Cotton Market

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

<table>
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<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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<tbody>
<tr>
<td>18501</td>
<td>38700</td>
<td>76.01</td>
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Domestic Futures Price (Ex. Gin), October

<table>
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<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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<tbody>
<tr>
<td>18180</td>
<td>38028</td>
<td>74.69</td>
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International Futures Price

| NY ICE USD Cents/lb (Dec 2017) | 69.72 |
| ZCE Cotton: Yuan/MT (Jan 2018) | 15,040 |
| ZCE Cotton: USD Cents/lb        | 87.59 |

Cotlook A Index – Physical | 77.6

Cotton & currency guide: Two major developments have made a complete turnaround to cotton price on Monday’s trading session. A) India’s government announced a bonus support price for Gujarat growers, adding an estimated 9 cents to prices (Rs. 500 per quintal for seed cotton). This has boost cotton price for across varieties to trade positive. B) Forecast of Texas crop now seems to be freeze with late likely harvesting causing further tightness in US cotton pipeline.

The price action was quite erratic on Monday from last Friday’s movement. The December ICE future started the day with a positive opening near 66.89 and rallied until 69.87 almost 300 points in a single day and biggest gain after 5th September post effect Irma was observed then.

From the trading perspective volume was huge at 54,915 contracts and over half of those were simply outright trades.
Cleared Friday were 25,387 contracts. Further trading volumes in option contracts were also high nearly 15+K contracts. With November option contract expiring in last Friday and then price rallying on this Monday may have prompted short covering in futures contract near lower level also supported December future to trade positive.

On price front market continues to trade in the broad range of 66 to 71 cents for the past several weeks. Anytime it hits either side there is very quick action in the price. We now have to watch 70 and 71 being the two critical resistance points. Unless these levels are cleared market may continue to trade again in the sidelines of above mentioned trading range.

From the domestic front across futures contract on Monday at MCX have advanced. The October future due to expire on 31st of this month ended the session higher at Rs.19190+ bale while November and December futures also advanced nearly 3% TO close the session at Rs. 18540 and Rs. 18460 per bale respectively. For the day market may trade sideways to positive in the range of Rs. 18370 to Rs. 18650 per bale for November future at MCX.

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

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INTERNATIONAL NEWS

China: Over 4,000 exhibitors attend Intertextile Shanghai 2017

Another successful Intertextile Shanghai Apparel Fabrics has wrapped up with three days of order placing, relationship building and trend-spotting.

The global industry came together for the industry’s leading trade fair, with 4,538 exhibitors from 32 countries and regions presenting their latest collections and innovations. There were 77,000 trade buyers.

The exhibition was organised during October 11-13, 2017.

The gross area of the fair increased by six per cent compared to 2016. Reflecting growth in the domestic market as well as other regions, the Functional Lab grew 33 per cent in size this year, Premium Wool Zone grew 18 per cent, while an extra accessories hall was added to meet demand.

With the entire apparel fabrics and accessories product spectrum on offer, more than 77,000 trade buyers from over 100 countries and regions chose Intertextile as their sourcing event for the season. In 2016, there were 73,927 trade buyers from 90 countries and regions.

Wendy Wen, senior general manager of Messe Frankfurt (HK) highlighted the fair’s importance to the apparel sector: “Intertextile Shanghai is not just the industry’s largest event – it is also the leading sourcing and business platform for the industry.

Exhibitors come here knowing they can meet quality trade buyers from around the world that are there to conduct business, while these buyers know that the fair provides an unrivalled number of suppliers across the entire product spectrum to source from. This combination is the genesis for a successful, business-focused trade event, and I’m pleased to say that this edition has once again been highly effective in this regard.”

“Walking the halls this year, I was also encouraged to see an increasing number of innovative products and solutions,” Wen continued.
“A noticeable trend, too, was the large number of companies offering eco-friendly products and technologies, not just in our All About Sustainability zone. Innovation and sustainability in particular will continue to be a strong focus of both our Spring and Autumn Editions next year.”

Companies big and small descended on Shanghai for the fair, and with such a diverse range of buyers also gathering, there was success to be found by all. One of the industry’s largest players, Lenzing, who participated with 54 of their partner mills, finds the fair essential to participate in, as Maggie Shen, marketing communication manager, China, explained.

“Intertextile is the biggest and most important fair in the industry. Everyone knows it, and comes here to see what’s new. It’s an effective platform for us and our partner mills to meet existing customers, as well as get new enquiries each edition.”

At the other end of the size spectrum, but no less successful in the industry and at the fair, is Huddersfield Fine Worsted who celebrated 10 years at the fair this edition. Their president Bob McAuley commented: “This edition has been very good for us, we’ve been very busy.

Intertextile is an easy place to find lots of customers. A lot of new companies opening in the high-end wool sector in China come here each edition.

The professionalism of the buyers is high too – specifically we’re getting tailors and specialty menswear stores here. Our sales are increasing big time in China. We expect to double our business in China in the next year.”

The next Intertextile Shanghai Apparel Fabrics is the spring edition to be held during March 14-16, 2018.

Source: fibre2fashion.com- Oct 23, 2017
Anti-dumping duties on the organic compound caprolactam extended by China

China will extend its anti-dumping duties on imports of the organic compound caprolactam from the United States and the European Union, reports the Xinhua News Agency.

China's Ministry of Commerce (MOC) announced on Saturday that it had decided to keep duties on the product - an organic compound used in the manufacturing of synthetic fibres - in place for another five years.

China began imposing anti-dumping duties on caprolactam in 2011, on the grounds that imports of the product from those areas at below market price had caused substantial damage to China’s domestic industry.

According to a previous MOC statement, anti-dumping duty rates for seven EU companies and three US firms ranged between 2.2 percent and 4.9 percent, while the rates for remaining EU and US companies stood at 25.5 percent and 24.2 percent, respectively.

Based on a report by the trusted information provider for the global chemical and energy industries ICIS, caprolactam is primarily used in the production of nylon 6 fibres and resins.

Almost 70 percent is consumed in the production of nylon fibres for textile, carpet and industrial yarns, with the rest used in engineering resins and films.

Source: gbtimes.com- Oct 23, 2017
Dubai to host three day apparel fair IATF from November 1

International Apparel and Textile Fair (IATF) will be held in Dubai from November 1 to 3, 2017. This is the UAE’s exclusive sourcing fair for textiles and clothing. More than 140 exhibitors from across the world will be participating.

It provides manufacturers and their agents the opportunity to showcase their products to the most influential buyers and designers in the UAE fashion sphere. The event further offers buyers, distributors and designers the opportunity to view a wide range of textiles from the most prestigious global mills.

IATF attracts some of the world’s largest manufacturers of fabrics and clothing as well as some leading print design studios. Exhibitors are from Turkey, China, Italy, Spain, India, UK and many more.

A show like IATF is much needed in the region as the UAE continues to see robust growth in the clothing and textile industry.

The last few years have shown a remarkable increase in retail sales in apparel, making it as one of the most attractive sectors in the UAE.

The apparel industry in the region provides an opportunity for international retailers to expand in the UAE.

The country is also the world’s eleventh biggest clothing importer. Next to London, Dubai is the second global city having the highest percentage of international retailers.

Source: fashionatingworld.com- Oct 21, 2017
Ethiopia aims to become Africa's manufacturing hub

In its drive to realize its ambition of becoming the manufacturing hub of the African continent, Ethiopia will inaugurate four industrial parks during the current Ethiopian 2017/2018 fiscal year.

According to the Ethiopian Investment Commission (EIC), two industrial parks will be inaugurated during the next month, one in Adama city, some 99 km from the capital Addis Ababa, and the other in Dire Dawa city, Ethiopia's second largest city in the eastern part of the country.

Two other industrial parks in Kilinito and Bole Lemi-II, both located at the outskirts of the capital Addis Ababa, are also scheduled to be inaugurated in February 2018.

Except the Kilinto industrial park, which is specialized in pharmaceuticals, the other three are under construction to attract local and foreign investors in Ethiopia's textile and apparel productions sector.

According to Belachew Mekuria, Deputy EIC Commissioner, as the construction of the four industrial parks expected to be finalized in just a one year timeframe, the east African country anticipates the ever growing number of industrial parks would accelerate the country's ambition to become the African continent's powerhouse in the manufacturing sector.

The Ethiopian government has planned to construct some 15 industrial parks during the second five-year Growth and Transformation Plan (GTP-II) period, due effective from 2015 to 2020. The east African country has also budgeted more than 1 billion U.S. dollars for the construction of industrial parks during the reported period.

According to Sisay Gemechu, CEO of the Ethiopian Industrial parks Development Corporation, the east African country, is creating conducive environment for both local and foreign companies and better employment opportunities through its industrial parks development strategy.

"The aim of industrial parks is to create conducive environment for Ethiopian industrial development strategy in GTP-II as well, and the role of particular this corporation is to develop a number of industrial parks in a
different part of regions in sector based. As of know we have fifteen plus industrial parks either operational or under construction," Gemechu said.

In addition to the parks that will be inaugurated during the current fiscal year, industrial parks construction projects are underway in Debre Birhan, Ararti and Bahir Dar by the Ethiopian government. The private sector also makes its contribution in the development of industrial parks in Ethiopia, which includes the Chinese Huajian and Eastern industry zones.

The parks, among other things, incorporates physical infrastructures such as roads, electricity, and water provisions as well as facilities that would provide one-stop services so as to ensure provision of multiple government services to companies within the parks' premises.

With regards to the two industrial parks that are scheduled to be functional as of next month, the Ethiopian government expects the 315 million U.S. dollars worth industrial zones in Adama and Dire Dawa cities will contribute to the facilitation of foreign trade for the country due to their relative proximity to the Port of Djibouti, which is Ethiopia's major import and export outlet.

Ethiopia, Africa's second most populous nation with a population stood at 102.4 million in 2016, also considers industrial parks development as its prime target to create job opportunity to its burgeoning younger population.

According to the EIC, around 19 factories that can produce textile products are already constructed inside the Adama industry zone with ambitions to create job opportunities for more than 15,000 Ethiopians directly and for over 15,000 peoples indirectly. The Dire Dawa Industrial Park also aimed at creating job opportunities for over 10,000 people in a single shift.

Built by China Civil Engineering Corporation (CCECC), the Hawassa industrial park, located in Ethiopia's southern city of Hawassa, some 275 km south of the capital Addis Ababa, is Ethiopia's flagship industrial zone that was initially completed in a record time of nine months period.

Source: xinhuanet.com - Oct 24, 2017
Vietnam textile industry needs to spin a new yarn

Garment production at the Hoa Tho Textile and Garment JSC's actory in South Dong Ha Industrial Park, Quang Tri Province.

It will also blunt the industry’s competitive edge further, they add.

According to a 2016 report from the Ministry of Industry and Trade (MoIT), by the end of last year, 99 per cent of cotton used in the textile industry, reaching 1.03 million tonnes worth about US$1.7 billion, was imported, a year-on-year increase of two per cent in quantity and 2.5 per cent in value.

Thread import turnover in 2016 also went up 8.8 per cent in volume and 5.9 per cent in value to 861,00 tonnes and $1.6 billion respectively. Import of whole fabric last year increased by 3.2 per cent over 2015 to reach $10.5 billion.

Feeble at home

Currently, Viet Nam is only able to supply 0.3 per cent of domestic cotton demand and 40 per cent of thread demand, so the rest is imported chiefly from the US, China and Taiwan.

Paradoxically, more than 70 per cent of the national thread output of 1.4 million tonnes is exported, while the Vietnamese garment industry imports nearly 0.1 million metric tonnes of high-grade fibre from China, Korea and Taiwan per year.

Each year, Viet Nam earns tens of billions of dollars from textile and garment exports, but businesses make modest profits of less than $2 billion because the garment industry spends more than half of its earnings on importing raw materials, according to the MoIT.

Tran Thanh Hai, Deputy Director of the MoIT’s Import-Export Department, said in an announcement on the MoIT's online portal, that the textile industry’s dependence on imported instead of locally produced raw and auxiliary materials has significantly limited its competitiveness and added-value component.
Domestic textile firms produce nearly 2.8 billion metres of fabric each year, meeting 30 per cent of total demand, so Viet Nam still has to import up to 6.1 billion metres of fabric annually, even from countries not participating in the same major FTAs like the Trans-Pacific Partnership, the EU-Vietnam FTA, or the Vietnam Japan Economic Partnership Agreement.

Regarding accessories, production facilities for sewing thread, cotton sheets, buttons, zippers, or packaging labels can be found in Viet Nam, but they barely meet domestic market demand, so these have to be imported in large quantities too.

According to a 2016 report of the Viet Nam Textile and Garment Association (VITAS), the industry finds itself in the lowest value-added segment in the supply chain, having 70 per cent of exported products under outsourcing for foreign firms, 20 per cent as domestic production and direct sales without intermediaries, 2.9 per cent as self-designed and self-manufactured products, and just one per cent made and distributed under original brands.

**Tied in knots**

Nguyen Van Tuan, Chairman of the Vietnam Cotton and Spinning Association (VCOSA), said during the 2016 Vietnam Textile Summit in HCM City, that the textile industry is "knotted" in the middle, i.e. highly productive in terms of making yarn and final products, but stunted in the production of fabric and other materials.

With the industry’s annual growth rate at about 8 per cent, by 2025, the amount of fabric needed will double to 18 billion metres, meaning without further investment in domestic production, Viet Nam will have to import 15 billion metres, said Tuan. He also said that with 7.5 million spindles, the industry’s annual output is approximately 1.3 million tonnes of thread; of which more than 800 thousand tonnes are reserved for export, mainly to two major markets – China and Turkey.

**Beleaguered sector**

Worse still, many countries have intensified their use of trade remedies against Viet Nam. According to the MoIT, from 2007 onwards, Viet Nam’s yarn and thread exports have faced seven lawsuits – five anti-dumping, one
anti-subsidy and one safeguard measure - from Turkey, the EU, India and Brazil.

Therefore, around 80 per cent of Vietnamese yarn is exported to China, since its cotton prices are still relatively high. However, this cannot be seen as a stable market. Once China decides to use the 11 million tonnes of cotton in storage, Viet Nam’s yarn market share in the country will shrink considerably, according to a VCOSA analysis.

**Supporting industries**

Some insiders have said that the nation’s textiles and garments sector can still increase productivity and localisation rate through the development of supporting industries.

VITAS Chairman Vu Duc Giang told the Vietnam News Agency a few months ago the FTAs are a driving force for growth, but the textile and garment industry must be prepared for it.

Giang suggested that domestic businesses invest in the dyeing process, implement a solid human resource training strategy as the 4.0 Industrial Revolution gets closer, and focus heavily on building an integrated value chain between domestic producers.

Hoang Ve Dung, Vinatex’s Deputy General Director, said at a meeting in August 2017 between Vinatex and the Vietnam Oil and Gas Group, that administrative agencies should coordinate with textile associations to push for appropriate policies on the purchase and production processes, covering both raw materials and finished products.

According to the MoIT, total textile and garment exports in the first six months of 2017 reached $14.58 billion, up 11.3 per cent over the same period in 2016, despite difficulties.

However, industry insiders have said that the turnover of the first 6 months is not sustainable.

Source: vietnamnet.vn- Oct 24, 2017
Egyptian exports to France up by 17% in H1 2017

Egyptian exports to France increased by 17% in the first half (H1) of 2017, scoring a value of €321.3m, up from €274.9m in H1 2016.

According to the latest report of the Economic Department of the French embassy in Egypt, imports from France increased by 11% in the same period, reaching €915.9m, compared to €825.7m.

Trade exchange between Cairo and Paris increased from €1.1bn to €1.2bn, up by 12.4%. French exports to Egypt increased because of the rise in imports of appliances and electric devices by 41% at a value of €306.5m.

The value of French imports of calculators was about €29.9m, turbines and engines €15.7m, and measuring equipment €82m, with a growth of 30%.

French imports of optical devices and data storage devices came in at €51.3m, marking a growth of 119% compared to 2016.

Imports of agricultural food products increased by 55% to €60.9m in H1 2017, while French exports of transport equipment registered €53.8m.

The value of France’s imports of industrial products stabilised at €369.2m, up by 0.6% in H1 2017 compared to H1 2016.

Exports of mineral products also increased by 75% to €29.1m and mining by 18% to €54.3m because of the price increase of metals.

Pharmaceutical imports saw a slight decline by 6% worth €129.6m, while chemicals declined by 5%, despite marking a value of €106.3m.

Although French imports of agricultural products during H1 2017 reached €45.3m, but they still declined by 64%, which reflected on the imports of France from grain with a decline of 70% worth €34.2m, especially wheat, which fell by 68%, while imports reached a value of €34.1m.

French grain imports were down in 2016 by 64%, reaching €121m compared to 2015.
The embassy explained that this was caused by the poor quality of the 2015/2016 harvest that did not meet the Egyptian standards, next to the Egyptian authorities tightening the quality measures. Egypt instead sought imports from eastern Europe, including Russia, Ukraine, and Romania, which were more able to compete with France within the Egyptian market in this regard.

Egyptian exports to France of chemical products, including fertilisers and methanol, registered a remarkable growth of 80% worth €147m in H1 2017 compared to H1 2016.

Egypt has resumed the export of natural gas to France in 2017, with a value amounting to €13m in H1 2016 has not seen any activity in this field. Egypt’s crude oil and petroleum products exports to France stopped this year.

Egypt’s exports of transport equipment decreased also to €18.3m (9%) while exports of communication equipment grew by an impressive 445% with exports of €3m.

Agricultural export products of citrus and vegetables amounted to €2.7m with a growth of 19%.

Source: dailynewsegypt.com- Oct 23, 2017

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Uzbekistan increases cotton fiber processing

Uzbekistan, which aims at developing its textile industry, brought the internal processing of cotton fiber to 70 percent in 2017.

This was stated by the chairman of the management board of Uzpahtasanoatexport holding company Akmal Kamalov at the opening of the 13th International cotton and textile fair in Tashkent on October 23, podrobnouz reported.

"If in 1991 the volume of fiber processing did not exceed 7 percent, then by 2017 this figure reached 70 percent. During this period, there was a
significant, almost 30-fold increase in exports of light industry products," he said.

An increase in domestic consumption of produced fiber is of great importance, according to Kamalov, who noted that the increase in the volume of deep cotton processing is realized due to the annual growth in the number of textile enterprises.

"By 2020, more than 150 new projects in the field of light industry worth more than $2 billion are planned to be implemented in Uzbekistan," Kamalov stressed.

Thanks to the development of production capacities, the export of finished goods has already exceeded $1.3 billion, he added.

Uzbekistan will achieve full processing of cotton fiber in 2021, according to the Economy Ministry. At the same time by 2021 the production of textile and clothing and knitted products will increase by 2.2 times compared to 2016, including ready-made fabrics - 2.7 times, knitted fabrics - 3 times, knitted goods – 3.4 times, hosiery – 3.7 times. It is planned to increase the export of products by 2 times.

One of the policy priorities of Uzbekistan, the world’s sixth-largest cotton producer, is further development of its textile industry. Uzbekistan takes consistent steps to increase the volume of cotton fiber processing.

In particular, it is planned to create 112 modern, high-tech industrial factories, expand, modernize and technologically upgrade 20 operating capacities. All this will increase the export potential of the industry up to $2.5 billion a year and create more than 25,000 jobs.

In the period 2010-2014, the textile industry of Uzbekistan received and spent foreign investments worth $785 million while 147 new textile enterprises with participation of investors from Germany, Switzerland, Japan, South Korea, the U.S., Turkey and other countries were commissioned. Export potential of these enterprises amounted to $670 millions.

Currently, Uzbekistan continues to attract foreign investments for construction of textile enterprises in Uzbekistan. In late August, another
Polish company Polcotton agreed to invest about $60 million in the construction of the textile complex in Uzbekistan. The future factory is expected to have a capacity of 10,000 tons of finished products per year and to generate as many as 1,200 new jobs.

Previously, Uzbekistan and Russia agreed to further expand cooperation in textile industry which is a strategic centerpiece of the Uzbek economy. Particularly, they intend to create a "green corridor" for the supply of textile products.

Source: azernews.az- Oct 23, 2017

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Pakistan: PM Exports Enhancement Package revised to give incentives to textile exporters

Ministry of Textile Industry has revised “Prime Minister Exports Enhancement Package” of incentives for textile sector exporters under which 50 percent of the rate of drawback of local taxes and levies shall be provided without condition of increment.

The textile division has notified that duty drawbacks under this order shall be allowed for exports goods declaration (GDs) filed on or after July 1st, 2017 to 30th June, 2018 at the rate of 7 percent for garments, 6 percent for made-ups, 5 percent for processed fabrics, 4 percent for greige fabric and yarn.

The notification issued here on Monday stated that in pursuance of entry 7 of item 39 of Schedule II of the Rules of Business, 1973, the Prime Minister package of incentives for exporters approved by Economic Coordination Committee (ECC) of the Cabinet.

ECC approved the incentives in order to provide duty drawback of taxes collected from garments, home textiles, processed fabric, greige fabric and yarn manufacturing cum-exporter units.

Duty drawback of taxes order 2016-17, textile division make the order, namely: “Duty Drawback of Taxes Order 2017-18”.

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It extends to the whole of Pakistan including export processing zones and shall come into force at once.

The duty drawbacks under this order shall be allowed for exports GDs filed on or after July 1st, 2017 to 30th June, 2018.

Source: dunyanews.tv- Oct 23, 2017

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Turkmenistan fulfils cotton harvest plan

Turkmen farmers have fulfilled contractual obligations by having harvested over 1.05 million tons of raw cotton, the country’s State News Agency reported.

Turkmen President Gurbanguly Berdimuhamedov congratulated farmers and cotton growers, machine operators and other workers of the agro-industrial complex on this occasion, according to the report.

The Turkmen farmers are provided with fertilizers, seeds, chemicals and maintenance at discounted prices, the report noted.

“Turkmenistan systematically purchases modern high-performance agricultural equipment of world-famous brands,” said the report.

Cotton is a significant export product of Turkmenistan and is a demanded raw material for dozens of modern companies of the country’s dynamically developing textile industry.

Source: trend.az- Oct 23, 2017
Researchers Develop Octopus-Inspired, Color-Changing Camouflage Material

Scientists have successfully wowed us with some pretty amazing bio-inspired materials in recent years, from 3D printed shark skin to gecko-inspired climbing paddles. Now, researchers have developed an incredible new cephalopod-inspired camouflage material that is capable of automatically sensing and adapting to the color of its surroundings. The study has been published in PNAS.

Octopuses, squid, cuttlefish and various other members of the class Cephalopoda display the remarkable ability to quickly change color depending on their surroundings. This is used for a variety of purposes such as camouflage, communication, predation and reproduction. In recent years, scientists have started to understand how these animals achieve this amazing phenomenon, which has spurred efforts to mimic these systems.

The patterns and colors displayed by cephalopods are due to different layers of cells stacked together in the skin. Cells of the top layer are equipped with tiny, pigment-containing organelles called chromatophores that are controlled with a ring of muscles. When the sac expands, color can be seen; if it shrinks, the pigment becomes hidden.

The next layer contains iridophores that reflect various colors of the environment such as blues and greens. The bottom layer contains cells called leucophores that scatter ambient light, which further contributes to the ability of these animals to blend into the environment. Like our eyes, their skin is also equipped with light-sensitive molecules called opsins.

Inspired by this natural system, researchers from the University of Houston and the University of Illinois developed a flexible material capable of sensing and responding to its surroundings. Much like cephalopod skin, the material is composed of several ultrathin layers that serve different purposes.

The bottom layer contains an array of photosensors on flexible substrates that are capable of detecting changes in light. These patterns of light are then transmitted to actuators which play a similar role to muscles within the cephalopod skin. Next, there is a sliver of silver which creates a white background, much like the leucophores.
Finally, the uppermost layer contains a temperature-sensitive pigment that switches from black to transparent at 470°C. This temperature change is produced by the underlying actuators.

The researchers put this new material to the test and found that it could adapt to changing patterns of light within 1 to 2 seconds, producing matching black-and-white patterns without user input. Check out a demonstration here:


While the system is pretty inefficient at the moment and restricted to black-and-white, the researchers believe it could be improved by adapting the existing technology, for example through the incorporation of solar cells. They could also exchange the dye for a substance that is able to offer a wider range of colors.

While the research may have been funded by the Office of Naval Research, the scientists believe that the potential uses of artificial systems such as this extend far beyond the military, for example color-changing fabrics for fashion and interior design.

However, lead researcher Prof John Rogers stressed to the BBC that while these ideas may seem cool, the team are focusing their efforts on the engineering side, rather than color-changing wallpaper.

Source: iflscience.com- Oct 23, 2017
Africa’s cotton industry looks to the future

From Egyptian cotton bed sheets (said to be the most luxurious in the world) to the towels you use after a shower; or the undergarments, blue jeans, shirts and socks that you might wear – all originate from a small white boll, or seedpod, that is cultivated around the world. This makes cotton one of the world’s most important commodities, and the most valuable non-food agricultural crop.

Africa is an important producer and the continent has a significant role further along the value chain as a manufacturer of apparel. Africa grows just under 10% of the world’s total cotton harvest, but unlike any other region it is the smallholder farmer, rather than large-scale plantations, that grow this crop.

Cottonseed is also used to extract edible oil that is used, especially in West Africa, in both animal feed and products like margarine. Out of the 12 leading African cotton-producing countries, eight are in West Africa.

The rest of Africa’s cotton growing takes place among four zones along a north–south strip stretching from the Nile Valley to South Africa. The most important zone is that of the Nile Valley. Egypt has long been a leading African producer.

The Origin Africa conference in Mauritius, organised under the aegis of the African Cotton and Textile Industries Federation (ACTIF), took place over two days in September and drew delegates from across the continent and further afield; from Asia, the Americas, the US and Europe.

The first day’s presentations were taken up with the issues concerning cotton production and the various international crop certification options. One of the principal organisations offering global cotton production standards is the Better Cotton Initiative (BCI). Its representative, Romain Deveze, described how the BCI is bringing an integrated approach to tackling the vulnerabilities of the complex supply chain to ensure the industry’s sustainability.

The BCI works with about one million farmers, or 8.8% of the global total who grow the crop, to reduce the use of pesticides, synthetic fertilisers and water while increasing farmers yields and the take-up of organic fertilisers.
These are important objectives, for, as the Environmental Justice Network has reported, cotton accounts for 26% of global insecticide releases – more than any other single crop. Almost 2kg of hazardous pesticides are applied to every hectare of land under cotton cultivation.

These troubling statistics are just the latest chapter in the awful history of a crop that underpinned the transatlantic slave trade and caused millions of Africans to be abducted and subjugated to a life of hard labour in the cotton plantations of the southern US. The cotton industry became one of the world’s largest industries, and most of the world’s supply of cotton came from the US South, fuelled by the labour of slaves on plantations.

Even with the Union’s victory in the civil war, the fortunes of plantation slaves changed little. Many became sharecroppers, eking out a precarious living on a small plot of land growing cotton. From 1803 to 1937, the US was the world’s leading cotton exporter. Its cotton industry became a powerful political lobby, able to sway successive administrations to grant subsidies to cotton farmers. Cotton’s financial and political influence in the 19th century has been likened to that of the oil industry in the early 21st century.

**Accessing the US market**

By the end of the 1990s, the big four West African cotton farmers – Benin, Burkina Faso, Chad and Mali – had joined together to express their unhappiness at these unfair subsidies, but it was Brazil that had the financial muscle to take the US to the WTO, which found against the US and ordered the elimination of cotton production subsidies as well as the US agricultural commodity export guarantee programmes.

While Marsha Powell, representing Cotton USA at the Mauritius conference, implied that US governmentsupport to US cotton farmers was a thing of the past, a number of other delegates told African Business that US policy continues to skirt international trade rules. The result has been that, effectively, the US restricts competition from overseas cotton producers.

Nevertheless, the African Growth and Opportunity Act (AGOA), has empowered African manufacturers to export clothing to the US tariff free. This has been driven by, in the main, Indian, Chinese and Turkish manufacturers switching their manufacturing to African countries.
But there are moves by smaller African manufacturers to win valuable export market share. For example, the Nigerian Export Promotion Council organised half a dozen designers to travel to Mauritius and showcase their fashions at the trade show that followed the conference.

Speaking to African Business, Muinet Atunnise of Atunnise Clothiers said that she would be returning to Lagos enthused by the reception her collection had received and determined to take advantage of the many international connections she had made.

As far as the mass-market industry is concerned Kenya, Lesotho and Mauritius account for much of the apparel exports under AGOA. In 2014, Kenya exported $423m worth of apparel to the US, followed by Lesotho with $289m, Mauritius $227m and Swaziland $77m.

According to Gail Strickler, assistant US trade representative for textiles and apparel, African textile and apparel exports to the US could potentially quadruple to $4bn over the next decade, creating 500,000 new jobs, through the renewal of the AGOA signed into law in June 2015.

**Impact of new technologies**

But the Origin Africa conference did far more than just discuss macro-economic trends. The second day’s proceedings included a debate on the fourth industrial revolution (essentially the application of new technologies to the industrial process) and its impact on the industry.

As Jaswinder Bedi, the ACTIF chairman commented, harnessing new technologies at the right time and throughout the textile value chain is an essential element for the industry to continue to benefit Africa’s millions of cotton farmers.

And speaking to African Business, Yousouf Djime Sidime, the permanent secretary to the Bamako-based Association of African Cotton Producers said that his organisation was determined to both grow production and ensure farmers received a fair price for their harvests.

Source: africanbusinessmagazine.com- Oct 23, 2017

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NATIONAL NEWS

Exporters can claim refund this week for GST paid in Aug., Sept.

GSTN will this week launch an online application, says CEO

Exporters can soon start claiming refunds for GST paid in August and September as GSTN will this week launch an online application for processing of refund, its Chief Executive Officer Prakash Kumar said on Monday.

GST Network (GSTN), the company handling IT infrastructure for the indirect tax regime, has from October 10 started issuing refunds to exporters for Integrated GST (IGST) they paid for the month of July, after matching GSTR—3B and GSTR—1.

For August and September, while the initial return GSTR- 3B has already been filed, the final return GSTR-1 has not yet been filed.

“A separate online app for claiming Integrated GST (IGST) refunds for August and September would be made available on GSTN portal this week,” Mr. Kumar told PTI.

GSTN has developed the app wherein exporters can save and upload their sales data which are part of GSTR-1 after filling up export details in Table 6A.

The table will be then extracted separately and after exporters digitally sign it, it would automatically go to the customs department.

The customs department will then validate the information provided in the table with the shipping bill data and also the taxes paid in GSTR-3B.

The refund amount would be either credited to exporter’s bank account through ECS or a cheque would be issued.

As per data, 55.87 lakh GSTR-3B returns were filed for July, 51.37 lakh for August and over 42 lakh for September.
Knitters seek hike in import duty on man-made fibres

Perturbed over rising imports of man-made fibre textiles from China due to lower import duty, Ludhiana-based knitters will meet Punjab Finance Minister Manpreet Singh Badal tomorrow so that the matter could be taken up in next GST Council meeting. The manufacturers want higher import duty on man-made fibre textiles so that the domestic industry doesn’t suffer.

Ludhiana is a hub of knitwear industry in Punjab, having around 5,000 units with a majority of them in the MSME sector.

“After the implementation of GST, the import duty on man-made fibres has fallen from a cumulative 28.5% (including basic custom duty, countervailing duty, special additional duty, education cess) to about 15.3% (including basic custom duty, education cess and Integrated Goods and Service Tax).

Thus, the import has become cheaper by about 13.2%. In addition to this, China, which is the major exporter to India (having 90% market share) provides drawback/incentive of 18% on man-made textile exports. As a result, major fabric import is being done from China, affecting the domestic industry. We have suggested imposing dumping duty on import of man-made fibres as a step to protect the domestic industry,” said Ajit Lakra, president, Ludhiana knitters Association.

Most man-made fibre yarns and their raw materials attract anti-dumping duties. He said there was a serious gap in import tariff structure wherein there is specific duty on most types of fabrics. But there is no such specific duty on chapter 60 which comprises knitted fabrics.

Lakra said these changes need to be done with immediate effect otherwise the industry will be in doldrums.
Textile park attracts Rs 3,020-cr investments

Korea-based Youngone Corporation, Welspun group and Gujarat-based Nandan Denim of Chiripal group have proposed to invest about Rs 2,450 crore in the newly inaugurated Kakatiya textile park in Warangal, among others. While the Korean company has proposed to invest about Rs 1,000 crore, Welspun and Nandan Denim will be investing Rs 750 crore and Rs 700 crore, respectively.

The state government has signed memorandum of understanding (MoUs) with 13 companies, which are going to invest in the Kakatiya Mega Textile Park, Warangal. These companies are going to invest a total of Rs 3,020 crore in the textile park. The investments will create 22,350 jobs through direct employment and 66,000 jobs indirectly.

Claimed to be the country’s largest textile park, the park is betting on the fibre-to-fashion concept. It is spread across 1,200 acres in its first phase and in total, 2000 acres at Shayampet, Chintapalli village. The park has plug-and-play factory sheds for production of clothes. An advanced level testing laboratory will be set up in the park. To control the pollution levels, the textile park will ensure zero liquid discharge facilities.

The companies which signed MoUs with the Telangana government include Suryavansi Spinning, Surya Uday Spinning Mills, Srinath Spinning Mills, Urbaknitt Fabs, Shivani Group, Ginni Filaments, The Swayamwar, Welspun Group, Youngone Corporation (overseas), Gokaldas Images, Nandan Denim (Chirpal Group), Shahi Exports, Jaycot Industries and GK Threads.

Meanwhile, eight other companies — Suryalatha Spinning Mills, Seetharam Textiles, Suryalakshmi Cotton Mills, Sri Ram Spinning Mills, GMR Spintex, Vijayalaxmi Spitex, Ashtalaksmi Spinning Mill and GTN Industries — have also signed MoUs to invest Rs 380 crore in other districts of Telangana. These eight companies are expected to create 1,450 jobs.

Source: financialexpress.com- Oct 24, 2017

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HOME
Mismatch between GSTR-1 invoice and exporters’ quote

The disbursement of refunds to exporters under Goods and Services Tax (GST) regime that started from October 10 has been hit by a matching error. A mismatch between the number quoted by exporters in the Export General Manifest (EGM) and the corresponding invoice in GSTR-1 has slowed down the process of disbursement of refunds to exporters on Goods and Services Tax (GST) paid by them, two senior government officials said. The government has so far sanctioned about Rs 150 crore out of total claim of Rs 753 crore of Integrated GST (IGST) paid on exports in July, the officials said, adding that now the effort is to reach out to exporters for cases where the mismatch has been detected.

“About Rs 150 crore has been released for July to exporters. This pertained to those cases where there was no discrepancy between the number quoted on EGM and the invoice number in GSTR-1. The Customs authorities were able to match both the numbers and hence, the refund was cleared. Rest of the amount is held up because of the matching errors,” one of the officials cited above said.

The official added that the Customs authorities have been instructed to reach out to the exporters for whom mismatches have been detected. “The government’s intention is to release the refund as soon as possible but certain processes have to be followed. The mismatches have created a need for verification with some exporters,” another official said.

Federation of Indian Exports Organisation Director General and CEO Ajay Sahai concurred that there could be some lapses from the side of exporters and they are taking steps to sensitise exporters about the possible errors that may result in blocking of refunds.

“The government has refunded about Rs 150 crore. The 10-digit number in EGM, which is a proof for exports, is entered manually by the Customs and there could be some errors there as well. So, there are technical challenges which need to be dealt on a war footing. We, along with other trade bodies, are trying to sensitise exporters about the errors so that the mismatches can be reduced. The common objective of the government and the exporters is to ensure refunds and that process should be expedited,” he said.
As per CGST Rules, shipping bill filed by an exporter shall be deemed to be an application for refund of IGST on goods exported out of India and once EGM and valid GST return has been filed. In instructions issued to Customs authorities by CBEC on October 9, the CBEC had said that filing of correct EGM is a must for treating shipping bill or bill of export as a refund claim.

In pursuance of the decisions taken in the previous GST Council meeting on October 6, the government had started the process of refund for July from October 10, but the process of refund for IGST paid on exports in August is yet to start. On October 6, after the GST Council meeting, Finance Minister Arun Jaitley had said that the data for blocked credit of exporters is available electronically but the electronic refund process was being prepared and that it may take some time. Till that time, he had said, state government officials and central government officials would be cross empowered to enable the process of refunds. Jaitley had also said that the refunds for July would be paid to exporters from October 10 and for August from October 18 via cheques.

The electronic facility for exporters to claim refunds for GST paid in August and September would be launched by GSTN this week, its chief executive officer Prakash Kumar told PTI on Monday.

Before GST, exporters enjoyed upfront tax exemption on exported goods, but under GST, they are required to pay taxes before procurement of goods and services. They can avail input tax credit after sale within the domestic tariff area or after sending their shipments outside the country and can then claim the unutilised credit as refund, a process in which their working capital was getting blocked with the government and raising their operating cost.

FIEO had claimed that if refunds do not start flowing immediately, then about Rs 60,000-65,000 crore would be stuck by the end of October, following which the GST Council had approved the sops for exporters in its last meeting held earlier this month.

Source: indianexpress.com- Oct 24, 2017
Cotton prices to trade sideways to higher: Angel Commodities

According to Angel Commodities, Cotton futures are expected to trade sideways to higher on reports of lower than expected crop size, cci procurement and improved exports demand for Indian cotton may support prices if recent rains trigger significant damage.

Angel Commodities' report on Cotton

MCX Cotton Oct futures closed lower last week after three consecutive weekly rise, on anticipation that the arrivals may increase in coming weeks. Recent rains in the cotton growing states pressurize prices as it may improve production in the country.

The prices have picked up earlier as arrival of new crop slowing down after the October rains, prices had increased marginally. However, prices have now stabilised as the cotton now available has higher moisture content.

The Cotton Corporation of India is set to open its procurement centres in major cotton - growing states as it is believed that the prices may decrease below the MSP during the peak arrival season.

Outlook

Cotton futures are expected trade sideways to higher on reports of lower than expected crop size, cci procurement and improved exports demand for Indian cotton may support prices if recent rains trigger significant damage. However, expectation of good production and carryover stocks may pressurize prices.

Source: moneycontrol.com- Oct 23, 2017
CGST, SGST payable if supplier and place of supply are in same state

I am a registered dealer of motor parts in the state of Bihar. A dealer from Kolkata had purchased motor parts and himself taken delivery of the goods from my shop. So, the place of delivery is Bihar, but in the invoice we had written the party’s address in West Bengal. So, what should I charge — IGST or CGST / SGST? Kindly mention the Sections.

Your supply gets completed at the time of delivery to the recipient. There is no movement of goods at that stage. As per Section 10 (c) of the IGST Act, 2017, “where the supply does not involve movement of goods, whether by the supplier or the recipient, the place of supply shall be the location of such goods at the time of the delivery to the recipient.” As per Section 8 (1) of the same Act, “subject to the provisions of section 10, supply of goods where the location of the supplier and the place of supply of goods are in the same State or same Union territory shall be treated as intra-State supply”. Therefore, your place of supply is Bihar and as an intra-state supply it attracts CGST and SGST. To obviate confusion, you can mention the place of delivery as Bihar in the invoice.

We are an education trust, claiming exemption under Section 12A of Income Tax Act, 1961. Our gross turnover of taxable and exempt services is more than Rs 20 lakh but less than Rs 1 crore. Can we avail of the composition scheme?

As per Section 10 (2) of the CGST Act, 2017, composition scheme is not available for service providers, except for supply of food or any other article for human consumption or any drink (other than alcoholic liquor for human consumption).

Can a registered person who has paid GST on reverse charge basis for services supplied by unregistered dealers take input tax credit of the same?

Yes, if the service is used or intended to be used by the registered person in the course or furtherance of business and other conditions for taking input tax credit are satisfied.
You had mentioned (SME Chatroom, October 10, 2017) that countervailing duty leviable under Section 9 of the Customs Tariff Act, 1975 is not exempted even when goods are imported under advance authorisation. If we pay that duty, can we claim drawback?

Yes. But, that may not be necessary for imports made on or after 13, October 2017, because S. No. 2 of notification no. 69/2017-Cus of that date amends the basic notification 18/2015-Cus dated April 1, 2015, exempting the said countervailing duty on goods imported under advance authorisation.

Can the notification 69/2017-Cus dated October 13, 2017 apply to advance authorisations or EPCG authorisations issued before that date?

The notification applies to all imports made on or after October 13, 2017 under advance or EPCG authorisations, regardless of whether they are issued before or after that date.


Could Hemp Fashion Be the Key to Fixing India's Cotton Economy?

India is the world's second largest exporter of cotton, but there are some big challenges: Modern conventional cotton cultivation relies on pesticides and herbicides which are improperly, excessively, and dangerously applied in underdeveloped countries, and might have contributed to the worldwide decline of insect populations.

And then there is the suicide epidemic among poor cotton farmers. One study shows that small-scale cotton farmers who try to rain-feed their genetically modified cotton are more likely to be sucked into a cycle of debt and commit suicide.

For these and other reasons, social entrepreneurs are watching closely the emergence of another crop, industrial hemp. (Industrial hemp is low-THC cannabis sativa, as opposed to cannabis indica, for smoking).
Hemp has an astounding array of uses: clothing, paper, particleboard, molded plastics (you can find it in Mercedes and BMW cars), and even food (pick up a carton of protein and omega-rich hemp milk in Whole Foods). It’s stronger and more durable than cotton, and needs half as much water and land to grow. It only takes 90 days to mature for harvest – as opposed to nine months for cotton – so farmers can grow it twice a year and reduce the financial risk of crop failure. And it’s called a “sister plant,” growing so densely that it crowds out weeds without the help of herbicides.

Endemic to Central Asia, hemp was a part of Indian religious ceremony, culture, and lore for thousands of years. Under British rule, Indian hemp plantations were taxed and regulated, before hemp was classified as a narcotic in the 20th century. India succumbed to pressure from the United States’ international War on Drugs, and banned it outright in the 1980s.

Now, farmers gather feral hemp simply to create rope for tying up their livestock, to burn in the winter, or make a protein-rich chutney. India exports only .45% of the world’s supply of hemp, even less than the United States, at 2.4%. (The top exporters are The Netherlands, followed by China.) That’s because feral Indian hemp still has high levels of THC, making it technically illegal to cultivate and use.

But entrepreneurs like Ashoka Fellow Sanvar Oberoi and his colleagues are seeing new potential in the crop. Boheco, an organization Sanvar co-founded, wants to jumpstart the entire industry and in the process, help to chart a new course for India’s ecosystem and economy. Founded in 2013 after a co-founder visited his family in west Australia and stumbled across a town whose economy was sustained by just hemp and grape cultivation, Boheco attracted angel funding in early 2016 and now has 17 employees.

“Farmers don’t yet know the economic value of hemp,” says co-founder Chirag Tekchandaney. “There is no organized cultivation that the countries sees. We’re trying to raise awareness around consumers, but also around how farmers groups can actually join us to grow this in the future.”

Bootstrapped for the first four years by its seven co-founders, Boheco secured an exception from the Indian government to work with research institutes and breed a consistent, low-THC, commercial-grade hemp strain that can be easily harvested using modern methods.
They have India’s largest seed bank, with 150 varieties of seeds from all parts of the country, and have fielded inquiries from farmers across India who, together, represent a potential 25,000 acres of cultivation.

Source: forbes.com- Oct 23, 2017

Inter-state supply may come under GST composition

The composition scheme for small taxpayers that offers easier compliance and a flat rate of tax looks set to be made more attractive as its ambit may be expanded to include inter-state supplies of goods. Besides, the facility of input tax credit may be made available under this scheme. A ministerial panel, led by Assam Finance Minister Himanta Biswa Sarma, is expected to finalise the contours of the revised structure in its next meeting on Sunday.

The five-member group of ministers (GoM) would meet representatives of small- and medium-scale industry on Sunday to seek feedback on improving the composition scheme. It would be the second meeting of the GoM, which decided to reduce rates for restaurants to 12 per cent from 18 per cent while withdrawing the input tax credit facility. The GoM’s decision would be put up to the GST Council at its next meeting in Guwahati on November 10 for approval.

“There was broad consensus in the meeting that the compliance burden needs to be reduced for small and medium enterprises in the GST. Taking the discussion forward, we will deliberate on extending the composition...
scheme to those undertaking inter-state supply of goods. This is a key demand from the sector,” said a state minister who is part of the panel.

He added the input tax credit facility may also be made available under the composition scheme in order to make it easier for smaller players to opt for it. “Many small and medium players are hesitant about opting for the composition scheme as they worry that large players will stop buying from them. This needs rectification,” he said.

“If input tax credit is to be given, the contours of the scheme will need to change wherein composition dealers will have to show tax on invoice and file regular GST returns, unless some kind of a deemed credit mechanism is worked out,” said Pratik Jain of PwC India.

The ministry of small and medium enterprises has been asked to discuss with industry representatives what they expect from the composition scheme and what more can be done to make it more attractive.

The other members of the GoM are Bihar Deputy Chief Minister Sushil Modi, Jammu and Kashmir Finance Minister Haseeb Drabu, Punjab Finance Minister Manpreet Singh Badal and Chhattisgarh Minister of Commercial Taxes Amar Agrawal.

The ministerial panel would look into whether the turnover of exempted goods can be excluded from the total turnover threshold for levying tax in the composition scheme. The final decision would be taken in the upcoming meeting ahead of the GST Council meeting.

The council, chaired by Union Finance Minister Arun Jaitley, raised the eligibility threshold for the composition scheme to an annual turnover of Rs 1 crore from the current Rs 75 lakh at its last meeting.

The scheme offers a flat rate of tax and quarterly filing of tax returns. The window, that ended on October 1, has been extended till March 31. The scheme already received extensions twice earlier.

In the scheme, a trader pays the GST at one per cent, a manufacturer at two per cent and a restaurant owner at five per cent, but they are not allowed input tax credit.
So far, 1.5 million registered entities have opted for the composition scheme, which amounts to a sixth of 8.9 million GST assesses.

Anyone availing of the scheme cannot claim input tax credit. Such a dealer cannot issue a tax invoice. Hence, someone buying from a composition scheme dealer cannot claim input tax on the goods bought. Besides, one cannot undertake inter-state supplies in order to opt for the scheme.

A composition scheme dealer needs to furnish one return, i.e. GSTR-4, on a quarterly basis, and an annual return, Form GSTR-9A, as against three forms every month by a normal taxpayer. Besides, there is no requirement of invoice-wise details or HSN (harmonised system of nomenclature) codes in their returns.

The scheme is not available to manufacturers of tobacco and tobacco substitutes, pan masala and ice cream. Revenue Secretary Hasmukh Adhia had said in an interview to PTI that the government was considering easing the compliance burden on small and medium enterprises. “There is a need for harmonisation of items chapter-wise and wherever we find there is a big burden on small and medium businesses and on the common man, if we bring it down, there will be better compliance,” the report cited Adhia as saying.

At the previous GST Council meeting, small taxpayers with up to Rs 1.5 lakh turnover were extended the option of quarterly tax payment and filing of returns. Around 94-95 per cent of tax revenue comes from big taxpayers.

Govt to take action after ICAR probe on spurious cotton seeds

Agri-research body ICAR is looking into the matter of sale of spurious cotton seeds and action will be taken based on its report, Agriculture Secretary Shobhana K Pattanayak said today.

Expressing concern over sale of such seeds, he said the Indian Council of Agricultural Research (ICAR) has been asked to prepare a report and study the extent of penetration of spurious cotton seeds in the market.

"It is a matter of concern. We expect the ICAR to submit the report soon. After assessing the situation, the Government of India will take an appropriate action," Agriculture Secretary Shobhana K Pattanayak told.

The government is seized of the matter as there have been media reports on sale of fake cotton seeds from different parts of the country, he added.

Sale of unapproved and fake cotton seeds has been reported from cotton growing states like Telangana, Andhra Pradesh, Karnataka and Maharashtra.

Last week, the Maharashtra government special task force had urged the central government to institute a CBI probe into the matter. In June, Hyderabad police had arrested four persons for allegedly selling fake cotton seeds. The Punjab government had also asked its agriculture department officials to crackdown on spurious cotton seeds in order to protect farmers.

Gujarat, Maharashtra, Telangana, Karnataka, Andhra Pradesh, Haryana, Madhya Pradesh, Rajasthan and Punjab are the major cotton growing states in India.

Cotton production is estimated to be lower at 32.27 million bales of (170 kg each) in the 2017-18 crop year (July-June) due to lower yields, from 33.09 million bales last year, as per the government's first estimate.

Source: timesofindia.com- Oct 23, 2017