TEXPROCIL NEWS CLIPPINGS

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US 71.71 | EUR 79.31 | GBP 92.68| JPY 0.66

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
19282	40300	**71.61**

Domestic Futures Price (Ex. Warehouse Rajkot), November

Rs./Bale	Rs./Candy	USD Cent/lb
19290	40316	**71.64**

International Futures Price

NY ICE USD Cents/lb (December 2019)	64.86
ZCE Cotton: Yuan/MT (January 2020)	13,025
ZCE Cotton: USD Cents/lb	84.31
Cotlook A Index – Physical	**74.90**

Cotton Guide: ICE Cotton is moving mostly nowhere. Four weeks past the March 2020 ICE future is moving in a narrow band of less than 3 cents. It's the market of optimists and pessimists who are expecting breaking above 67 will lead Cotton price 72+ cents while breakdown below 64 may drag it down further towards 60-cents per pound. Market is at a very perplexing stage and market continues to trade sideways.

The trading volumes have started to shift from December to March so as open interests. The funds have also begun to rollover their positions. Sooner or later the trend is likely to make a breakout. However, until then market is expected to remain steady.

Besides, the price performance, trade pattern, global macro events and cotton related micro fundamentals are making lot of noise in the Cotton market.

US Export Sales contracts: Upland Sales – Net sales of 345,100 Running Bales were seen for 2019/2020. This was the highest number seen during this marketing year.

Country	Increases in Running Bales
Pakistan	117,000
China	83,300
Turkey	46,000
Vietnam	29,400
Bangladesh	18,300

Table 1: US Upland Sales

For 2020/2021, total net sales of 1,100 Running Bales were for Indonesia.

Upland shipments: Exports declined to 126,200 Running Bales. This was seen as a 3% decline from the previous week.

Country	Export Shipments
Pakistan	35,600
Vietnam	31,100
China	15,700
Mexico	8,800
Turkey	8,000

Table 2: Upland Export shipments

Pima Sales: Net sales of Pima totalled 11,900 Running Bales i.e. a 60% decline was noted as compared to the previous figure.

Country	Increases in Running Bales
Peru	4,800
Bahrain	3,800
Bangladesh	2,500
India	1,700
Thailand	900

Table 3: Pima Sales

Reductions were noted for China 2,200 RB.

Macro Events:

US-China deal- Making hard landing: By and large the issues between the US and China has not been solved yet. Few weeks ago, both the countries had reached to a phase-1 agreement. In the agreement it was agreed China to purchase of 40-50 billion USD in US agriculture products.

However, on November 13, comes a Wall Street Journal headline stating the agreement has hit a snag regarding the agriculture purchases. That report was followed by a November 15th South China Morning Post headline- “Trump’s US $50 billion farm deal not possible after trade war market shift”.

Weak Chinese Demand: Irrespective of not reaching to any trade deal between the US and China, the inherent demand of Cotton in China this year is very much low amid higher stock, lower imports. The cotton price in the country is much lower (by around 4 to 6 cents/lb) than the International cotton price.

Hong Kong subject: The situation in Hong Kong has reached the tipping point, and the mishandling of this by Beijing will further hurt global growth and cause the Chinese economy serious problems, as the capital markets lose confidence. It is adding further significant turmoil to global textile and apparel supply chains.

China’s latest story: The use of slave labour in Xinjiang textile and apparel factories may cause trade disruption. It also has added a new negative on cotton. Saturday, the New York Times carried a feature research article displaying 400 internal Chinese government documents detailing the placement of Uyghurs in concentration camps and the impact on families. The accounts were chilling and will add further pressure to the exit from sourcing in China, especially Xinjiang. These developments leave us very worried about global demand, as does the continued erosion of Chinese polyester prices last week.

India’s CCI Play: We have been of the belief that India’s CCI would not support prices via the MSP to the point that many have expected. That is clearly occurring, with Indian growths now replacing US and Brazilian as the most competitive. If export demand switches to Indian from US and Brazilian, this will impact ICE as the US crop completes its movement. Price deflation in the US at retail in apparel is also a problem for the entire supply chain.

Fundamental Price View: The MCX November/December spread holds near Rs. 100 per bale (backwardation). It is expected to hold the same spread in the near term. November price may trade in the range of Rs. 19000 to Rs. 19400 per bale. Whereas for ICE Contracts we still expect them to trade in the narrow range of 3 cents with a sideways trend.

Technical Price View: In weekly chart, ICE Cotton continues to trade within an upward sloping channel, after an Inverse Head & Shoulder pattern breakout. However, price is held between a consolidation of 65.20-67.20 after taking the support at the lower end of the channel around 65.40, which coincides around 38.2% Fibonacci extension level (65.45).

Meanwhile, price is persisting around the weekly EMA (5, 9) at 66.05, 65.27, along with the momentum indicator RSI is at 54, suggesting sideways to positive bias for the price. The immediate resistance for the price would be at 67.00-67.30.

Thus for the week we expect price to trade in the range of 65.45-67.80 with sideways to positive bias. Break on either side would provide us with the direction to trade. In MCX Nov Cotton, we expect the price to trade within the range of 19050-19470 with a sideways to bullish bias.

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NEWS CLIPPINGS

INTERNATIONAL NEWS

Global denim fabric imports up nine per cent

Global denim fabric imports increased 9.4 per cent last year. Bangladesh, with a 25.5 per cent share of total imports, is the leading the pack. Vietnam follows with 7.6 per cent share; Hong Kong has a share of 7.4 per cent, Turkey 7.1 per cent and China's share is 5.4 per cent.

China has a 42 per cent share of world denim exports. Pakistan has a 11.7 per cent share, India 8.2 per cent, followed by Hong Kong with 7.4 per cent and Turkey 6.8 per cent. From January to July 2019, Turkey's denim fabric imports decreased 23.6 percent. Pakistan has the biggest share of denim fabric imports into Turkey.

Other countries from where Turkey imports are: Egypt, Italy and Ethiopia. In 2018 Turkey's denim imports from Ethiopia increased by 58.2 per cent. Turkey exports denim to Germany, Spain, England, the Netherlands and Denmark.

But looking at the most important denim market shares in Turkey's exports in 2018, Tunisia comes first with a 16.2 per cent share, Egypt has a 13.9 per cent share and Italy has a share of 10.3 per cent.

Source: fashionatingworld.com - Nov 16, 2019

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Bangladesh: Clothing as a commodity: The naked truth

The global apparel industry has a serious overproduction issue and it impacts all sections of the supply chain. We hear so much about the issue of recycling, circular economy and all manner of new and exciting industry initiatives designed to take the fashion industry forward and make it more sustainable.

But hold on just one moment. Are we not in danger of running before we can walk, with the focus on industry initiatives which have sunset dates that are 10 or 15 years from now, when we currently have a major problem that is staring us all right in the face: product waste?

Excess inventory or product waste is the dirty secret that has an impact right across the apparel supply chain, from one end to the other. Recent research, for instance, found that at least 10 percent of garments—which equate to 230 million pieces—remain unsold in Germany each year, while in North-West Europe, 4,700 kilo tonnes of post-consumer textile waste are generated annually.

These figures were included in two separate reports which looked at the staggering scale of waste and excess inventory in the global apparel industry. One of the reports points out that less than one percent of textiles collected are currently recycled into new ones, while around half are downcycled, incinerated or landfilled.

Yet in reality, this is not a smart recycling issue. We know recycling technologies have come on at a fantastic rate and will surely play a huge part in the industry in future. But that's a discussion for another time, for this is an over-production issue. It is an inventory management issue. It is a logistical issue. And it is one that the industry should—and can—be addressing now.

The good news is that there are many possible solutions to this problem which we could begin implementing right now. I will come back to these solutions later.

In economics, we have the widely accepted concept of scarcity. We live in a world of scare resources and it is this scarcity that dictates the dynamics of demand and supply. Excess demand over supply sees prices rise; and excess of supply over demand sees prices fall. This way prices are dictated.

But the apparel industry at times appears to operate in a parallel universe where the laws of demand and supply have been turned on their head; or, rather, they are never given the chance to take effect. In short, the market is broken.

Allow me to explain. Because apparel has been outsourced to the cheapest possible destinations where wages are lowest—like Bangladesh—and because suppliers have been pressured to work in increasingly fine margins, this means apparel retailers can now get clothing onto shelves for next to nothing.

This, in turn, means clothing has become—certainly in large parts of the market—commoditised. It is produced in such huge quantities that the market is always completely saturated and there is a huge excess of supply over demand at any given time, and this in turn ensures that prices remain at rock bottom.

Only if the market were to collectively squeeze supply would prices increase, but this won't happen because no retailer wants to be the first to blink on this issue.

Instead, they keep producing more and more and if this means an excess of inventory (which it does, and has done for decades), nobody is too concerned because, as outlined earlier, production costs have been squeezed so low anyway. A few more thousand units which don't sell simply aren't seen as a big deal in this industry.

For sure, we have seen improvements in logistics and inventory management in some parts of the apparel industry but, at heart, this remains an industry which is frighteningly relaxed about the issue of excess product.

But this is about more than just retailers. In supply chains, excess produce—waste—is also a huge problem. Waste is generated in the supply chain in several ways as textile fibres go through the spinning, manufacturing, wet processing and production stages. Ten percent, or more in some cases, of output can be lost as waste during each of these stages.

In Bangladesh, the more positive news is that we do manage to make use of this waste. Some excess fabrics are reused in the local market. For instance, a large portion can be cut down for smaller garment sizes. Some are reused for quilts, cushions and other related products. Some are mechanically recycled and rebranded. And some are used in value-added products other than textiles, such as composites and insulation.

But we can and should be doing more about the issue of waste in production because more waste in the production process ultimately means lower margins. In this sense, in Bangladeshi factories, waste is an economic issue as much as an environmental one; nonetheless, it is one the industry as a whole needs to address through better factory management, better training and more sophisticated production techniques.

Where waste becomes a real environmental challenge is, as indicated, where we move further along the supply chain. It seems insane that in a world of scarce resources, factories are producing far more of a product than the market is actually demanding.

I mentioned solutions earlier, and these are fairly clear-cut. Firstly, we need agreed minimum unit prices paid to RMG factories by brands and retailers. One of the reasons brands are so relaxed about excess inventory is because unit prices are so low. Higher prices would soon sharpen their focus and encourage them to treat the issue of stock management a little more seriously.

Secondly, we need the extension of Extended Producer Responsibility (EPR) laws to the global apparel industry. EPR is a policy approach under which producers are given a significant responsibility—financial and/or physical—for the treatment or disposal of post-consumer products. Such laws are common in many industry sectors but, sadly, not in apparel. That needs to change.

Finally, we need a broader, cultural shift to encourage people to place greater value on clothing and stop viewing it merely as a commodity. Education can help here but ultimately this will not change as long as retailers continue to saturate the market with mountains of clothing, a large majority of which they know in advance will end on the sale rail or not get sold at all.

Source: thedailystar.net - Nov 18, 2019

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South Africa’s biggest retailers commit to local textiles

South Africa’s biggest clothing retailers have promised to purchase an additional 85 million units in locally manufactured clothes, shoes and leather goods over the next few years in an attempt to boost the local textile industry.

This undertaking by some of the biggest players in the clothing retail sector will boost the acquisition of locally produced goods from its present level of 44% to 65% by 2030.

The announcement was made at the SA Investment Conference in Sandton, where a master plan for the development of the local textile, clothing, shoe and leather industry was signed by, among other parties, government, labour, the Foschini Group, Pepkor, Edcon, Mr Price and Woolworths.

The textile industry has been pleading for protection and intervention since the 1990s, and government's current industrial policy action plan notes that the industry has lost about 120 000 jobs since the drastic reduction of import tariffs during that period.

The industry presently employs about 95 000 people and contributes 2.9% to South Africa's GDP.

According to the master plan, government pledged to take decisive action against illegal imports, and unions bound themselves to adjustments in the employment environment, which would increase competitiveness.

Manufacturing companies promised R6.8 billion in investment over the next five years.
This is part of the R370 billion in investment pledges made during the investment conference and will contribute to President Cyril Ramaphosa's goal of achieving R1.2 trillion investment in South Africa over the next five years.

According to the department of trade, industry and competition, the implementation of the textile master plan will create an additional 120 000 employment opportunities in the value chain, with 70 000 of these being in manufacturing.

Professor Justin Barnes, chairperson of B&M Analysts, which was involved in the development of the programme as well as support programmes for the vehicle manufacturing industry, last year told City Press' sister publication, Rapport, that increased domestic production was an important step in stabilising the textile and clothing industry.

More than 60% of textile, clothing, shoes and leather products for the local market are presently imported.

With the master plan, government is attempting to recreate the support given to the local vehicle manufacturing market.

Source: press.news24.com- Nov 17, 2019

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Nylon staple fibre exports grew by 65% in 2016-18

After the decline from 2013 to 2015, the global exports of nylon staple fibre have been growing with a high CAGR (compound annual growth rate), according to data from TexPro. In terms of value, the global trade of nylon staple fibre was $72.94 million in 2016, which increased to $120.91 million in 2018 with a growth rate of 65.75 per cent.

The total trade gained by 43.51 per cent in 2018 over the previous year. It is anticipated to reach $197.56 million in 2021 with a CAGR of 17.78 per cent from 2018, according to Fibre2Fashion's market analysis tool TexPro.

The global export of nylon staple fibre was $36.79 million in 2016 and reached to US$ 61.04 million in 2018 with a growth rate of 65.93 per cent. The overall export of nylon staple fibre moved up by 42.06 per cent in 2018 over the previous year. It is anticipated to reach $112.70 million in 2021 with a CAGR of 22.67 per cent from 2018.

In terms of volume, the global export of nylon staple fibre was 7.25 thousand tonnes in 2016, which grew at 13.77 per cent to 8.25 thousand tonnes in 2018. The overall export of nylon staple fibre rose by 10.41 per cent in 2018 over the export of nylon staple fibre in 2017. It is expected to arrive at 9.82 thousand tonnes in 2021 with a CAGR of 5.98 per cent from 2018.

In 2018, Italy (3,118.84 tonnes), Germany (2,464.43 tonnes), Spain (524.60 tonnes), UK (412.92 tonnes) and Taiwan (316.90 tonnes) were the key exporters of nylon staple fibre across the globe, together comprising 82.90 per cent of total exports. These were followed by China (307.32 tonnes), Belgium (247.65 tonnes), France (182.69 tonnes) and the US (175.72 tonnes).

From 2013 to 2018, the most notable rate of growth in terms of export, amongst the main exporting countries, was attained by the UK (1641.82 per cent), Spain (830.32 per cent) and Italy (64.05 per cent).

In value terms, Italy ($14.17 million), Germany ($12.96 million), US ($11.30 million), the Netherlands ($8.85 million), China ($2.75 million) and Japan ($2.05 million) were the key exporters of nylon staple fibres across the globe in 2018, together comprising 85.33 per cent of total export. These were followed by Taiwan ($1.92 million), France ($1.5 million), Belgium ($1.31 million) and South Korea ($1.00 million).

From 2013 to 2018, the most notable rate of growth in terms of export, amongst the main exporting countries, was attained by the US (1019.43 per cent), the Netherlands (375.47 per cent) and Italy (41.87 per cent).

Source: fibre2fashion.com- Nov 18, 2019

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Vietnam: Over 500 firms to take part international textile and garment industry exhibitions in HCM City

Four expos showcasing technologies, solutions and trends meant to upgrade the entire textile and footwear production chain will be held under one roof in HCM City from November 20 to 23.

They include Vietnam International Textile and Garment Industry Exhibition, Vietnam International Textile and Apparel Accessories Exhibition, Vietnam International Dyeing and Chemical Industry Exhibition, and Vietnam International Footwear Machinery and Material Industry Exhibition.

There will be 800 booths set up by 530 exhibitors from 17 countries and territories -- Bangladesh, China, France, Germany, Hong Kong, India, Japan, Malaysia, Nigeria, Romania, Singapore, Korea, Taiwan, Thailand, Turkey, UK and Việt Nam.

On display will be high-performance automatic textile production machinery along and high-quality yarns, fabrics, filaments, dyes and speciality chemicals.

The expo will also feature several seminars, including one on “The US-China trade war and its massive impact on the textile and leather industries”, with experts from Việt Nam and other countries sharing the latest information about the industry and offering market forecasts and solutions.

The exhibitions will help industry professionals update their knowledge and connect with experts and potential partners.

The expos will be organised by Vinexad and Yorkers Trade and Marketing Service Co., Ltd, the Hong Kong Apparel Machinery Association, Guangdong Sewing Equipment Chamber of Commerce, and Paper Communication Exhibition Services.

They will be held at the Saigon Exhibition and Convention Centre in District 7, and are expected to attract 13,000 visitors.

Source: vietnamnews.vn- Nov 18, 2019

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CPEC effect: Taiwanese textile companies may relocate to Pakistan

Being a cheap labour market, Pakistan can transform into an excellent destination for Taiwanese textile companies, which are willing to relocate their units outside Vietnam, said Taiwan Textile Federation President Justin Huang.

“At present, Vietnam is crowded, which causes difficulties for Taiwanese textile firms there, such as labour shortages,” Justin said in an interview with The Express Tribune. “In Pakistan, however, labour issues will not emerge at least for the next 10 years and this is something attractive for us.”

He pointed out that China had invested massively in Pakistan’s infrastructure development projects under the China-Pakistan Economic Corridor (CPEC) and stressed that Taiwanese businessmen could take maximum advantage from such investment.

Pakistan had a duty-free export agreement with the European Union and in December, the second phase of a free trade agreement (FTA) with China would also become functional, which would prove to be helpful for the

Taiwanese investors and trade and industrial development in Pakistan, he said.

“We are different from China and other countries because we focus more on technical and functional textiles,” he emphasised.

Justin added that he would forward all the information collected from Pakistan to other federation members in Taiwan including the fact that Pakistan was a huge market of 200 million with excess labour and the government was willing to support foreign investment.

The federation president expressed the resolve to devise a mechanism for enhancing trade and investment collaboration between Taiwan and Pakistan in the textile and garments sector. He was of the view that Pakistan’s textile industry produced excellent products for home use and had the capacity to produce quality apparel as well.

“If things follow the right direction, we will transfer new technologies and manufacturing processes to Pakistan, which will facilitate the country in upgrading its products,” Justin stressed.

“After that, Pakistan will not have to compete with China or Bangladesh on price issues and the country will be able to add value to its products.”

Textile companies based in Taiwan have already designed products for global brands like Nike and Adidas. Sixteen teams in the football World Cup 2018 used Taiwan-based fabric in their kits.

He voiced hope that the FTA with China would also assist Taiwanese companies, which had already invested in China and had set up their units in the country.

“Our officials can bring in their work experience to Pakistan along with the academia to train the local human resources,” he pointed out. “In future, Pakistan will need a lot of textile engineers, hence, there is a need to provide sufficient training to them so that the country can utilise its manpower.”

He also stressed the need for easing the visa approval process for the Taiwanese investors.

“Right now, it is difficult for us to visit Pakistan due to a long process of applying for the entrance visa,” he said. “It took me more than three weeks to get approval for Pakistani visa.”

Source: tribune.com.pk - Nov 17, 2019

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Bangladesh: Listed textile, RMG companies in a tight spot

Their net profit falling for high cost of production, low prices

Stock market data depicts a sorry picture of the textile and garment companies, depriving thousands of investors of expected dividends from the sector that accounted for 84 percent of Bangladesh’s exports last fiscal year.

Analysing the data of 36 listed companies for 2011-2018 period, The Daily Star found that their net profits nosedived to Tk 341 crore in 2018 from over Tk 1,252 crore eight years ago.

Entrepreneurs blamed higher cost of production, over capacity, competition, exchange rate and lower prices from international buyers for the situation.

But an analyst raised questions about the quality of financial reports these companies make public.

Data showed of the 36 listed textile and garment companies nine incurred losses last year. But all of them except one had logged profits in 2011. After 2011 another 19 textile companies have been listed on the DSE to take the tally to 55.

An aggrieved investor said he bought some shares of Generation Next Fashions at Tk 8 per share against Tk 10 face value on October 1 last year seeing the company’s dividend paying trend, which is no less than 10 percent a year.

The investor lost half of the share value in just one year and the price further fell to just Tk 2.4 a share on Thursday.

"Now I don't know how long it will take to get my investment back," said the investor wishing not to be named.

He is not alone; there are thousands of investors as public shareholders accounted for over 60 percent of the stakes in the company while sponsors shareholders have less than 14 percent shares. Conditions of the remaining companies are more or less the same as Generation Next as share price of 19 of the 55 firms trading at below their face value.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said the listed companies' data seem doubtful due to poor financial reporting, so it may not represent the whole sector.

Many companies expanded their business seeing a lucrative growth in the sector and their sales volume soared and so did their revenue.

"However, it is true that the clothing sector suffers for higher cost to meet compliance after Rana Plaza incident and the price of per unit dropped in the international market."

In 2013, the building collapsed in Savar on the outskirts of the capital, leaving at least 1,138 people dead and 2,500 others injured in the country's deadliest industrial accident.

Since then, local garment entrepreneurs put more than $1 billion to remediate the factories for preventing such tragedies in future.

Overall, the sector is suffering from lower profits, said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association.

The cost of production of apparel items increased 30 percent between 2014 and 2018. Furthermore, the minimum wage of garment workers has increased 51 percent since December last year, she said.

Between fiscal years 2015-16 and 2018-19, the industry's value addition has gone down 1.61 percent though apparel exports have increased from $28.10 billion to $34.13 billion during the period.

“Competitive countries have devalued their currency but we don’t, so we are lagging behind in the competition,” Huq added.

She also blamed the unplanned expansion in the industry for the retailers’ accepting low prices.

As many as 39 percent of the garment manufacturers are selling garment items to buyers at prices lower than the production costs now, according to a survey of the Fair Wear Foundation, an Amsterdam-based organisation that works to improve labour conditions in garment factories.

Textile companies’ main input is fuel and captive power, said Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association. “The price of captive power has increased 435 percent since 2012.”

The interest rate of the banking sector also rose, so bank loan-dependent companies are hurt by the higher interest rate, said Khokon, also the managing director of Maksons Spinning Mills.

The price of product also fell in the last two years, which hurt the textile makers’ profit, he added.

If the suppliers do not accept prices below their production costs, they will lose everything as they will have to pay the workers at the end of the month without any production in factories, industry insiders said.

Textile sector’s performance is the worst in the market, so investors are disappointed with the sector, said a top official of a leading asset management company.

At present, 15 textile companies out of the total 55 are ranked as junk stocks due to their failure to provide dividends or hold annual general meeting or shuttering of their factory.

Source: thedailystar.net - Nov 17, 2019

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NATIONAL NEWS

Pushing exports: India must rethink trade policy

On October 31, a panel constituted under the World Trade Organisation's (WTO's) dispute settlement mechanism issued a ruling in response to a complaint filed by the US government against Indian export incentive schemes. In focus was WTO's covenants on Subsidies and Countervailing Measures (SCM), which prohibit subsidies contingent upon (i) export performance, and (ii) use of domestic over imported goods. SCM carries an illustrative list of such prohibited subsidies. The WTO panel's decision is based upon an appraisal of the factors determining whether a given policy measure is a prohibited export subsidy.

Accepting most allegations levelled by the US, the panel concluded that fiscal concessions and incentives offered by the government of India (GoI) under its Foreign Trade Policy (FTP) to export oriented units (EOUs), electronics hardware technology parks (EHTPs), bio-technology parks (BTPs), export promotion capital goods (EPCGs), and duty-free imports for exporters scheme (DFIS) constitute "subsidies contingent on export performance", and thus violate SCM. The panel also declared that GST exemptions extended to special economic zones (SEZs) cry foul of SCM's mandate. Finally, the panel took objection to tradeable duty credit scrips issued to manufacturing exporters under merchandise exports from India scheme (MEIS), as covered under prohibited export subsidies.

Though WTO has an Appellate Body (AB) which reviews panel rulings, practically, the appellate forum is dysfunctional in view of the imminent retirement of members, and stalemate over appointment of new members. It is common knowledge that the US has vetoed appointment of any new member to the AB. Thus, the panel's ruling, barring technicalities, is effectively final.

The panel's ruling puts the focus back on a long-drawn difference between the two governments, adding to the strained trade ties. Its timing pushes India into a precarious situation with respect to efforts to put the economy on a stable growth path as the panel's findings restrict avenues to promote exports.

Although the EOU, EHTP, and BTP schemes cater to different sectors, they were designed to allow tax-free procurements by enterprises committed to exporting their entire production. While these continue to find place in the FTP, their relevance has come under question since the transition to the Goods and Services Tax (GST) regime. Nonetheless, the panel's findings is vis-à-vis each such scheme demonstrates that, irrespective of the design and mechanics, they qualify as export incentives, which have been prohibited.

As regards MEIS, policy makers were alive to its vulnerability given the commerce ministry's desire to replace it with other schemes. The current FTP will expire in a few months, and other options will have to be explored to stay with the panel's determination of acceptable parameters while incentivising exports.

The real downer comes from the panel's ruling on SEZs. The 2005 enactment was dubbed as a game-changer—India's fast-track path to compete with China on export performance. Successive dilution of benefits by way of amendments like introduction of minimum alternate tax and sun-set clause for tax holidays, conditionality attached to indirect tax exemption under the GST laws, and the recent Ordinance on 15% corporate tax rate for new manufacturing entities, etc, pose threats to the attractiveness of SEZs. The panel's ruling incrementally disincentivises SEZs as a business choice.

The panel's findings reject India's contention that it is a developing nation. According to the panel, this status, and the exemption, expired in 2003; hence, India is obliged to follow the SCM stipulations. Its finding resonates with recent actions of the US administration to end the preferential duty regime for India. The panel's ruling has wide ramifications for the exceptions availed by India under other the WTO agreements available to developing countries.

It is easy to get entangled in legal options, and deal with the bruises inflicted by the panel's findings. While India is likely to pursue legal remedies, adverse findings of the panel should not lead to any knee-jerk reaction. Instead, India must take it as an inspiration to reform its trade policy. The issues are further compounded by the fact that GoI has just refused open access to ASEAN and other significant markets by declining to join the RECP which (had India joined) would have covered half of the global population.

While the trade policy mandarins of the GoI will look for solutions, the message is clear—time is up for dole-outs for promoting exports, and competitiveness of exports must be driven by quality.

These developments must embolden GoI to shed its inclination for half-hearted or temporary solutions, and instead undertake measures that have a lasting impact. Policymakers must start afresh, challenge all assumptions, and undertake detailed analysis of business and trade policies to invigorate them with qualitative superiority and cost-effectiveness. Perhaps, it is time for announcement of a comprehensive 'New Industrial Policy' that sets GoI's long-term vision, and enlists concrete steps to revolutionise industrial growth.

Bottlenecks attributable to policy must be institutionally addressed. Entrepreneurship must be promoted to ensure the adoption of a global outlook.

Stalled labour law reforms must receive undivided attention. The present state of relations between industry and workmen needs recalibration. The recent Honda Manesar-plant closure, and the employee action crisis at Maruti-Suzuki in 2012, for instance, show that we have a long distance to cover. We have been hearing that consolidation and modernisation of all labour laws is on the anvil. Currently, only wage-related laws have been addressed (which oblige minimum wages even for the unorganised sector). However, a review of the Industrial Disputes law, owing to which businesses find their bargaining power stifled, is overdue.

One radical reform can be to obviate all differentiating criteria that plague the fiscal space, and instead promote an exemption-free economic order, akin to the September 2019 measures in the direct tax space. Simultaneously, the myriad rate-slabs in GST can be merged into three rates—standard, merit, and demerit. This will ensure that business decisions are no longer driven by short-sighted tax savings, and genuine business opportunities alone are pursued. Businesses need to appreciate that the role of the government should be confined to providing infrastructural support. Cost-competitiveness owing to tax reasons is, at best, a temporary measure that artificially influences markets, but can never be a sustainable proposition.

Source: financialexpress.com- Nov 18, 2019

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India must keep RCEP option open

In the meantime, New Delhi must enter into FTAs with New Zealand and Australia, and persuade China to invest in the country

The remarkable rise of China's power and influence was evident in the Bangkok East Asia Summit, despite the fact that, as in the past, the Chinese delegation was led not by the country's supreme leader President Xi Jinping, but by its low key Prime Minister, Li Keqiang.

While Prime Minister Li's presence symbolised Chinese commitment to larger causes in East and South-East Asia and the Indo-Pacific region, the Trump Administration showed its disdain for the ASEAN, through the absence of its President, Vice-President, or Secretary of State, leaving the door open for an unchallenged assertion of Chinese power.

There are, no doubt, loud American statements, purporting to show the determination to contain Chinese power. The withdrawal of the Trump Administration from participation in the Trans-Pacific (Economic) Partnership, however, has manifested the reality that despite Trump's tough actions of economic sanctions on China, there is no clear American strategy to respond appropriately, to assertive Chinese power. This objective can be achieved only if the US works closely in regional and global forums with partners like Australia, Japan, Vietnam, Indonesia and India.

It was inevitable that in this background, China has become the de facto leader in a huge free trade area, extending across the eastern boundaries of the Indian Ocean and the Western Pacific, from India to the Philippines.

One cannot blame India for declining to join this partnership, given the serious challenges India's economy faces at present.

Already facing a deficit of $57 billion in its trade with China, India needed to protect its economy against a certain surge in Chinese exports, if its current duties were reduced. New Delhi also has concerns of cheap goods of Chinese origin being diverted to India, through ASEAN countries, which enjoy free trade access in India.

Moreover, the grant of duty-free entry to dairy and agricultural products from New Zealand would constitute a challenge across rural India.

More importantly, the proposed free trade agreement (FTA) would only continue the denial of access to India by ASEAN, for services, including IT. While India already has free trade access in the exchange of goods to the economies of all ASEAN members, Japan and South Korea, it could compete on a level-playing field only if it separately signs FTAs with Australia and New Zealand. Negotiations on this issue should continue.

Must look ahead

It would, however, be fatal if we sat on our haunches, after saying “no,” to joining the RCEP. The reality is that countries like Japan and China fashion their economic policies to ensure the development of export-oriented industries. India is now heading towards a situation of continuing and eventually unsustainable trade deficits.

It should not be forgotten that the booming economies of today in East and South-East Asia, progressed rapidly and in a sustainable manner, by ensuring a suitable balance between export promotion and import substitution.

It makes little sense, for example, to keep exporting raw shrimps and aluminium, instead of packaged shrimps and value added aluminium products. This would require suitable incentives and disincentives for producing value-added products and joining global and regional value-added chains. The past belief that merely ending policies of import substitution and a “Licence, Permit, Quota Raj”, without a focus on developing a comprehensive policy for export promotion, would lead us into an era of sustained and accelerated economic growth, was misplaced.

It would be useful if, in the light of the foregoing, we kept the option of joining the RCEP open, for at least the next five years. In the meantime, it would be necessary to move ahead in negotiating mutually beneficial FTAs with New Zealand and Australia, and working out arrangements with China for promoting Chinese investments in India, while ending their restrictions on our exports in key areas like IT and pharmaceuticals.

It may well be argued that with the advent of Trump's America, the era of free and open markets is coming to an end. The reality, however, is that the Trump administration has focussed essentially on ending an era, when China sustained its economic growth was substantially based on American naiveté about Beijing's aims and objectives, in the initial years of the China-US honeymoon, during the Nixon and Carter administrations. Unfortunately, the ASEAN is hopelessly divided when it comes to its strategic relations with China. While the ASEAN claims to stick by principles on issues pertaining to the Law of the Seas, most its members look on helplessly as China enforces its maritime boundary claims, using force.

Myanmar, Thailand, Singapore and others, who do not have to face up to any significant claims by China on their maritime boundaries, remain silent.

Malaysia's Prime Minister Mahathir Mohammad, who remains vociferous in echoing Pakistan views on Jammu and Kashmir, remains silent when China uses force to coerce his ASEAN partners to accept its maritime boundary claims.

Chinese arrogance about India is manifested in an recent article in Beijing's official mouthpiece, Global Times, which notes: "If India joins the RCEP, it would have to play second fiddle to China and Japan, given the size of their economies. This would put India in a tight spot. Hence, India's vacillation is a way of highlighting its importance in the region."

Backing ASEAN

Despite their differences, the members of ASEAN do maintain a façade of unity, when it comes to issues of regional economic cooperation. India has clearly and consistently backed its ASEAN friends like Indonesia and Vietnam by declaring that issues pertaining to maritime boundaries have to be resolved peacefully, according to the principles of international law.

It has set an example for others, by handing over a disputed Island to Bangladesh in accordance with the ruling of an International Tribunal. ASEAN members, therefore, know the imperatives driving India's policies. But, given the concerns of most ASEAN countries about China's growing arrogance and assertiveness, the presence of countries like India and Japan does help them to ensure that no single power can exclusively dominate the Indo-Pacific region.

Source: thehindubusinessline.com- Nov 17, 2019

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Initial draft industrial policy targets $1 trillion gross value addition in manufacturing by 2025

The Department for Promotion of Industry and Internal Trade (DPIIT) has prepared an initial draft industrial policy which targets to raise value addition in the manufacturing sector to USD 1 trillion by 2025, an official said.

The policy envisions to create globally competitive business enterprises which can generate gainful employment and sustainable livelihoods.

It entails creating industry that is equipped with innovation, technology; financially viable and environment friendly; and whose benefits are shared by all sections of the society, the official added.

The initial draft policy is being circulated to seek views of different ministries and departments.

The policy would work in tandem with the Skill India Mission to improve employability of future workforce, and with the foreign trade policy to enhance India's share in global merchandise exports.

It would also enable harmonious implementation of macro fiscal and monetary policies and ensure that incentive regime for industry is competitive.

Further, it will work to revive investments into industry and manufacturing with a balanced focus on both quantity and quality of investments.

The draft has also proposed a detailed implementation mechanism of the policy under which it has suggested setting up of a national industrial competitiveness council and a steering committee.

The new industrial policy was prepared and sent to the cabinet by the department last year but some new suggestions were made and now it is being reworked by the DPIIT.

This will be the third industrial policy after the ones released in 1956 and 1991. It will replace the industrial policy of 1991 which was prepared in the backdrop of the balance of payments crisis.

Source: financialexpress.com- Nov 17, 2019

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RCEP remains distant dream; India's return to this free trade agreement not imminent

Senior government functionaries, including commerce and industry minister Piyush Goyal, have indicated post-Bangkok meet that India might reconsider its pullout from the Regional Comprehensive Partnership (RCEP) agreement if its "concerns are adequately addressed", but that will be a hard act to follow by potential partners.

It is learnt that India's differences with others like China are too wide to be bridged soon, especially on the rules of origin (ROO) of imported products.

While New Delhi has pitched for "sufficient value addition" of at least 35% in the country of exports for a product to be eligible for its tariff concession under the RCEP, others want to settle for just minimal value addition.

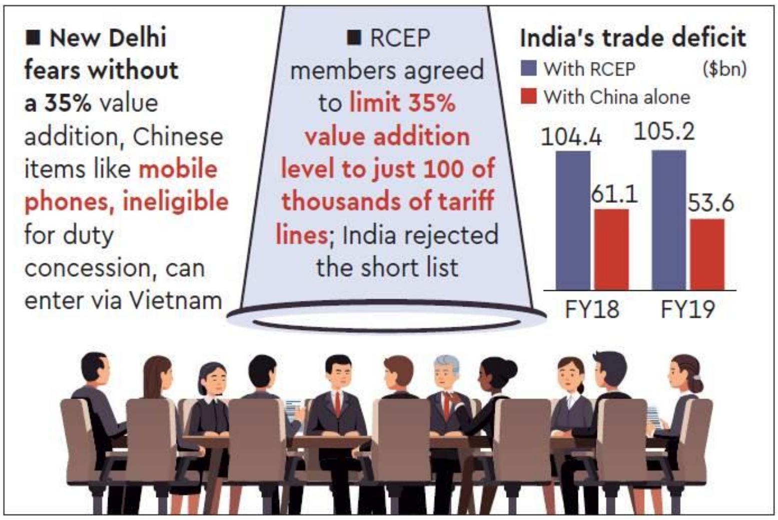
India strongly feels that in the absence of strict rules of origin, its different tariff concessions for different countries (the offers are least ambitious for China) and safeguard/anti-dumping tools against any irrational spike in imports will be rendered meaningless and exporters from certain countries can easily violate the spirit of the agreement.

For instance, a mobile phone that is excluded from the list of Chinese products eligible for duty concession in India can still land up here through Vietnam at a lower duty because the item is part of New Delhi's offer list for Hanoi.

This is despite the fact that the entire mobile phone is made in China but gets exported to India from Vietnam after the supplier adds, say, just tampered glass to it. "India's condition for rules of origin would be among the most difficult proposals for countries like China to accede," said one of the sources.

In fact, to prevent such circumference, India's existing free trade agreements (FTAs) with Asean, Japan and South Korea already link duty concession to a 35% value addition, according to analysts.

"Upon India's insistence on the 35% value addition clause in the RCEP agreement, other partners wanted to limit the list of tariff lines where such a level of value addition would be mandatory to just 100. India rejected such a short list. The main worry is about circumference of such exports from China," said a source.



Safeguards for domestic industry, particularly, remain a crucial part of India's negotiations at RCEP and New Delhi feels its efforts towards credible deterrence against "irrational spike in undesirable imports" can be easily thwarted by vested interests without tough rules of origin, said the source.

A day after India decided to pull out of the 16-nation Regional Comprehensive Economic Partnership (RCEP) talks, commerce and industry minister Piyush Goyal on November 5 indicated that New Delhi might get back at the negotiating table only if its demands — including extra safeguard mechanism to curb irrational spike in imports and tougher rules on the origin of imported products — were adequately addressed.

However, for now, the country had decided against joining the RCEP, he asserted. Although the 15 other nations went ahead with the pact in November, they showed willingness to accommodate India's concerns.

A joint statement of RCEP nations after the November 4 summit in Bangkok, where Prime Minister Narendra Modi attended, was also silent on India's decision to pull out. It merely said: "India has significant outstanding issues, which remain unresolved.

All RCEP participating countries will work together to resolve these outstanding issues in a mutually satisfactory way. India's final decision will depend on satisfactory resolution of these issues. "This was a clear indication that others were keeping the doors open for India to join back should it so decide.

After the pullout, Goyal said India was unwilling to budge on its core demands on an "auto-trigger" mechanism for safeguarding domestic industry from dumping, despite pressure from partners.

Also, it was steadfast in demanding credible steps to address India's $105-billion trade deficit with RCEP members, a more balanced deal on services, strict rules of origins of products to check the abuse of tariff concessions and change in the base year to implement the tariff abolition from 2014 to 2019. Moreover, it almost wanted its agriculture and dairy sector out of the RCEP negotiations.

Most members wanted to conclude the negotiations in 2019 so that a deal can be formally signed in 2020. A source had earlier said that India was planning to employ an "auto-trigger" safeguard mechanism for imports from not just China but also Australia and New Zealand to better protect domestic players from irrational spike in imports. However, the move was resisted.

To protect its industry, India had decided to trim or remove tariffs on Chinese goods only in phases over a period of 20-25 years.

Similarly, its tariff concessions was to be the least ambitious for China—it offered to reduce or abolish import duties on a total of 80% of imports from China, against 86% from New Zealand and Australia, and 90% from Asean, Japan and South Korea.

Even without RCEP, India's merchandise trade deficit with China stood at $53.6 billion in FY19, or nearly a third of its total deficit. Its deficit with potential RCEP members (including China) was as much as $105 billion in FY19.

Source: financialexpress.com- Nov 18, 2019

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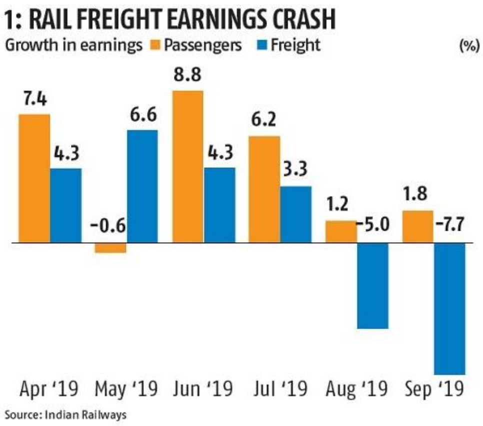
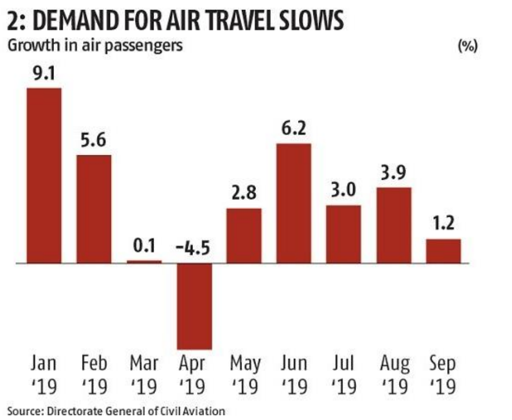
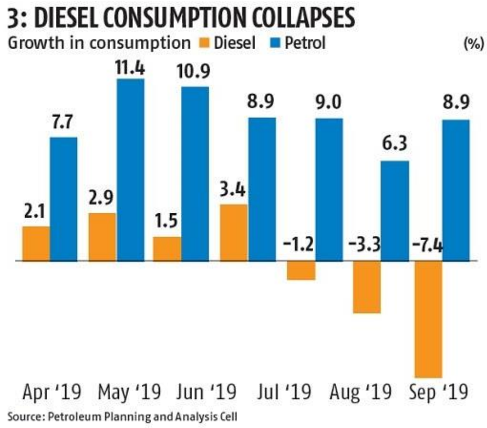
Textiles to pharma: India's deepening slowdown explained in six charts

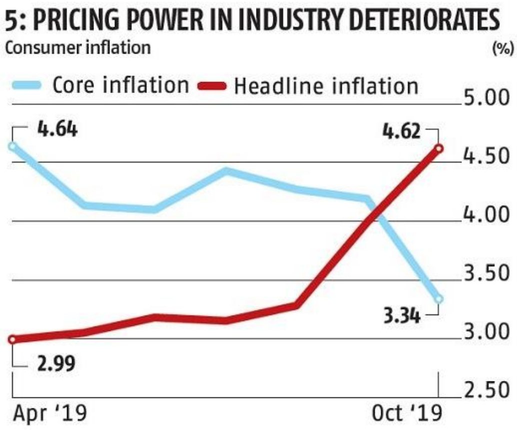
What could be the reason for these successive downward revisions across the board? Some key indicators make it evident.

Economy observers are finally spelling out the gravity of the slowdown India finds itself in. Before the financial year began, the Reserve Bank of India thought the Indian economy would grow at 7.4 per cent in FY20. Over eight months, it gradually revised its estimate downward to 6.1 per cent. Last week, the State Bank of India projected FY20 growth at 5 per cent, and a top Delhi-based think tank expects the economy to grow at 4.9 per cent.



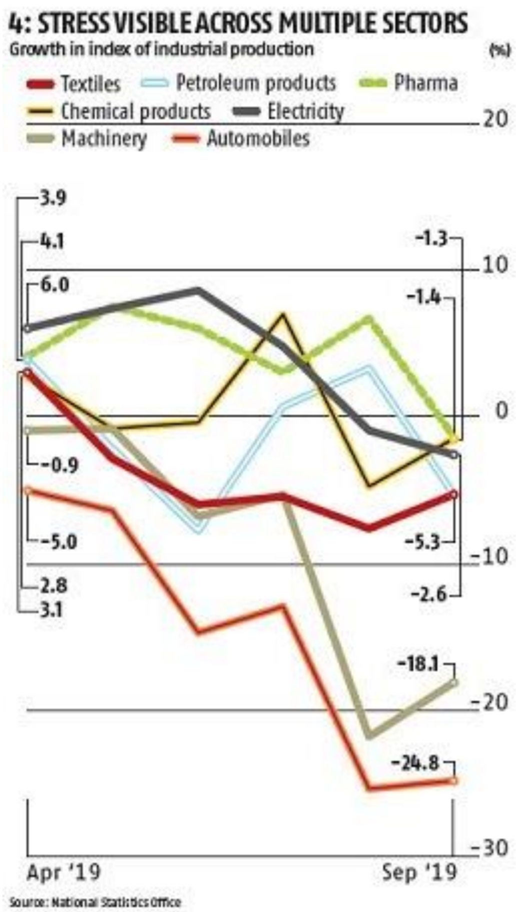






What could be the reason for these successive downward revisions across the board? Some key indicators make it evident.

Earnings from rail freight are gradually reducing and contracted by 7.7 per cent in September 2019 (chart 1).

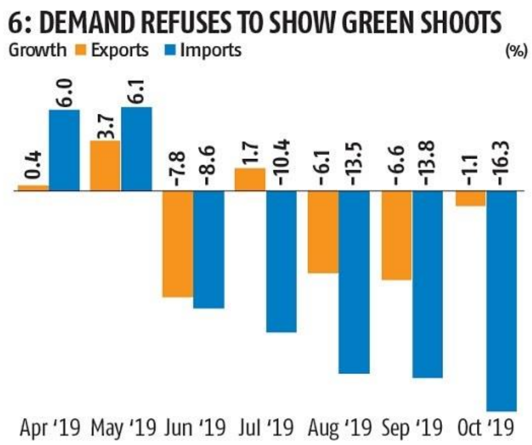


This indicates declining industrial demand. Air travel did pick up in FY20, but is now looking down, showing slackening demand (chart 2). While petrol consumption seems on track, diesel consumption has tanked, reaffirming industrial slowdown (chart 3).

The index of industrial production (IIP) shows the areas of stress in the economy (chart 4). Even pharma has come under pressure.

Core inflation is a measure of inflation without volatile components like food and fuel. It represents business demand and pricing power of companies.

While it was driving overall inflation up until recently (strong demand), it has now fallen below the level of overall inflation (weak demand) (chart 5). On the external front, while exports remain poor, imports are increasingly falling in FY20, showing deepening economic stress (chart 6).



Source: business-standard.com- Nov 17, 2019

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Non-filers of GST returns may face cancellation of registration

CBIC to act tough following lower-than-expected tax mop-up

The Goods & Services Tax (GST) Administration plans to act tough with non-filers of returns and cancel their registration. It has also decided to update the progress made in this regard on a daily basis.

Filing of returns helps tax authorities to estimate the tax liability and find out how much tax has been paid. The problem here is that nearly 20 per cent of assessees do not file their returns, which affects GST collections.

The Central Board of Indirect Taxes & Customs (CBIC) held a meeting with the Principal Chief Commissioner and Commissioner of GST & Customs on November 13. According to sources, PK Dash, Chairman, CBIC, expressed his displeasure in the progress of cancellation of registration of non-filers who have not filed GSTR 3B (showing tax payments) returns for six or more than six return periods and are liable to action under GST law.

"...the task of cancellation of registration of such non-filers of GST returns should be taken on priority basis and should be furnished by November 25, " a communication sent from the office of the Principal Chief Commissioner of GST & Central Excise, Mumbai to Principal Commissioner/Commissioner posted in its jurisdiction. It has also asked for reports to be sent on a daily basis.

Conditions for cancellation

Section 29 of the Central Goods & Services Tax (CGST) Act prescribes conditions for cancellation of registration and fulfilment of any of these will invite action. These include contravention of the provisions of the Act, a composition scheme assessee not filing returns for three consecutive tax periods, any non-composition assessee not furnished returns for a continuous period of six months, not commencing business within six month from the voluntary registration, and registration obtained by means of fraud, wilful misstatement or suppression of facts. The Act clearly provides that registration will not be cancelled without giving the person an opportunity of being heard.

According to GST Law, a registered person will have to file returns either monthly (normal supplier) or on a quarterly basis (supplier opting for composition scheme). An ISD (Input Service Distributor) will have to file monthly returns showing details of credit distributed during the particular month.

A person required to deduct tax (TDS or Tax Deducted at Source) and persons required to collect tax (TCS or Tax Collected at Source) will also have to file monthly returns showing the amount deducted/collected and other specified details. A non-resident taxable person will also have to file returns for the period of activity undertaken.

The law is very clear here that the cancellation of registration will not affect the liability of the person to pay the tax and other dues. Every registered person whose registration is cancelled will pay an amount, by way of debit in the electronic credit ledger or electronic cash ledger, equivalent to the credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock or capital goods or plant and machinery on the day immediately preceding the date of such cancellation or the output tax payable on such goods, whichever is higher.

Source: thehindubusinessline.com- Nov 17, 2019

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Textile exports continue slide

Apart from handicraft products and jute products, all the other textile-related products continued their downward slide in exports in the month of October.

However, the industry expects that with the easing of trade tensions between the US and China, exports would see a positive growth by the end of the fiscal.

Cotton yarn, made-ups and handloom products were down by 6 per cent in October and by 12.5 per cent between April and October. Man-made yarn, fabrics and made-ups were marginally down for the month and declined 5.69 per cent during the seven-month period.

Textiles and apparels were down by 3.21 per cent and of this textile exports slid 4.15 per cent. For the seven-month period, textile exports were down 8.84 per cent. Though apparel exports were down in October, during the seven-month period it was marginally up over last year.

Production of textiles and clothing in September also was down by 2.6 per cent and almost flat for the 6-month period.

“The exports are still sluggish, but the drop has been lesser compared to earlier months.

The trade tension between the US and China are easing and this has improved the Chinese imports, especially yarn. The GST refunds are also taking a longer time to reach the exporters,” said Dr. Siddhartha Rajagopal, Executive Director, Texprocil.

Carpets witnessed the steepest decline in percentage terms — 16.87 percent. A saving grace was handicraft exports, which grew by 7.66 per cent. Jute product exports also went up by 9.75 per cent.

The industry expects that the exports will improve in the coming months and that it might see a positive growth by the end of the fiscal.

“If the US-China trade issues settle down, the demand would improve. Once the exporters receive refunds, their cash flow and bottomline will improve. They will be able to price products more competitively.

If the cotton prices also remain range-bound, by the end of the fiscal we might see positive growth in exports,” he said.

Source: asianage.com - Nov 18, 2019

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Here's Smriti Irani's Rs 1,300 Cr plan to upskill 10 lakh youth in 3 years

India's textiles and apparels industry is one of its oldest. The country is the world's second-largest exporter of textiles and apparels. India Brand Equity Foundation data shows the industry is a significant contributor to the economy, and one of the largest sources of job creation in the country, employing about 45 million people directly. However, people employed in the organised as well as unorganised segments of the industry still face skill gaps.

To address this gap and to supplement efforts initiated through the Special Package for Garments and Made-ups, the government approved the Scheme for Capacity Building in Textile Sector (SCBTS) for the entire value chain of textiles (except spinning and weaving in the organised sector), in three years from 2017-18 to 2019-20.

The focus will lie on apparel and garmenting, knitting, metal handicraft, textile and handloom, handicraft and carpet, among others. The Rs 1,300 crore initiative, known as "समर्थ (Samarth)", signifies the broad objective of skilling youth for gainful and sustainable employment in the textile sector.

Sr. No	Name of the Sector	Name of the Module	Course Code	NSQF Level	Notional Hours
G1	General	Soft Skills	TC SS 01	-	30
1	Garment	Embroidery Machine Operator	TC GMT 01	2	300
2		Fuser & Ironer	TC GMT 02	2	300
3		Computer Embroidery Machine Operator	TC GMT 03	3	300
4		Garment Checker	TC GMT 04	2	300
5		CAD Operator	TC GMT 05	3	300
6		Sewing Machine Operator	TC GMT 06	2	300
7		Pattern Maker	TC GMT 07	2	300
8		Fabric Checker	TC GMT 08	2	300
9		Fabric Cutter	TC GMT 09	2	300
10		Overlock & Flatlock Machine Operator	TC GMT 10	2	300
11		Sewing Machine Mechanic	TC GMT 11	3	300

It aims to train 10 lakh people, out of which 9 lakh will be from the organised sector, and one lakh will be from the traditional sector. Textiles minister Smriti Irani announced in August 2019 that out of 18 selected states, 16 state governments signed MoUs with the Textile Ministry.

The 18 selected states include Arunachal Pradesh, Jammu and Kashmir, Kerala, Mizoram, Tamil Nadu, Telangana, Uttar Pradesh, Andhra Pradesh, Assam, Madhya Pradesh, Tripura, Karnataka, Odisha, Manipur, Haryana, Meghalaya, Jharkhand, and Uttarakhand. However, Jammu and Kashmir and Odisha did not sign the MoU.

She observed that Tamil Nadu, especially the Tirupur cluster, desires more skilling opportunities. The number of beneficiaries in Tamil Nadu is estimated at 1,400, including the textiles and handloom segment.

Highlighting that 75 percent of those who work in the textile sector are women, Irani said, "The MUDRA scheme has seen that 70 percent of the beneficiaries are women, and state representatives should look at district-wise tailoring opportunities for women as part of the outreach for skilling across states."

Objectives and implementation

Government information indicates the scheme's primary objective is to provide demand-driven, placement-oriented National Skills Qualifications Framework (NSQF)-compliant skilling programmes to incentivise and supplement efforts of the industry in creating jobs in the organised textile and related sectors.

Another objective is to promote skilling and skill upgradation in the traditional sectors of handlooms, handicrafts, sericulture, and jute. It also seeks to enable provision of sustainable livelihood either by wage or self-employment to all sections of the society across the country.

These skilling programmes are implemented through institutions and organisations of the Ministry of Textiles or state governments, which have training infrastructure and placement tie-ups with the textile industry. Apart from this, reputed training institutions, NGOs, societies, trusts, corporates, startups, and other organisations active in the industry are also part of the implementation process.

The scheme will adopt an Aadhaar-enabled biometric attendance system, with minimum 80 percent attendance for assessment. Trainers with Training of Trainers (ToT) certification by RSA/SSCs will be part of the upskilling process. There will also be CCTV recording for the entire training programme and assessment process.

Third-party assessment and certification by assessment agencies empaneled by RSA will be part of it, as well as placement-linked skilling programme with mandatory wage employment in the organised sector (70 percent), traditional sector (50 percent), and post-placement tracking for one year.

A centralised web-based Management Information System (MIS) has also been put in place for monitoring and implementation of the scheme. The MIS will act as an integrated platform for registration and empanelment of implementing agencies.

The programme will also feature random physical verification of active training centres, NSQF-aligned courses, and real-time scheme information publicised on the Ministry of Textiles website, and call centres (helplines) setup to collect feedback. Further, a mobile app will be used by different stakeholders to ease out the monitoring and implementation mechanism.

Source: yourstory.com - Nov 18, 2019

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Assam gets its 1st export and logistics policy

To boost exports, India's Assam state recently unveiled its first export and logistics policy that will be in force for five years. Objectives of the policy include simplifying the exporting process by creating simple, effective and efficient institutional mechanisms and organising and coordinating with stakeholders in a professionally competent way.

Tea, textiles, petroleum products, cosmetics, pharmaceutical products, food products and agro and horticulture produces, ornamental fish and Agar oil are exported from the state.

"Assam has the unique locational advantage, being the closest landmass of vibrant economies of the South East Asian countries. On Act East, Assam is on its way to get some of the best infrastructure in Asia to facilitate the largest volume of trade between India, China, Myanmar, Bangladesh and other Asean countries," the introduction to the policy document states.

Besides tea, the other focus areas are agro and allied products, food processing, floriculture, organic farming, bamboo products, ornamental fishes and pisciculture, medicinal and aromatic products, hydrocarbon products, plastics and petrochemicals, according to Indian media reports.

The state policymakers are banking on new and improved connectivity through the East West corridor which starts from Porbandar in Gujarat to Silchar in Assam, and the Asian Highway No 1, which slices through the state.

The state government is taking up a programme to dredge the river mighty Brahmaputra and river Barak to use navigable waterways in trade and commerce that connects it with Bangladesh giving it access to the ports of Kolkata and Haldia in West Bengal and Chittagong and Mongla in Bangladesh.

Source: fibre2fashion.com - Nov 16, 2019

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Simplifying GST: Govt plans mass outreach programme for return filers

With the government facing severe revenue stress, Finance Minister Nirmala Sitharaman on Saturday met representatives of small and medium enterprises, chartered accountants, retailers, and independent professionals to iron out concerns related to goods and services tax (GST) compliance.

In a live demonstration of sorts, the representatives attempted to file actual returns during the meeting to highlight their concerns.

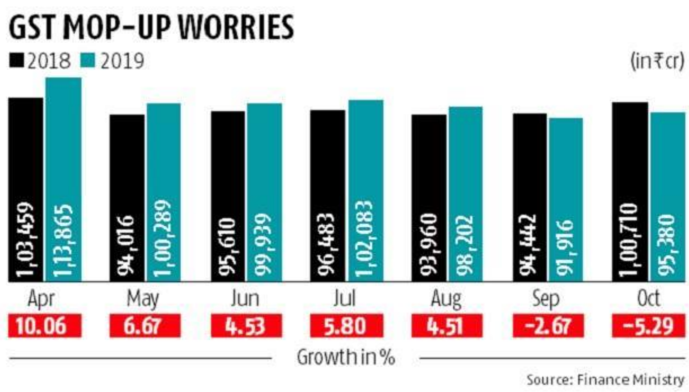
The one-to-one meetings were attended by representatives of the Indian Chartered Accountants Association (ICAI), Laghu Udyog Bharti, Rajasthan Tax Consultant Association, Confederation of All India Traders (CAIT), and a Kolkata-based independent tax professional.

The aim of the exercise was to further simplify GST forms and make the filing process more user-friendly, the finance ministry said in a tweet.

Sitharaman asked the revenue department to carry out a similar exercise across the country on December 7 for the new return forms to come into effect from April 2020. That would mean commissioners across circles would meet select individual GST return filers to respond to their queries and resolve issues. Saturday's meeting was attended by officers from the Department of Revenue and GST Network (GSTN) — the information technology backbone for GST.

"The FM decided that every commissioner of every circle should invite assessees with accountants who will actually file returns on a real time basis in front of the officer to understand the problems," Revenue Secretary Ajay Bhushan Pandey told reporters after the meeting.

The new GST return is available on the GSTN portal for trial and 85,000 have been filed so far on a voluntary basis.



The FM has sought regular interactions between GSTN and the Central Board of Indirect Taxes and Customs (CBIC) to help improve the interface for users. GST collections have been dismal with revenue falling short of the Rs 1-trillion target for the third straight month in October. It was in fact 5.3 per cent lower than that in the corresponding month last year at Rs 95,380 crore. "As compared to the value-added tax regime, the compliance rate is much better. But there is a big scope for improvement," said Pandey.

Earlier in the day, stakeholders, in their meeting with the FM, tried filing the summary return form GSTR 3B, outward supply form GSTR1, annual return form GSTR9 and the reconciliation statement 9C, besides raising issues pertaining to GST refunds.

"Many of the issues that came up pertained to making amendments and corrections in a more convenient manner, issue of credit or debit notes. Some wanted the facility of downloading GSTR 2A return data in a custom range as against only month-wise available now," said Pandey.

They also.highlighted the prevailing confusion where officers were asking for physical copies of invoice of items shown in the GSTR2A. "We told them that it was not correct on the part of officers to ask for physical invoices when data has been captured in GSTR2A.

GSTR 2A is a purchase-related tax return that is automatically generated for each business by the GST portal. When a seller files his GSTR-1, the information is captured in GSTR 2A.

Source: business-standard.com - Nov 16, 2019

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Govt working on policies to push MSME exports, local production: Gadkari

The government is working on two policies to increase MSME exports and bring down imports by encouraging local production, Union MSME and Road Transport Minister Nitin Gadkari said on Saturday.

While addressing the gathering at Small Micro Enterprise (SME) conference at Nagpur, Gadkari mentioned that the MSME sector has 29 per cent contribution in country's growth and 48 per cent of export is done through MSMEs. Similarly, about 10-11 crore jobs have been created in MSMEs.

"The government is working on two policies.Firstly on the industries which are into export business - how to support and increase their export," the minister said.

The leather industry has a total turnover of Rs 1,40,000 crore of which Rs 80,000 crore to Rs 90,000 crore is domestic and around Rs 45,000-50,000 crore is from export.

"I have suggested them on working on modernisation, upgradation, product designing and how to reduce the cost of production and improve quality, so that our share increases in the international market. We are working on a policy on how to strenghten export business," Gadkari said.

He further said that secondly, the government is working on policy to increase indigenous production of products that are being imported. "The products that being particularly imported should get manufactured in the country itself. We are in talks with the commerce ministry on these two policies and it is in the final stages," said Gadkari.

Gadkari emphasized on three important factors - reducing capital cost, power cost and logistic cost - to become competitive in international market and these these factors have also been discussed while making the new policy. Gadkari also spoke about contribution of MSMEs in the defence sector.

Gadkari raised concern over defence procurement procedure saying that the files are stuck for many years and when the product is finalised and tenders are issued till then the product becomes outdated. He asked for change in Defence procurement system.

Gadkari also said that MSMEs does not get that much work from defence sector as these should get and asked for study to make a good policy which can facilitate work for MSME in defence sector.

Source: business-standard.com - Nov 16, 2019

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Odisha government approves investment proposals worth Rs 1,753.82 crore

The Odisha government has approved six investment proposals worth Rs 1,753.82 crore in different sectors, which would create employment opportunities to 5,566 people, official sources said.

The six projects in textile, food processing, plastics, tourism, steel and downstream sectors were approved on Saturday at the State Level Single Window Clearance Authority (SLSWCA) meeting, chaired by Chief Secretary A K Tripathy.

According to industries secretary Hemant Sharma, the proposal of Indian Metals and Ferro Alloys Limited (IMFA) was approved for setting up a ferro chrome unit and 10 MW WHRB (waste heat recovery boilers) power plant at Kalinga Nagar, Jajpur with a total investment of Rs 547.19 crore.

This project would create employment opportunities for 900 people, he said. Another proposal in the metal sector by Shri Jagannath Steel and Power Limited for expansion of its existing 0.1 MTPA integrated steel plant in Keonjhar district to 0.3 MTPA capacity with a total investment of Rs 835.34 crore, was given green signal. This will provide additional employment to 501 people, the official said.

The authority also cleared the proposal of Page Industries Limited to set up a garment manufacturing unit at Khurda with a total investment of Rs 257.50 crore and it will provide employment to about 3,500 people, he said.

Another proposal of Jay Bharat Spices Private Limited for diversification of its production and cold storage facilities at Ramdaspur in Cuttack with additional investment of Rs 50.10 crore got the nod of the government, Sharma said adding that the project will create additional employment to 550 people.

The proposal of Shree Malani Foams Private Limited, which manufactures "Century" brand mattress, was also approved by the SLSWCA for additional investment of Rs 10 crore. The company proposed to set up a unit having 5, 00 TPA capacity at Khurda.

In the tourism sector, the proposal of Deo Residency and Resorts Private Limited for expansion of its existing hotel at Baragadia, Kalinga Nagar in Jajpur district, with an investment of Rs 53.69 crore, was also approved, the official added.

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