving sector, against a Rs 600-million daily turnover in the pre-GST era, the same is still down by 50 per cent, said Ashish Gujarati, president of Pandesara Weavers' Association.

Moreover, power looms continue to shut shops, with roughly 250-300 looms being discarded as scrap daily, albeit at a slower pace than in October. Further, there are still several traders and weavers who are yet to register and come under the tax net.

“Smaller traders are still hit. The matter is not just about the 5 per cent GST the traders have to pay, it is about the additional costs of hiring accountants and investing in technology that is hitting the smaller traders’ pockets. This has led to a 50 per cent decline in business,” said Hitesh Sanklecha, one of the traders leading the demands on changes in GST in the Surat textile trading industry.

In normal circumstances, there are 650,000 power looms, 150-200 wholesale textile markets, 20,000 manufacturers — including 10,000 weavers, 75,000 traders, 450 processing units — and 50,000-60,000 embroidery machines in the Rs 500-billion synthetic textile hub of Surat.

According to Sanklecha, at least three different industry associations, including silk weavers and textile processors, have made representations to the Centre for relief from the impact of the GST on businesses.

The decline in business, as an impact of the GST, accentuated in the months of September and October when the industry apparently receives peak festive season orders. The peak Diwali season dispatch this year was only 15 per cent of normal in October.

Against a typical Rs 100-120 billion worth of business during Diwali through dispatch of 1,500 trucks daily for a fortnight, the same was down to mere 15-20 per cent.

“This was the first time we saw such a Diwali. In the last fortnight or so, which sees peak of Diwali dispatches, business was down by 15-20 per cent of a typical season,” Tarachand Kasat of the Surat-based GST Sangharsh Samiti and a leading textile trader told Business Standard.

Source: business-standard.com- Jan 02, 2018

HOME

****

Disaster strikes: Maharashtra farmers lose 84% cotton crop to pest attack

At a time when the state government is expecting compensation from the Centre and insurance cover, a recent survey revealed that cotton crop on 34.39 lakh hectares or 84% of the total area under cultivation has fallen prey to pink bollworm. Aurangabad has been the worst-hit, with farmers losing cotton crop planted on 4.81 lakh hectares.

The data collated by the revenue and agriculture department from villages growing cotton have revealed that several districts of Marathwada and Vidarbha have been hit badly by the pink bollworm attack.

After Aurganbad, farmers from Beed [4 lakh hectares], Nanded [2.89 hectares] and Yavatmal [2.81 hectares] have suffered the most. Farmers in Ahmednagar [2.56 lakh hectares] in western Maharashtra and Jalgaon [2.15 lakh hectares] northern Maharashtra too have incurred a heavy loss.

Farmers in more than 20 districts of Marathwada, Vidarbha and other regions had cultivated cotton on 41lakh hectares, which is more than 30% of the total area under cultivation in the state. About 98% of the farmers use BT Cotton seeds, which are said to be pest resistant.

But the attack was witnessed immediately after first two picking of the standing crop. This wreaked havoc in the agriculture sector, as the farmers were expecting the total crop to reach four crore quintal from last year's produce of three crore quintal.

Officials from the agriculture department said the actual loss to the farmers may vary and might range between 50% and 80% because the first two picks of the cotton yielded sizable produce.

The state has announced compensation to cotton farmers, who incurred losses, from the insurance cover, seed companies and funds allocated under National Disaster Response Fund. It also sought financial aid of Rs2,430 crore from Centre under NDRF.

"The actual loss of crop will be ascertained after punchnamas are completed. We expect most of the farmer to qualify for the NDRF compensation," said Bijay Kumar, principal secretary, agriculture department.

Source: hindustantimes.com- Jan 01, 2018

HOME

****

Sushil Modi pitches for error-free e-way bill

Ahead of the countrywide roll-out of the electronic way bill to plug revenue leakages in the goods and services tax regime, Bihar Deputy Chief Minister Sushil Modi has flagged the need for an efficient troubleshooting mechanism to avoid disruptions, which industry apprehends.

AT A GLANCE

E-WAY BILL

- To be implemented from February one for inter-state movement of goods
- By July 1 for intra-state movement of goods
- Any one of supplier, recipient, transporter can generate the bill
- Unique e-way Bill No. (EBN) as well as QR code to be generated for tracking
- Bill details linked with supply returns – GSTR – 1
- SMS based facility is also available. SMS to contain EBN

EXEMPTION FROM E-WAY BILL

- Goods with value less than ₹50,000
- Transport by non-motorised conveyances
- Goods transported from international ports, etc, to hinterland ports for clearance by customs
- Intra-state movement within a specific area as decided mutually by Centre-state

Industry has argued the e-way bill will lead to significant documentation and logistic challenges.

In a letter to Finance Secretary Hasmukh Adhia, Modi has pitched for a glitch-free roll-out with a round-the-clock troubleshooting mechanism so that the movements of goods are not disrupted. Besides, he has recommended appointing a nodal officer to address hurdles in the functioning.

The revenue slowdown prompted the GST Council to call an urgent meeting on December 16 and advance the roll-out of the bill on inter-state movements of goods on February 1 and for intra-state carriage on June 1.

“We must take every care to ensure that the stakeholder-system interface is relatively glitch free and that the system is relatively glitch-free and the new system avoids causing disruptions that was evident on the rollout of GST, particularly filing of returns,” Modi said in the letter.

E-way bills will help the central and state tax authorities track inter-state and intra-state movements of goods that are part of consignments of Rs 50,000 or more. A tax commissioner or an officer empowered by him or her will be authorised to intercept any conveyance to verify the e-way bill or the number in physical form for all supplies.

The e-way bill system is being developed by the National Informatics Centre (NIC), while the other IT matters related to the GST are being managed by the GST Network (GSTN), a private body.

An advance of Rs 400 million has been given to the NIC to implement the e-way bill mechanism.

Modi pointed out that “since the e-way bill is being developed by NIC while all other applications are being implemented by GSTN, national e-way bill will require efficient trouble shooting mechanism”. Besides, a round-the-clock centralised help desk must be set up before the system is rolled out.

It would be more important than resolving issues related to return filing or registration because problems related to verifying or generating e-way bills could “disrupt movement of goods”, he added.

Modi also recommended a standard operating procedure to deal with various situations that might arise.

Pratik Jain of PwC India said the bill could lead to supply chain bottlenecks if not properly implemented.

Source: business-standard.com- Jan 02, 2018

HOME

****