

IBTEX No. 42 of 2018

February 28, 2018

USD 65.06 | EUR 79.56 | GBP 90.45 | JPY 0.61

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
19314	40400	79.42
Domestic Futures Price (Ex. Gin), March		
Rs./Bale	Rs./Candy	USD Cent/lb
20410	42693	83.93
International Futures Price		
NY ICE USD Cents/lb (May 2018)		82.25
ZCE Cotton: Yuan/MT (Jan 2018)		15,195
ZCE Cotton: USD Cents/lb		92.55
Cotlook A Index - Physical		88.70
<p>Cotton guide: No major action on Cotton on Tuesday at the ICE platform. The most active May-18 future ended the session at 82.25 cents per pound up by mere 10 points from previous close while most of the day's trade was onto negative tone and at the end it surged marginally to end on a positive note. The other months were also onto positive trend. Interestingly, December 18 contract for the 1st time surged to close above 77 cents per pound highest contract price since it is launched.</p> <p>As far as trading part is concerned the open interest continued to rise. In last four trading sessions there have been around 7000+ contracts added up to the total open interest while trading volume is down. Trading volume on Tuesday was around 26K contracts.</p> <p>As discussed earlier price fell recently from 84+ cents to around 75 cents with large chunk of cut in open interest while now the open interest is slowly building up.</p>		

DISCLAIMER: The information in this message be privileged. If you have received it by mistake please notify "the sender" by return e-mail and delete the message from "your system". Any unauthorized use or dissemination of this message in whole or in part is strictly prohibited. Any "information" in this message that does not relate to "official business" shall be understood to be neither given nor endorsed by TEXPROCIL - The Cotton Textiles Export Promotion Council.

We believe with the OI building and price moving higher more speculative positions could push the price higher. As far as market trend is concerned we see 82.50 cents as key resistance level and breach of which the market may move towards the previous high of 84+ cents per pound.

From the other market the USD index has surged against major currencies to trade near 90.40, the US stock markets have corrected down and US 10-year treasury yield has again moved up above 2.90%. These factors may continue to have volatility on all asset classes so in the case of commodity market and on Cotton.

This morning Cotton for May ICE is seen trading steady at 82.10 cents marginal change from previous close. The ZCE Cotton for May is also trading steady around 15190 Yuan/MT. We see a sideways trend on cotton for the day.

Coming to domestic market spot price continued to trade positive around Rs. 40800-40900 per candy ex-gin while the arrivals stood at 171K lint equivalent bales. The arrivals include 45K in Maharashtra, 42K in Gujarat and rest 42K in AP/TG state. We believe market may continue to remain steady in the near term and trading range should be Rs. 40300 to Rs. 40900 per candy.

On the futures front the February that is due to expire the contract on today (28th of February) posted a close at Rs. 20170 while March ended at Rs. 20410 per bale. The spread between February and March contract is maintained around Rs. 240. We believe now the March will have more trading volume followed by April and subsequent month. The March is expected to trade in the range of Rs. 20300 to Rs. 20600 per bale.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	Topics
1	China's "unstoppable rise" in export power is being checked by the rest of Asia
2	Britain's trade choice - EU customs union or going it alone?
3	Central Asia transportation corridor to boost trade
4	US hit by low demand, wages pick up slightly: MGI study
5	USA: Growing Demand for Customized Clothing Leads to Supply Chain Advancements in Men's Wear
6	Australian tariff to boost Vietnam exports
7	Sri Lanka's export earnings from the EU up 27 per cent
8	California to introduce microfiber warning labels for polyester apparels
9	Cambodia: EU sanctions unlikely, experts say
10	Pakistan: Raw Cotton Exports Increase 48.72% In 7 Months
NATIONAL NEWS	
1	Nordic countries looking for FTA with India: Envoys
2	GST Council to further trim list of items in 28% tax slab: Arun Jaitley
3	January collections: Stagnant GST revenue ups concern for the Centre
4	Cabinet clears Textile Policy 2018 for setting up new units in Haryana
5	Alibaba to invest \$1 bn to help its India-based cross-border business soar
6	India to insist on delinking MSMEs from e-commerce at BRICS meet
7	Textile firms increasingly using MCX to hedge cotton price risks
8	GST refunds: Making whipping boys of exporters

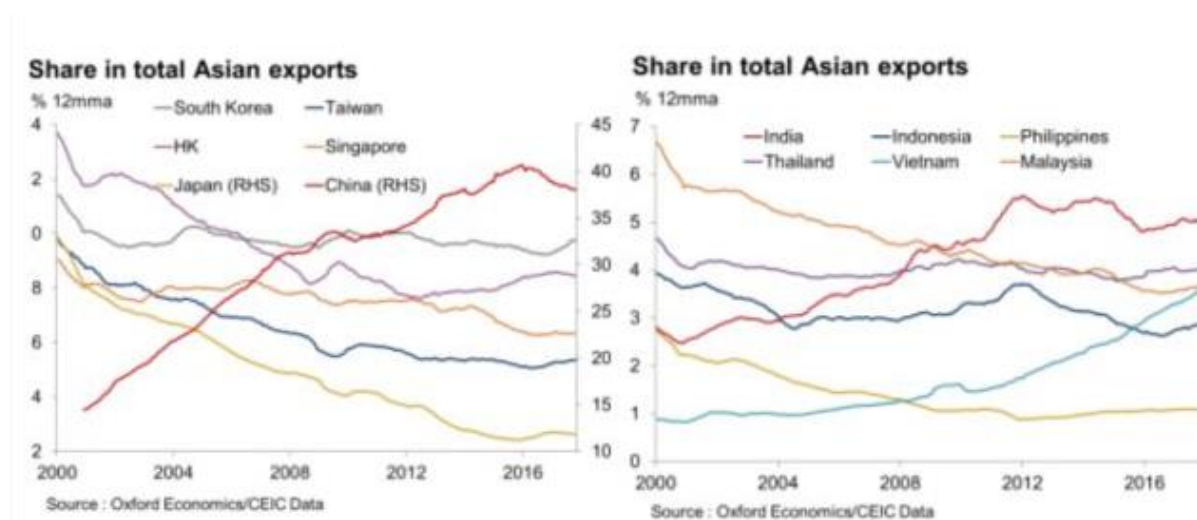
INTERNATIONAL NEWS

China's "unstoppable rise" in export power is being checked by the rest of Asia

Back in 2000, China made fewer than 15% of Asia's total exports. But in the years that followed, the Middle Kingdom's share surged—peaking above 40% in 2015.

It wasn't exactly that China stole share from its Asian neighbors: Exports from the rest of Asia doubled during that time. China's exports just grew a lot faster, rising by ninefold.

Now that imbalance appears to be shifting. Since 2015, other economies have been making gains on China and boosting their share of Asia's exports, according to a note by Louis Kujis, economist at Oxford Economics.



A good chunk of that growth has come at China's expense.

For example, rising wages in China have driven manufacturers relying on low-skilled labor to Vietnam and other developing economies in the region.

At the other end of the value chain, global demand for labor-saving technologies like AI and robotics have helped buoy trade in advanced electronics and semiconductors from Japan, South Korea, and Taiwan.

Remarkably, this shift occurred in spite of the Chinese yuan's relative weakness compared with most other Asian currencies, says Kujis. The yuan has strengthened considerably this year, which could bode ill for Chinese exports.

Then again, China hasn't necessarily lost its competitive edge in manufacturing, Kujis notes. Instead, Chinese labor now adds much more value to its manufactured goods than it once did, allowing local producers to displace imports. So it stands to reason that if domestic demand stays aloft, Chinese manufacturing shouldn't suffer from its neighbors' export share-grabs. That, however, is a rather big if.

Source: qz.com- Feb 28, 2018

[HOME](#)

Britain's trade choice - EU customs union or going it alone?

Prime Minister Theresa May has said Britain will not join a customs union with the European Union after Brexit, splitting her ruling Conservative Party and upsetting many business leaders.

Her plans delight some Brexit supporters who say staying in a customs union would stop Britain from doing trade deals with other economies around the world, one of the big advantages of leaving the EU, they argue.

Britain's trade minister Liam Fox, a strong supporter of Brexit, said on Tuesday staying in a customs union would be "a sellout".

But the leader of the opposition Labour Party, Jeremy Corbyn, has backed Britain forging a new customs union with the EU. He wants to join forces with rebel Conservative lawmakers to block May's plans in a vote in parliament due in coming months.

London may also be forced to reconsider if Brussels sticks to its insistence that leaving the EU's single market and its customs unions will mean some barriers for UK exports.

WHAT IS A CUSTOMS UNION?

The EU's 28 member countries operate as a single market which is the world's biggest trading bloc. The EU imposes tariffs on goods from outside the bloc. But non-EU member Turkey avoids many of them while imposing the bloc's external import tariffs under its customs union agreement with Brussels.

WHAT IS THE UPSIDE OF BEING OUTSIDE A CUSTOMS UNION?

For many Brexit supporters, a customs union is a non-starter. It would prevent Britain from setting its own import tariffs, killing any chance of setting up its own trade deals in goods with developed countries such as Australia and New Zealand and emerging economies such as India and China.

Brexit supporters point to the fast economic growth rates in many of those countries as a golden opportunity for Britain.

They also bristle at the idea of having to follow Brussels' lead on tariffs after Brexit. Britain's health minister, Jeremy Hunt, said this week it would mean "we wouldn't have full sovereign control of our destiny as a nation."

WHAT IS THE DOWNSIDE OF BEING OUTSIDE A CUSTOMS UNION?

The EU is Britain's biggest trade partner by a long way, accounting for 43 percent of its exports in 2016. That is down from 54 percent in 2006, but it remains more than double the share of exports that Britain sells to the United States.

While May and her ministers say they plan to negotiate the best access possible to the EU, Brussels says Britain is on course to run into trade barriers.

As well as tariffs, not being in a customs union would mean more paperwork and customs checks for British exporters which can be as costly as tariffs.

It would also raise the risk of a return to a so-called ‘hard border’ between Northern Ireland and the Republic of Ireland, which could threaten the peace process on the island.

CAN THE UK BE A BIT IN AND A BIT OUT OF A CUSTOMS UNION?

The Institute of Directors, a British employers’ group, said this month that a partial customs union could solve the impasse.

Under its plan, trade in high-tariff industrial goods and processed agricultural products would be duty-free. Rules of origin requirements would be waived for them too.

Britain would be free to strike trade deals with other countries excluding those goods, the IoD said.

So far, the government has shown no sign that it is prepared to go for a partial customs union.

WHAT ABOUT BRITAIN’S HUGE SERVICES SECTOR?

About 80 percent of Britain’s economy is in the services sector, ranging from banking and insurance in the City of London to architectural firms and education providers. Britain has a surplus in trade in services with other countries.

Service exports would not be covered by a customs union with the EU and, with or without one, Britain will be free to try to open up markets around the world for its services firms.

But progress at a global level in breaking down those barriers has been slower than for trade in goods. Governments are often reluctant to commit to opening up banking, for example, given the power of British and U.S. banks.

Source: reuters.com- Feb 27, 2018

[HOME](#)

Central Asia transportation corridor to boost trade

With the opening to truck traffic of the China-Kyrgyzstan-Uzbekistan transportation corridor on Sunday, the three countries are now well on the road to realizing their vision of strengthening trade ties in Central Asia and beyond.

The launch of the international roadway was marked by a motorcade of seven trucks from Silk Road International, a cross-border transportation company, that began shipping bean products Sunday afternoon from a logistics center in Andijan, Uzbekistan to Kashgar in Northwest China's Xinjiang Uyghur Autonomous Region.

The launch of the new transportation corridor connects landlocked Uzbekistan with roads leading to China's sea ports.

The 950-kilometer transport route will reduce travel time for trucks from eight days to two days which includes passing through border customs inspection.

The route was achieved after the three countries signed contracts to connect existing roads to facilitate international transportation.

According to the People's Daily, 100,000 tons of cargo are expected to travel the China-Kyrgyzstan-Uzbekistan transport corridor in 2018. The cargo will include textiles, leather, agricultural products and electronics.

The new corridor is expected to create 1 million jobs and cut transportation fees by \$200-300 per ton of cargo, saving transporters around \$2.5 million a year.

Analysts said the new corridor has implications for the advancement of trade links in the region.

"It shows that both Kyrgyzstan and Uzbekistan are actively responding to China's Belt and Road initiative, and paves the way for future economic cooperation and integration in Central Asia," Zhu Yongbiao, assistant director of the Institute of Central Asia Studies at Lanzhou University, told the Global Times on Tuesday.

"It also promotes China's trade with Central Asia by significantly reducing custom clearance time," Zhu said. A project representative from China Railway No.5 Engineering Group told the People's Daily that the group has won the contract to build an extension of the China-Kyrgyzstan-Uzbekistan transport corridor that will lead to Dushanbe, capital of Kyrgyzstan.

The project is expected to be completed by April this year and will lay the foundation for trade routes from China to West Asia, the representative said.

Kyrgyzstan, Uzbekistan ties

Analysts noted the launch of the transportation corridor indicates improved bilateral ties between Kyrgyzstan and Uzbekistan, which have had an often-fraught relationship since the collapse of the Soviet Union, particularly over disputed borders and competition over natural resources.

Their relations appear to have thawed following Uzbek leader Shavkat Mirziyoyev's inaugural visit to Bishkek last year.

"The China-Kyrgyzstan-Uzbekistan international road is a scaled-down version of the planned China-Kyrgyzstan-Uzbekistan railroad, the implementation of which has met obstacles due to unresolved political issues between Kyrgyzstan and Uzbekistan," Zhu said.

He noted that a delicate balance of rivalry and cooperation between Beijing and Moscow in Central Asian countries also contributed to the delayed railroad.

Both China and Russia unveiled grand visions in the region, with China's Belt and Road initiative and Russia's Eurasian Economic Union.

The new highway corridor was initiated by Uzbek President Shavkat Mirziyoyev during his state visit to China in May 2017, during which an intergovernmental agreement on international road transport between the two countries was signed.

Source: globaltimes.cn- Feb 27, 2018

[HOME](#)

US hit by low demand, wages pick up slightly: MGI study

Weak economic growth and rising income inequality in the United States have resulted in some major companies announcing plans to boost employee pay, said researchers from McKinsey Global Institute (MGI) in an article in 'Harvard Business Review'.

After stagnating for years, wages have begun picking up slightly, as has productivity growth, they wrote.

Economic growth has been stuck in low gear for almost a decade now, averaging around 2 per cent annually since 2010 while productivity growth, the key to increasing living standards, has been languishing near historic lows since the financial crisis, said the researchers. MGI is the business and economics research arm of McKinsey & Company.

Demand matters for productivity growth and increasing demand is key to restarting growth across advanced economies, wrote James Manyika, Jaana Remes and Jan Mischke after a year-long analysis of seven developed countries and six sectors.

Target raised its minimum wage to \$11 late last year and committed to \$15 by 2020. Walmart announced plans to match that increase to \$11. In banking sector, Wells Fargo and Fifth Third Bancorp also announced pay hikes for minimum wage employees.

In retail, consumers shifting to higher-value goods contributed 45 per cent to the 1995-2000 retail productivity acceleration in the United States. This subsequently waned, dragging down productivity growth.

Some of the drags on demand for goods and services may be more structural than crises-related. Slowing population growth means less rapid expansion of the pool of consumers. And rising income inequality is shifting purchasing power from those most likely to spend to those more likely to save. This is reflected in slowing growth expectations in many markets, the researchers said.

Manyika is the San Francisco-based MGI director, Remes is a partner at MGI and Mischke is an MGI senior fellow based in Zurich.

Source: fibre2fashion.com- Feb 28, 2018

[HOME](#)

USA: Growing Demand for Customized Clothing Leads to Supply Chain Advancements in Men's Wear

Companies that offer customized-menswear services are experiencing major opportunities and revenue growth. And they're responding by investing in upgrades to their supply chain policies.

InStitchu, the affordable custom-tailored menswear brand, recently received a \$2.5 million investment from Dayang Group, the world's largest suit manufacturer.

The investment comes on the heels of InStitchu's positive performance in 2017, when the company opened its first U.S. storefront in New York City, had a 114 percent year-on-year growth and tripled staff to more than 60 worldwide.

"InStitchu has achieved great success building an incredible brand, a beautiful shopping experience and a loyal customer base of fans all around the world," Dayang Group CEO Dongmei Hu, said. "We're looking forward to working closely with...the team to help InStitchu create a menswear experience custom-built for the 21st century."

With the investment, InStitchu will continue elevating efforts to serve its loyal customer base by continuing its global showroom expansion, and enhancing online and in-store experiences. Dayang will become a production partner for InStitchu's, offering its decades of expertise to further support the company's growth.

"The Dayang team share our vision that the future of menswear is made-to-measure, and in the belief that a meticulously crafted suit should be affordable," said James Wakefield, InStitchu's cofounder and co-CEO. "Dayang's support will increase efficiencies across production and operations cycles, allowing us to be even more customer-centric. Their expertise coupled with our top-notch product and focus on retail expansion will allow us to bring InStitchu into the hands of even more customers."

InStitchu is equally as enthusiastic about the partnership, believing it will both benefit from focusing on the shared beliefs that shopping enhancements, both online and in-store, are the keys to long-term growth.

“We share a similar philosophy that men want more from their shopping experience, and strongly believe that an equally appealing online and offline approach is the key to long-term, sustainable growth,” □ Robin McGowan, InStitchu’s cofounder and co-CEO said. “Working with our new partners, we’ll be able to help more men around the world dress better, look better, and feel better.”

In another move forward for customized suiting, Men’s Wearhouse and JoS. A. Bank, subsidiaries of Tailored Brands, recently announced plans to improve its speed to market to cater to growing consumer demand for custom tailoring.

The company announced last week that it will narrow its delivery timeframe on premium custom suits from four weeks to just three. The decision came in response to increasing interest in personalized men’s goods, which drove more than \$100 million in sales for Tailored Brands in fiscal 2017.

“As one of the largest and fastest growing custom clothing retailers for men, we strive to continuously delight our customers with the highest level of customer service,” Doug Ewert, Tailored Brands CEO, said.

“Our brands have a distinct competitive advantage in that we can deliver beautifully constructed custom suits to our customers faster through our Made-in-America manufacturing process.”

Source: sourcingjournalonline.com- Feb 27, 2018

[HOME](#)

Australian tariff to boost Vietnam exports

Under the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) roadmap, Australia will cut 90 per cent of import tariff lines in 2018 and 100 per cent of them in 2020.

Pham Tuan Anh, Deputy Head of the Ministry of Finance's Department of International Cooperation, says this is a good opportunity for Vietnamese businesses to promote the export of goods to the Australian market when those import tariff lines reduce to zero per cent.

Under AANZFTA Vietnam has had many advantages in exporting agricultural products, consumer goods, textiles, footwear and wood products to Australia and are eligible for tariff preferences.

Australia is a potential export market for Vietnamese goods, especially seafood as its consumption in that country has increased rapidly to some one million tonne per year.

At present, Vietnamese enterprises do not have professional knowledge of the retail system, including measures on approaching the system as well as regulations on food hygiene and safety and technical standards. They have forgotten how to introduce and advertise Vietnamese products in supermarkets.

To provide the necessary information about the Australian distribution system to Vietnamese companies, the Vietnam Trade Office in Australia has introduced to local businesses the list of large retail groups in Australia with an annual revenue of AU\$1 billion (US\$782 million) and their basic activities to help them market their products directly to the Australian distribution chain.

It is seen that the trade value between Vietnam and Australia is increasing by an average of 5 per cent every year. The General Department of Customs mentioned that in 2017, the bilateral trade value between Vietnam and Australia reached more than 6.46 billion USD, a year-on-year growth of 22.9 per cent.

Source: fashionatingworld.com- Feb 27, 2018

[HOME](#)

Sri Lanka's export earnings from the EU up 27 per cent

Sri Lanka's earnings from garment exports to the EU increased 27.2 per cent year-on-year in December 2017. Garment exports to the US and other non-traditional markets increased by 18 per cent and 14.1 per cent, respectively, during December 2017. The increased exports to the European Union followed restoration of GSP Plus facility in May 2017.

The leading markets for merchandise exports from Sri Lanka in 2017 were: the US, the UK, India, Germany and Italy, accounting for about 50 per cent of total exports. Due to the combined effect of higher volumes and prices of bunker and aviation fuel, export earnings of petroleum products increased significantly in December 2017.

Earnings from rubber products increased during the month mainly due to the export of tires. Earnings from exports surpassed a billion dollars in December 2017 for the fifth time during the year and recorded a double-digit growth year-on-year for the sixth consecutive month.

Source: fashionatingworld.com- Feb 27, 2018

[HOME](#)

California to introduce microfiber warning labels for polyester apparels

California may have a law requiring clothing made from fabric that is more than 50 per cent polyester to bear a label warning that the garment sheds plastic microfibers when machine washed.

If the bill passes, the sale or offering for sale of clothing without this label would be prohibited as of January 1, 2020. Hats and shoes would be exempt.

According to the bill, garments made from synthetic fibers such as polyester can shed up to 1,900 microfibers per wash. Since these fibers are small enough to get past filters, they end up in waterways and the ocean.

A study of fish sold at California fish markets found 25 percent of fish and a third of shellfish contained plastic debris, with the majority of that plastic debris being microfibers.

Microplastics have the potential to poison the food chain, as these tiny beads of plastic have been found in the stomachs of marine life, as well as the supply of drinking water. It's estimated that the world's oceans will contain more plastic than fish by 2050.

The California bill is meant to be in line with other efforts in the state aimed at reducing water pollution, including a ban on personal care products containing plastic microbeads.

Source: fashionatingworld.com - Feb 27, 2018

[HOME](#)

Cambodia: EU sanctions unlikely, experts say

Following a statement from the European Union on Monday in which it said it is reviewing the preferential trade treatment it gives Cambodia, government officials, business leaders and industry insiders on Tuesday said economic sanctions from the European bloc are an unlikely scenario.

In the statement, EU foreign ministers expressed concern over the deterioration of democracy in the country, as well as the government's lack of respect for human rights and the rule of law, and mentioned the escalating repression against the political opposition, the media and civil society.

The European ministers urged Cambodia to restore democracy and asked the government to engage in a constructive dialogue with the elected opposition.

They also urged Cambodian authorities to take all the necessary measures to ensure a political environment in which opposition parties, civil society and the media can operate freely.

The statement pointed out that the EU is Cambodia's biggest export market, and that the European bloc grants the kingdom preferential access to its vast market under the Everything-but-arms (EBA) scheme.

"The Council recalls that respect of human rights and fundamental freedoms, including labor rights, is also a crucial part of EU's trade policy and underpins the granting of EU trade preferences. The Council invites the

Commission to enhance the monitoring of the situation and to set-up the engagement with Cambodia,” the statement said.

“In view of recent developments, the Council may consider specific targeted measures if the situation doesn’t improve.”

Chum Sounry, spokesman for the Ministry of Foreign Affairs, told reporters on Tuesday the government’s foreign policy aims to build close relations with other countries based on the principles of understanding and mutual benefit, as well as independence, autonomy, and no interference in the internal affairs of other nations.

“Cambodia is committed to maintaining good relations and cooperation with the EU based of these principles and hopes that the EU will take the same position.

“It might be too early to say, but I don’t think they will impose any sanctions,” said Mr Sounry.

Kaing Monika, deputy secretary general of the Garment Manufacturers Association of Cambodia (GMAC), told Khmer Times that based on improving labour conditions in the country, including the ongoing raise of the minimum wage in the garment industry, the EU is not likely to levy any economic sanctions on the kingdom.

“There’s been remarkable improvement in working conditions and the respect of workers’ rights through the rights to freedom of association and collective bargaining.

“The development in the social security scheme and the yearly wage adjustment are also positive points for the workers. These factors will continue to ensure our preferential access to the European market,” said Mr Kaing.

A report released last month by Better Factories Cambodia (BFC), a programme of the International Labour Organisation, found that compliance in the garment industry with working conditions regulations has improved substantially in the last four years.

Van David, executive director for Deewee Management Consultants, told Khmer Times that he is not concerned about the EU statement.

“What the EU has expressed in its statement in vague format is a concern over some of the latest political developments in Cambodia, but it would be surprising if the EBA is revoked given that the decision will only have an impact on the general population, and will not affect actual members of the government,” he said.

Stephen Higgins, managing partner at Mekong Strategic Partners, said that EU has a clear and lengthy procedure to follow before this type of sanctions can be levied.

“It would be disappointing if the EU pulled out of the EBA with Cambodia, as it would significantly harm many innocent workers at the bottom end of the socio-economic pyramid,” he said.

“If the EU wants to express its displeasure, there are more effective ways of doing so that wouldn’t harm so many innocent people.”

The EU is the biggest market for the kingdom’s garment and footwear industry, accounting for roughly 40 percent of exports.

Source: khmertimeskh.com- Feb 28, 2018

[HOME](#)

Pakistan: Raw Cotton Exports Increase 48.72% In 7 Months

Raw cotton exports from the country during first seven months of current financial year grew by 48.72 percent as compared the corresponding period of last financial year.

During the period from July-January, 2017-18, about 33,306 metric tons of raw cotton worth of US\$ 54.995 million exported as compared with the exports of 21,352 metric tons valuing US\$ 36.951 million of same period last year.

According the data of Pakistan Bureau of Statistics, 284,799 metric tons of cotton yarn valuing US\$ 739.267 million exported during the period under review as against the exports of 265,470 metric tons worth US\$ 749.

932 million of same period last year, the data revealed.

The country earned US\$ 1.249 billion by exporting about 1,159,516 thousand square meters cotton cloth, which was recorded at US\$ 1.269 billion and 1,213,797 thousand square meters in the corresponding period of last year, it added.

Meanwhile, the exports of yarn other then cotton yarn grew by 29.93 percent and was recorded at 6,176 metric tons worth of US\$ 17.925 million in first seven months as against the exports of 4,909 metric tons valuing of US\$ 13.796 million of same period last year.

It may be recalled that textile exports in last seven months grew by 7.18 percent as the country earned US\$ 7.728 billion by exporting the different textile products as compared US\$ 7.120 billion of same period last year.

Source: urdupoint.com- Feb 27, 2018

[HOME](#)

NATIONAL NEWS

Nordic countries looking for FTA with India: Envoys

Nordic countries Denmark, Finland, Iceland, Norway and Sweden are looking for free trade agreements (FTAs) with India to improve trade relations, their envoys said here on Tuesday.

"There is a lot of wish to attract foreign investment in India. But India has not opened up its economy to the world. We are pushing for a free trade agreement with India," Denmark's Ambassador to India Peter Taksoe Jensen said here.

According to him, the trade volume (trade of goods only) between India and the Nordic countries stood at \$3 billion, which should be much more if trade in services is included.

They said all these countries have good relations with India.

"We can do much more trade and, in order to get more trade, we need to finish our free trade negotiations.

The businesses want to have a regime that is transparent and rule-based. The best way to do that is through free trade agreement," Iceland's Ambassador to India Thorir Ibsen said.

"Lack of the trade agreement is a stumbling block to the growth of our trade," he said on the sidelines of an interactive session organised by the Indian Chamber of Commerce.

Criticising the Narendra Modi government's move to increase customs tariff on some imported items required for manufacturing of mobile phones and 4G and 5G technology in India, Finland's Ambassador Nina Irmeli Vaskunlahti said hike on customs duty is making manufacturing expensive in India.

"India is asking foreign companies to come and make in India. Many companies are willing to do so. But their intentions are being blocked by protectionist measures of the Indian government," she added.

Source: business-standard.com- Feb 27, 2018

[HOME](#)

GST Council to further trim list of items in 28% tax slab: Arun Jaitley

But merging of the 12% and 18% GST slabs will have to wait till tax compliance increases, FM Arun Jaitley said at the India-Korea summit

Federal indirect tax body, the GST Council will continue to prune the list of items in the highest tax slab of 28%, but merging of the 12% and 18% slabs will have to wait till tax compliance increases, finance minister Arun Jaitley said on Tuesday.

Addressing business leaders at the India-Korea Summit organized by the Department of Industrial Policy and Promotion and Confederation of Indian Industry (CII), Jaitley said India has been significantly tax non-compliant, a situation which needs to change.

The minister said that when goods and services were initially placed in different tax slabs at the time of GST's roll out, it was a mathematical exercise based on the prevailing tax burden on those items.

Jaitley said that in the first instance of tax rate rationalization after GST introduction, the list of items in the 28% slab were pruned.

"It is now a substantially thinner list than the original one. That exercise will continue," he assured.

"After we are able to improve the compliance levels, the other stage of reform will begin... For example, we have two standard rates and in the long run I do see them merging into one. For that to happen, it will take some reasonable time, that is when the compliance levels start moving up," Jaitley said.

Jaitley's reference to the need for higher tax compliance comes at a time when tax authorities at the union and state levels are contemplating taking steps to combat tax evasion, after having adopted a lenient approach so far under the new tax regime to allow taxpayers to get accustomed to GST.

In February, total GST receipts stood at Rs86,318 crore, nearly the same as the amount collected in January—Rs86,703 crore. Punjab recorded the highest compliance in February with over 83% of those required to file monthly returns doing so. North-eastern states barring Tripura and Sikkim reported less than 50% compliance during the month.

According to Abhishek Jain, tax partner, EY India, with the e-way bill requirement coming into force from 1 April, revenue collections are expected to get a boost.

“About 30% taxpayers registered with GST are still not filing their returns and the government must endeavour to make them file returns, which may further enhance the overall GST revenue collections,” Jain said.

M.S Mani, senior director, Deloitte India said that while the GST revenues and the number of returns filed are gradually increasing, the tax base and revenue numbers have not reached expected levels. “This could lead to more enquiries and scrutiny from tax authorities,” he said.

Source: livemint.com- Feb 28, 2018

[HOME](#)

January collections: Stagnant GST revenue ups concern for the Centre

The possibility of significant rate cuts at the GST Council’s March 10 meeting has also been dented, given the lack of strong evidence suggesting lower rates will boost compliance to an extent necessary to add incremental pace to revenue growth. According to a government statement, 69% of eligible taxpayers — nearly 58 lakh — had filed returns for January by February 25, slightly higher than the previous month.

The goods and services tax (GST) collections for January fell marginally to Rs 86,318 crore from Rs 86,703 crore in the previous month, belying the government’s expectations that a shrinking of transitional credit claims and an expansion of the base might have taken the revenue to a higher orbit.

Analysts felt that lower-than-expected GST revenue for the first month of 2018 might force the government to hasten the introduction of anti-evasion measures such as invoice-matching and reverse charge on transactions with unregistered dealers, besides the e-way bill, which is slated to be rolled out from April.

The stagnation in collections might also lead to tighter scrutiny of residual transitional credits and a slower pace in refunding the tax to exporters, even though they are expecting a pick-up in refunds towards the end of the financial year.

The possibility of significant rate cuts at the GST Council's March 10 meeting has also been dented, given the lack of strong evidence suggesting lower rates will boost compliance to an extent necessary to add incremental pace to revenue growth.

According to a government statement, 69% of eligible taxpayers — nearly 58 lakh — had filed returns for January by February 25, slightly higher than the previous month. This was even as over 1 crore businesses are now registered for GST (just over 87 lakh taxpayers are required to file the monthly returns). The total collection under central GST and state GST for January stood at Rs 25,560 crore and Rs 33,440 crore, respectively.

These figures include transfers of funds from integrated GST to both CGST and SGST by way of settlements. This reflects that the CGST revenue, constrained so far owing to the huge transitional credit claims (about Rs 1.6 lakh crore), is yet to gather pace. The recent Budget has estimated monthly CGST revenue during the current fiscal to be Rs 27,675 crore and an additional over Rs 20,238 crore is expected to reach the central exchequer as its share of the accumulated IGST, taking the Centre's total share of GST (gross, before mandatory transfers to states) to Rs 47913 crore.

As against this, the Centre's average monthly GST proceeds for 2018-19 is projected to be Rs 54,491 crore, a growth of 14%. Though this was not seen by many as overly ambitious, the current trend in collections retains the threat of a shortfall. As for states, since they are to be compensated for any revenue shortfall from the revenue level a 14% annual growth from the relevant 2015-16 base would entail, subdued GST buoyancy is less of a serious threat to their revenue.

The government said: “Further, Rs 11,327 crore is being transferred from IGST to CGST account and Rs 13,479 crore is being transferred from IGST to SGST account by way of settlement of funds on account of cross utilisation of IGST credit for payment of CGST and SGST respectively or due to interstate B2C transactions.” It added that Rs 8,331 crore was collected through the compensation cess in January.

Although 17.65 lakh assesses had signed up for composition scheme till last month, over 1 lakh of them have opted out of the scheme to be regular taxpayers. GST collections dwindled from a high of over Rs 92,000 crore in July to around Rs 80,000 crore in November before rebounding to Rs 86,703 crore in December. Pratik Jain, partner and leader, indirect tax, PwC India, said: “With the roll-out of the e-way bill getting deferred to April and a continuing shortfall in the number of monthly returns getting submitted, we may see administrative tightening and more rigorous anti-evasion measures in the next few months.

One can also expect a closer scrutiny of opening credit claimed by businesses.” According to MS Mani, senior director at Deloitte India, “It is good to see that more than 1 lakh taxpayers have opted to move out of the composition scheme and become normal dealers — this will pave the way for an expansion of the tax base and lead to more collections.”

Source: financialexpress.com- Feb 28, 2018

[HOME](#)

Cabinet clears Textile Policy 2018 for setting up new units in Haryana

Keen on making Haryana a global hub of textile manufacturing, and a preferred investment destination, the Haryana Government on Tuesday approved a new Textile Policy 2018 to incentivize setting up of new units, and ensure growth and modernization of the existing textile industry in the state.

Industries and Commerce Minister, Vipul Goyal after the meeting of the State Cabinet which met under the Chairmanship of Chief Minister, Manohar Lal Khattar on Tuesday.

“The policy is packed with fiscal incentives and contains provisions for infrastructure augmentation, setting up of textile parks, promotion of Khadi industry and facilities for skill training. It aims at generating 50,000 new jobs by attracting investment in the textile sector to the tune of Rs 5,000 crore.” Goyal said.

He said that the policy has been formulated with an eye on the cotton belt of Haryana. The state is one of the leading cotton producers in the country with Sirsa, Fatehabad, Bhiwani, Hisar and Jind being the main cotton producing districts. This sector provides employment to about one million people and readymade garments worth \$ 3 billion are exported from the state annually.

Goyal said that the policy proposes capital investment subsidy of 10 percent subject to maximum of Rs 20 lakh for the eligible capital investment for Individual Textile Units set-up in Textile Parks in ‘A’ & ‘B’ category blocks.

For bringing in women entrepreneurship in Haryana, the policy proposes 15 per cent capital subsidy subject to maximum of Rs 25 lakh. It aims to boost textile exports by Compound Annual Growth Rate (CAGR) of 20 per cent during the policy period.

He said that to Support Textile Machine Manufacturing, the policy proposes Interest subsidy at the rate of 3 per cent per annum charged by lending agencies on term loan and capital subsidy at the rate of 15% of Gross FCI to manufacturers of textile machinery across state.

Textile enterprises acquiring technology will be provided financial assistance of up to 50 per cent of the cost for adopting technology from premier national institutes, subject to maximum of up to Rs 25 lakh across the state, he added. Market fee and HRDF charges will be reduced and charged at the rate of 0.25 percent each.

Source: timesofindia.com- Feb 27, 2018

[HOME](#)

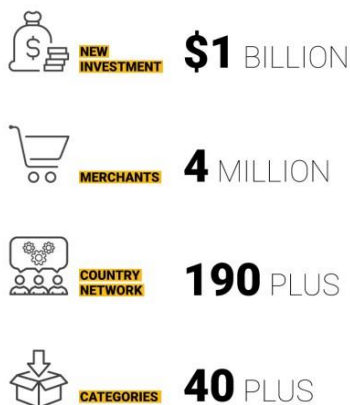
Alibaba to invest \$1 bn to help its India-based cross-border business soar

Chinese ecommerce giant Alibaba will invest \$1 billion, or over Rs 6,500 crore, over four-five years in the India operations of its little known cross-border wholesale trade business, according to two sources with knowledge of the plan.

The investments by the Jack Ma-helmed company will be concentrated in three areas — merchant acquisitions, technology and logistics.

The cross-border wholesale business was one of the first businesses of Alibaba in India and it has already invested over \$200 million dollars in the business that the company refers to as its b2b business.

ALIBABA'S INDIA B2B NUMBERS



FACTOR DAILY

SOURCE: FD RESEARCH

It is not clear yet whether this \$1 billion investment is part of the \$8 billion Alibaba has earmarked for India by 2022.

Alibaba has not responded to FactorDaily's queries sent on Tuesday. The story will be updated when it responds.

The Chinese behemoth has pumped in close to \$2 billion into half a dozen Indian companies but that is still small change for a company whose free cash flow this fiscal year alone is

projected by analysts to be over CNY 89 billion (nearly Rs 91,400 crore).

“Alibaba is quietly building the b2b business... most of the people don't talk about it but for Alibaba, the wholesale business is as or more important than building the business-to-consumer (b2c) business in India,” said one of the sources, asking not to be identified because he is not authorised to speak with the media.

While Alibaba's biggest rival Amazon has been focussing on the India market to building its b2c business and a b2b business (housed under www.amazonbusiness.in), the Chinese firm is looking to connect Indian sellers with retail buyers in different countries. "That is a unique opportunity few have tapped in India... it has largely been an unorganised export business filled with middlemen and touts... Merchants lose a lot of money," said the first source.

India clocked total exports of some \$275 billion in fiscal year 2016-17. Less than 1% of that is estimated to have been concluded online. Trade body Federation of Indian Export Organisations estimates \$5 billion exports can be concluded online in a two-three year timeframe.

Unlike the roaring b2c business led by Flipkart, Amazon, and Paytm, ecommerce exports have been lacklustre and have interested only a few. Most standalone b2b ecommerce firms such as Power2SME, Moglix, Tolexo and Ofbusiness are India-focussed aiming to bridge the gap between wholesalers and retailers or bulk buyers.

"We are just scratching the surface in building global sellers out of India... it can become a half a trillion dollar opportunity in consumer ecommerce," said Rohit Kulkarni, country head of Payoneer, a financial services company that helps clients build a global footprint. "You have unique products in India that are not available elsewhere."

Alibaba is not the only one in the global seller race. Amazon, eBay (whose India operations are being folded into Flipkart) and Flipkart are eyeing that market, too. Amazon has already roped in Dabur, Titan, Amul, FabIndia, Biba, Liberty Shoes, Hindware among hundreds of such other brands to build its overseas business out of India. It already has 26,000 sellers and more than 70 million products.

"Companies like Titan don't even have their offline presence in the US... This makes their distribution channel in the US and they can easily reach hundreds of thousands of customers without having an office," Gopal Pillai, head of seller services at Amazon India, told FactorDaily November last year.

Ashish Kapoor, chief analyst at Kalagota, a market intelligence platform, pointed out last year how Alibaba’s b2b business in India was pulling ahead of rivals IndiaMart, TradeIndia, Wydr and others in terms of app downloads. Others like CDiscount, Lazarda, Linio, Wish.com and Tophatter have also tried to build an overseas business.



Alibaba, meanwhile, has built the largest ecosystem of merchants. It already has close to four million merchants, who both sell and buy on the platform, and it wants to double that number in the next three-four years, said the second source. The largest selling categories are apparel, handicrafts, ethnic wear and leather products.

Logistics is an important part of Alibaba’s game plan. In China, it has a controlling stake in logistics company Cainiao and is planning to invest \$15 billion to build global logistics capabilities. In India, Alibaba recently invested Rs 224 crore in Xpressbees. “Xpressbees will work closely with Cainiao to solve the logistics problems for the global sellers,” said a third source in the company.

While Xpressbees will handle the local logistics – from the seller to the local warehouse or a distribution centre and till the port or the airport, Cainiao will handle the global logistics. It has also partnered with DHL and Delhivery to provide international and local logistics.

Alibaba has also partnered with financial services companies such as Aditya Birla Group’s NBFC arm and Kotak Mahindra Bank to help merchants with finances and loans. Alibaba plans to use the trading data as a means to secure loans for the merchants.

Source: factordaily.com- Feb 28, 2018

[HOME](#)

India to insist on delinking MSMEs from e-commerce at BRICS meet

Contact group on trade will meet in Johannesburg on March 1-2

With China pushing for greater cooperation in e-commerce amongst the BRICS group, New Delhi will stress on keeping issues of micro small and medium enterprises (MSMEs) de-linked from online retail, at a meeting of the contact group for economic and trade issues (CGETI) of the five-member bloc in Johannesburg this week.

“This is first of the two CGETI meetings that South Africa will host this year which will be followed by the BRICS Summit. Since China has been promoting e-commerce at BRICS with increased fervour, New Delhi has to ensure that ambitions don’t rise in the area and countries are not forced to take on commitments under the garb of providing market access for MSMEs,” a government official told BusinessLine.

The BRICS includes Brazil, Russia, India, China and South Africa. Together the nations represent more than 40 per cent of the world population and an estimated 22 per cent of the world GDP.

The CGETI, which includes trade officials from all five nations, reports to Trade Ministers. It proposes institutional frameworks and measures to expand cooperation on economic and trade issues.

China, which held the presidency of BRICS in 2017, did its bit to officially expand the scope of e-commerce discourse amongst the five countries last year. It played a key role in setting up of the BRICS e-commerce working group. While the agenda of the working group largely talks about just promoting cooperation and enhancing interaction amongst BRICS stakeholders on e-commerce, under the category head of research on e-commerce a number of market access issues have also been included.

“China is eager to include all issues under e-commerce talks including participation of MSMEs, existing barriers to cross-border e-commerce among BRICS and regulatory and legal framework,” the official said. India is also resisting China’s attempts to include negotiations on e-commerce rules at the World Trade Organisation.

New Delhi will focus on the issues of cooperation amongst MSME, cooperation between service suppliers, business visas and a framework for curbing non-tariff measures at the meet, the official added.

There would also be discussions on development of e-ports to improve trade efficiency between BRICS, but it has already been decided that setting up such ports would be voluntary.

“Intellectual property rights is also on the agenda, but discussions are expected only on exchange of information on existing frameworks,” the official said. The CGETI in Johannesburg will be held during March 1-2.

Source: thehindubusinessline.com- Feb 28, 2018

[HOME](#)

Textile firms increasingly using MCX to hedge cotton price risks

High volatility and global price fluctuations have made textile companies take to active price risk management to protect their incomes. Textile majors such as Mafatlal, Welspun and Arvind are already hedging the price risk on the MCX. A new entrant is Vardhaman Textiles.

The other leading brands that hedge on the Exchange include Louis Dreyfus, Manjeet Cotton, SportKing, and Gill & Company.

The average daily volume of cotton traded on the MCX has increased to 1.31 lakh bales (of 170 kg each) in the last two months compared to 87,025 bales a day in the same period last year with increased participation by ginners, spinners, mills, traders and exporters. The increase in corporate participation has led to higher delivery of cotton stock at the exchange-accredited warehouses at Rajkot, Kadi, and Mundra in Gujarat; Yavatmal and Jalna in Maharashtra; as also Adilabad and Warangal in Telangana.

The stock in MCX-approved warehouses increased five-fold to 82,300 bales in January from 12,000 bales in the same period last year. IJ Dhuria, Director (Raw Materials), Vardhman Textiles, said the company just started hedging on the platform to derisk its business and has so far traded 150 contracts of 25 bales each.

Though the liquidity is good in the near month contract, it has to improve in far month contracts for the company to further firm up strategy on hedging on the platform, he said.

The regulator should also increase the trading limit for genuine corporate hedgers to boost volume and enhance participation by allowing institutional investors and banks, said Dhuria.

Mrugank Paranjape, Managing Director, MCX, said increased corporate participation will enhance the quality and the process of information convergence in MCX cotton futures and make the contract a benchmark of choice, besides taking price signals to other major global markets in cotton trade.

Source: thehindubusinessline.com- Feb 28, 2018

[HOME](#)

GST refunds: Making whipping boys of exporters

Exporters have been made the whipping boy for delays in goods and services tax (GST)-related exports refund. An exporter who is hard-pressed for liquidity and burdened with high cost of credit would like to claim his refund as early as possible. Instead, exporters refusing orders are now unable to pay their suppliers and are being compelled to cut jobs because of an extreme liquidity crunch. A young entrepreneur, with over a year's hard work, finally gets an order of \$400,000. He then finds his entire money blocked in refunds. How can India encourage entrepreneurship in such a situation?

Generally, tax authorities blame exporters for delay in refund for incorrectly filled columns in shipping bills, non-filing of the export general manifest (EGM), or any mismatch in GST returns. This is because of faulty processes and procedure, with some mistakes committed by exporters. If the tax authorities at the field are ignorant, how can we expect a micro, small and medium enterprise (MSME) exporter to be conversant with the tax laws, rules and procedures, especially when the last two are frequently changed? Numerous refunds are pending due to mismatch of invoice details in shipping bills and GST refund (GSTR). If GST Network (GSTN) invoice details were required in the shipping bill, why wasn't a column for it added or suitably modified?

A provision for capturing both commercial and GSTN invoices was opened only in November 2017. A validation check of 16 digits could have mitigated the problem.

In many cases, the Integrated GST (ISGT) amount in the shipping bill varies from that of GSTR. The tax paid amount is based on the transactional value while the shipping bill amount is based on the free on board (FOB) value of exports. But the IGST amount is supposed to be reflected in the GSTR. All that is required is to see that the relevant shipping bill covering the invoice has been exported. The IGST amount, as reflected in the GSTR, should be refunded.

Hinterland exporters are endlessly waiting, as the gateway EGM was incorrectly or not electronically filed by the shipping lines. The duty drawback is granted at the Let Export Order (LEO) with the filing of local EGM. But why have GSTR linked with EGM at all? When both are given for exports, why have different stages for refund?

Many exporters who took supply from manufacturers at a concessional rate and exported on payment of full IGST during November and December 2017 and January 2018 received a jolt, as tax authorities have now clarified that such exports could only be under a letter of undertaking (LUT)/bond and not on payment of IGST. To top it all, this change has been given a retrospective effect—changes brought in on January 23, 2018 have been made effective from October 23, 2017.

What will happen to those exporters who have paid IGST and are waiting for a refund? If such exports were not intended on payment of IGST, why did the authorities allow them? How can we penalise exporters for the ignorance of the tax authorities?

The situation on input tax credit (ITC) refund is alarming. No more than 5% of exporters who filed the application electronically could submit it manually. It is imperative that GSTN and the Indian Customs Electronic Data Interchange Gateway (ICEGATE) are integrated with a common service provider. More importantly, let GoI show a commitment to help taxpayers, instead of making them run from pillar to post.

Source: economictimes.com- Feb 28, 2018

[HOME](#)
