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USD 65.08| EUR 80.25 | GBP 91.22 | JPY 0.61

Cotton Market (28-03-2018)

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

Rs./Bale	Rs./Candy	USD Cent/lb
19194	40150	**78.95**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20210	42275	**83.13**

International Futures Price

NY ICE USD Cents/lb (May 2018)	82.02
ZCE Cotton: Yuan/MT (Jan 2018)	15,010
ZCE Cotton: USD Cents/lb	**92.26**
Cotlook A Index – Physical	**91.05**

Cotton guide: Cotton continues to trade near 82 cents per pound. The May ended on Tuesday at 82.02 while July at 82.44 cents. The spread between the two contracts maintained contango at around 40 points. No major development as such from the global market. The Chinese auctions are no so impressive for the past three weeks and able to achieve less than 60% of the offering. The trading volume in ICE across contracts is also low below 30K contracts on a daily average while open interest holds steady.

Further this week the traditional beginning of the long only spec funds moving positions forward starts today through next week Monday the Gim Roger's position. Also we believe Thursday's USDA Prospective Plantings report and some chances for rain in Texas has kept the new crop bulls on the sidelines. Therefore, price for the past one week has been trading in the range of 81.40 to 82.50 cents narrowed trading band.

From the domestic front, spot price of Shankar-6 continued to trade in the range of Rs. 40300 to Rs. 40800 per candy ex-gin at a parity of 80 cents per pound. No major cues from the spot side of the market and the daily arrivals have declined in last one week from 170K+Bales a day to less than 130K Bales a day.

According to the latest set of data compiled by the Cotton Corporation of India, arrivals from the current crop from the beginning of the season to March 22 amount to the lint equivalent of 25,776,300 bales (of 170 kilos). This is very similar to the total recorded at the same point last year, and suggests that nearly 71 percent of the crop has now reached the marketplace.

On the domestic future front the March is due for expiry today settled Tuesday at Rs. 20210 per bale and the April ended at Rs. 20520. The spread between the two contracts maintained around Rs. 300 and no major change is expected on today's trading session. Coming to April the market has been taking support near Rs. 20380/400 level and likely that it may move in the range of Rs. 20380 to Rs. 20620 per bale. Note, upon break above 20680 the short term scenario may turn positive.

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

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INTERNATIONAL NEWS

China sees good trade prospects with EU

China and the European Union are eager to foster ties. When trade and technology cooperation between China and the US faces a standoff, there will be more room for China and the EU to work together.

China and the EU are more complementary to each other, while there is more competition between China and the US.

Both China and the EU are supporters of globalization, comply with WTO rules and stand firmly against unilateralism and trade war.

China is already in close cooperation with the EU in many aspects including high speed railways, nuclear power and hydrogen energy.

The EU is also proficient in developing future technologies, while China has an attractive market, open-minded consumers, well-developed infrastructure and a supportive government. It gives the two sides solid ground for high-tech cooperation.

China's massive market size remains attractive to the EU. Trade volume between China and the EU saw a yearly increase of 12.7 per cent in 2017.

It is relatively smaller compared to the trade volume between China and the US, but it has potential to grow.

Compared to the United States, the EU has relatively less restrictions on the import and export of high tech products with China. Europe is also China's major partner in services, technology and related products.

Source: fashionatingworld.com- Mar 30, 2018

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USA: Trump's tariff policy to hamper domestic apparel industry dynamics

The world is concerned with President Trump's tariff plans. The US has also announced 25 per cent tariff on steel imports and 10 per cent on aluminum for countries other than Canada and Mexico. Additionally, there are plans to impose around 45 per cent tariff on goods imported from China to suppress the country's intellectual property problems.

Companies will pay taxes at the border for the goods they are bringing in, which will make the products more expensive, and consumers have to pick up the tab. Apparel industry, already operating on razor thin margins for most goods cannot afford such high tariffs. Nicole Bivens Collinson, President-international trade and government relations, Sandler, Travis & Rosenberg feels the imposition of additional 35 to 45 per cent tariff on goods made in China will certainly impact prices.

The apparel and footwear industry is the latest to join the agitation over President Trump's tariff plans on China. The move would lead to higher consumer prices. The US government is planning to impose tariff on Chinese IT, telecom and consumer goods with a view to force changes in China's intellectual property and investment prices. Apart from a number of US retail giants, the American Apparel and Footwear Association (AAFA) and as many as 82 footwear companies have written to the President opposing the tariff.

Meanwhile, the apparel and footwear industry, particularly men's and boys' apparel wholesaling, has been growing steadily over the past five years and the momentum will continue in future as well. Additionally, consumer expenditure has risen on the back of a recovering economy, increasing consumer confidence, wage growth and higher purchasing power, which ultimately resulted in higher revenues for companies. Thus, it makes perfect sense to invest in apparel and footwear stocks.

Washington could impose more than $60 billion in tariffs on goods ranging from apparels to footwear, electronics and toys. Analysts feel any additional broad-based tariff means burdening the American working class as they will have to pay higher prices for household basics like clothing, shoes and electronics. There is a sense of caution among the entire US fashion industry.

The imposition of 25 per cent and 10 per cent tariffs on imported steel and aluminum too will hit the apparel and footwear industry. Steve Lamar, Executive VP, AAFA points out imposing tariffs on imported items ultimately passes on to consumers. There is a direct cost that rolls into the industry. It is not like the can industry or the auto industry but it is there. Manufacturers, retailers and importers purchase trucks to haul merchandise and manufacturers package their goods in aluminum cans, he said.

Associations' views

In a letter to President Trump, US apparel and retail organizations has said because duty rates in these product categories are so high and since China is a dominant supplier, imports from China account for most duties collected by the US government. In fact, duties on US imports of these consumer products from China already represent more than 22 per cent of all tariffs the US collects from all countries on all products. What's more, such duties are paid by US workers, consumers, and companies—not China.

United States Fashion Industry Association (USFIA) has said while they support efforts to protect the IP of brands and retailers, they will never support punitive tariffs based on fiction that imports harm domestic jobs and growth.

The new tariffs will not create more jobs in the US instead, will harm the companies that already create thousands of high-quality jobs in design, marketing, retail, logistics, compliance, within the US. These tariffs will surely harm American consumers, who will face higher prices on the clothes, shoes, home products, and other essentials.

It's still too early to comprehend the future scenario. Bivens Collinson feels there is no way manufacturer or brands can absorb the high tariff. While the entire 35 per cent may not be added to the cost of an item, at least some may be added to the cost of apparel and footwear.

Source: fashionatingworld.com- Mar 30, 2018

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US-China Trade War May Boost Mexico, Central America Apparel Makers

Apparel makers in Mexico and Central America could benefit from the US's $50 billion of proposed tariff hikes on Chinese imports if retailers boost sourcing south of the border, industry experts say.

"If Chinese imports become more expensive for American retailers they could buy more from us," says Arturo Rodriguez, a senior industry consultant based in Guadalajara, Mexico, a US apparel export hub.

However, "this would happen as long as Mexico maintains its price competitiveness with China.

Even with a 25% to 35% higher tariff, many Chinese products are still cheaper, so manufacturers will have to put their batteries on and lower prices."

With the Mexican peso hovering at about 18 per dollar, Mexican garments have become more attractive to US buyers – at least when compared to the $13 to $14 it traded at before Trump won the White House, launching his anti-NAFTA campaign and sending into a tailspin.

Even so, Mexican exports have not surged as much as expected, due mainly to producers' unwillingness to budge on price. As Vietnam, Asia and Central America continue to steal market share (exports have halved to $4-$5 billion in a decade), Mexico must seize the opportunity stemming from a weaker Chinese manufacturing machine, observers say.

Central America celebrates

In Central America, expected tariffs on Chinese footwear and apparel to punish its US intellectual property law violations is another cause for celebration.

Already, Trump's decision to exclude the region and the Dominican Republic-Central American Free Trade Agreement (DR-CAFTA) from his protectionist agenda, coupled with a strengthening US economy, are fuelling an export bonanza.

According to Guatemalan apparel industry trade association Vestex, the nation's clothing exports could surge 15% to over $1.8 billion this year, up from a 10% gain in 2017. The group, the largest of its kind in Central America, expects a similar jump for the rest of the region too.

"100% of what we sell goes to the US through CAFTA or Mexico, so if there is a trade war with China that would help us. What China doesn't do is good for us," said Vestex general manager Alejandro Ceballos, who is a Trump sympathiser.

"We have had two years of double-digit growth, with expectations of an 11% to 15% export increase this year, so Trump has been good to us."

While US clothing brands and retailers have sounded the alarm over Trump's Chinese tariffs, as well as steel and aluminum duties likely to trigger retaliatory moves, Rodriguez argues the damage may not be as severe.
"Can live with it"

"I think that American consumers can live with a small increase in T-shirt prices," he says. "They have a lot of clothing already. They buy seven to nine pairs of jeans per year, so now they may just buy five or six."

Rodriguez sees the Chinese tariffs – and China's assertion that it will retaliate – as an ephemeral system shock as the toughening inquiry over Russia's meddling with Trump's election could shorten his reign.

"If these tariffs were like the Berlin Wall and set to last 50 years, I could then see a dramatic shift [in the supply chain] but I don't think that is going to happen," Rodriguez concludes.

Source: qcostarica.com- Mar 30, 2018

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EU Launches Innovation Observatory for Shared Ideas on Textile Sustainability

The European Union (EU) is tackling industrial pollution with a new initiative designed to yield a more sustainable textile sector.

According to the EU, industrial pollution accounts for a large share of Europe's overall pollution problem, thanks to the emission of air pollutants, discharges of wastewater and waste generation.

To help address the issue, The European Commission, the legislative body of the EU, in collaboration with partners including Ricardo Energy & Environment, sustainable solutions provider Vito and Umweltbundesamt, an Austrian environmental agency, are introducing an innovation observatory project aimed at improving this process and reducing industrial pollution in Europe.

The innovation observatory, which will operate through 2020, requests that stakeholders submit better information on emerging techniques—methods that ensure an equivalent or higher level of environmental protection than existing Best Available Techniques.

Emerging techniques can be included in a revision process that works to set permanent environmental regulations across the EU. With the observatory, the EU and related stakeholders can identify novel emerging ideas and assess their progress to improve overall sustainability in Europe's textile sector.

The observatory has four concrete goals to achieve improved documentation and tracking of emerging techniques in the revision process.

The first goal will be to document complete information on emerging techniques and track the latest innovation cycles that could help the EU's environmental goals.

From there, the focus will be on engaging with a more comprehensive set of stakeholders involved in the review process to improve the level of information captured, which should ultimately lead to the adoption of new, better techniques.

The observatory will then provide the European IPPC Bureau (EIPPCB), a division of the European Commission's Joint Research Centre (JRC), with an improved inventory of emerging techniques for the textiles and animal byproducts sectors.

To stimulate innovation, the observatory will provide a platform for technique developers to recognized by the EU, EIPPCB and other relevant stakeholders for their ideas around better environmental practices.

The project also aims to yield two databases, a stakeholder database and a novel technique database. The stakeholder database will involve a set of industrial technologies experts, while the novel technique database will highlight a set of emerging techniques on industrial activities supported by IED.

Source: sourcingjournalonline.com - Mar 30, 2018

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Bangladesh garment exports to EU surge 10.95 per cent in July-Dec (FY '17-18)

As per the BGMEA (Bangladesh Garment Manufacturers and Exporters Association), the country's RMG exports to the European Union surged 10.95 per cent from July to December (FY '17-18).

The EU is the largest garment export market for Bangladesh followed by the US. Bangladesh exported apparels worth $9.577 billion to the EU in the first six months of its fiscal 2017-18 as against $8.633 billion in the corresponding period of FY 2016-17.

The top five exporting destinations were: Germany, UK, Spain, France and Italy during the review period. Bangladesh shipped apparels to Germany valued at $2.665 billion as compared to $2.632 billion in the same period of FY 2016-17.

The second spot in the tally was grabbed by the UK which imported RMG worth $1.85 billion from Bangladesh. The value posted a staggering surge of 20.70 per cent on the year-on-year basis.

Spain ranked third with $1.133 billion RMG import from Bangladesh. Last year, in the same period, Bangladesh shipped apparels worth $900 million to Spain, thereby, in the current fiscal it marked a solid boost of 25.87 per cent in the exports value.

France and Italy remained at 4th and 5th spot with apparel import from Bangladesh worth $ 878.35 million and $ 743.88 million, respectively. Exports to France went up 1.09 per cent an impressive 16.18 per cent jump was witnessed in RMG exports to Italy.

Source: fashionatingworld.com- Mar 30, 2018

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Bangladesh: Knitting industry needs modern technology for healthier growth

The multi-billion-dollar RMG sector of Bangladesh exported garments worth $28.6 billion last fiscal year, which is 84 per cent of the total export earnings of the country. Various types of garments are manufactured in Bangladesh and all readymade garments are classified into two broad categories: woven and knitted.

Knitted items production is increasing at a considerable rate and now more than 40 per cent export earnings have achieved from knitted products. In 2017, the value of woven and knitted product's export was respectively $14.39 billion and $13.75 billion.

The Knitwear industry of Bangladesh has global competitiveness in terms of product quality, price and industrial up gradation by using of latest machinery, vertical integration, and industrial agglomeration. Recently a team of Bangladesh Textile Today has met with Swapan Kumar Das, Managing Director, Texworld Associates and discussed several issues on knitting industry and sustainable machinery.

Achieving the $50 billion export target by 2021 from readymade garment sector is becoming more challenging and sustainable Textile Machinery are needed to adopt in RMG industry for both woven and knitting sector.

Price of knitting machinery in Bangladesh comparatively has not gone up recently. He emphasized that Bangladesh government needs to take a step to make conscious the entrepreneurs about new technologies.

Therefore, the entrepreneurs can easily move to use new technology for better growth and sustainability. In Bangladesh, industry owners have very little idea about new technology. Some factories are using modern machinery but due to lack of skilled workforce they are facing several problems.

Source: fashionatingworld.com- Mar 30, 2018

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Improving values of Vietnamese textile and garment brands

In the past years, Vietnam's textile and garment sector achieved double-digit growth rates, with a total export turnover of more than US$31 billion in 2017, which is expected to reach US$34bn in 2018

Although Vietnam is the third largest garment exporter in the world, its brands have not yet found success at an international level, which would create high-added values. It is crucial for domestic enterprises to swiftly set out essential strategies for building strong brands as well as improving their values in order to increase their competitiveness in the new context.

Over the past years, the sector has made encouraging achievements, including positive growth in industrial production value, sales, export turnover, and profits. It has also become one of the major contributors to the country's socio-economic development with 7,000 enterprises, creating jobs and providing a stable income for nearly three million labourers.

However, Vietnam's textile and garment sector faces numerous difficulties and challenges in the period of deep integration into the world's economy. On the domestic market, enterprises have been confronted with counterfeit goods.

Meanwhile, in foreign markets, they are dealing with strong competition caused by trade barriers and protectionist policies which favour domestic goods of many countries. The difficulties require textile and garment businesses to make changes to adapt to the new situation.

According to many experts, Vietnam has annually exported billions of US dollars of garments to the world market. However, the price of imported materials accounted for US$16 billion – US$17 billion. It can be said that domestic enterprises have been heavily dependent on imported materials, which has limited their ability to create a high-added value.

On the other hand, they have done mostly processing and outwork for foreign companies.

Therefore, the companies need to change their production methods towards original design manufacturing (ODM) and original brand manufacturing (OBM) models.

In addition to investment and renovation in modern technology as well as the improvement of management and design to boost the exports and development of the domestic market, raising enterprises' awareness and capacity of develop the values of intellectual property rights for their brands and products is very important.

In particular, it is essential to develop a set of criteria for evaluating brand values; promote the brands; and build short-term and long-term strategies. The successful building and development of brands will increase the products' market prices, creating huge surplus values for enterprises.

Facing the increased competition in the both domestic and foreign markets, enterprises should set out effective strategies. Taking advantage of the abundant and cheap labour forces is no longer suitable for businesses in the period of deep integration.

They need to pay close attention to enhancing their investment in building and developing strong brands as well as in improving the brand values, and creating strong competitiveness in the international market.

Source: en.nhandan.org.vn - Mar 30, 2018

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Pakistan: GSP Plus extension leads to 13pc exports growth

Commerce Secretary Younus Dagha has said that high cost of doing business and issues of market access and exchange rate are hindering the Pakistan exports growth but the government has been working to resolve these problems.

While addressing the launching ceremony of International Apparel Federation (IAF) membership in Pakistan held here at PRGMEA regional office on Friday, he said that the local currency has already been devalued by around 10-percent to maintain the exchange rate so that export should be enhanced.

He stated that the government has been working on the five-year Strategic Trade Framework, according which branding, gender equality and promotion of SMEs to achieve exports target. He said the extension given by the European Union over GSP+ has helped increase exports of value-added textile goods by up to 90 percent, leading to exports growth by 13 percent during July-Feb.

Younus Dagha said that the PM package in the shape of Duty Drawback on Taxes (DDT) for the exporters has also helped growth of textile exports.

The secretary appreciated the role of PRGMEA, saying the government has identified textile as a key priority area and is striving to set the right policies and incentives that encourages private sector investment in value addition. He assured the members of PRGMEA of resolving all issues at the earliest.

PRGMEA senior vice chairman Sheikh Luqman Amin, while presenting his welcome address to the commerce secretary, appreciated the extension of the GSP+ Scheme for another two years. “We have succeeded in reaching this landmark simply due to the serious efforts of Ministry of Commerce and Textile and Mr. Mohammad Younus Dagha, Federal Secretary for Commerce.

He said that the renewal of GSP+ status is a golden opportunity which our exporters could exploit. On this occasion, he recommended that export emergency should be declared in the country to control the decline in the export sector.

Regarding extreme cash flow crunch Sheikh Luqman observed that the government has given assurance to clear all pending claims, but the factual position is that more and more refund claims are piling up. The government should announce a clear policy to finally clear all the pending refund claims, he demanded.

Sheikh Luqman said that exporters were assured of simple procedure and paperless working. He said that State Bank should not do any discrimination in the small cities in disbursement of the funds. He also called for ease of business, as more than 20 different departments are becoming hurdle in the way of exports instead of facilitating the exporters.

PRGMEA senior vice chairman requested that import of fabric should be allowed under the simple and easy procedure instead of DTRE, which is very complicated as only 2% exporter can avail importation under DTRE facility. He said that unprecedented surge in cotton yarn rates has hit the export-oriented value added textile sector adversely. PRGMEA appeals for duty-free yarn import to encourage value addition and reduce cost of doing business.

On this occasion, the IAF regional president Ijaz Khokhar stressed the need for enhancing the product lines of our exports and for that purpose some incentives should also be announced by the government for the motivation of our exporters, he added.

“Currently the garment sector has a limited product line for export market due to non-availability of the latest fabric locally. Foreign buyers demanding new garments based on G3, G4 and Technical fabric material. We need to offer more diversified products to take benefit from the GSP Plus.”

Ijaz Khokhar said that we direly need to establish an ‘Aggressive Marketing Plan’ for garment export to gain the maximum benefits of GSP status.
“We have not made any marketing plan before and after granting of the GSP facility. We have no clear road map to increase our share under GSP facility available.”

The IAF regional president said that regional task force need to be established to determine issues being confronted by the industry and then to suggest measures to ensure its viability and competitiveness in the international market.

He said that Trade Offices Abroad can play an important role to promote business abroad. Commercial officers posted abroad should be made more responsive to the needs of businesses. Our commercial officers' performance should be monitored on the basis of exploring the business opportunities.

Ijaz Khokhar suggested that all EDF collected from garment sector or from others sectors should be spent sector wise on export development.
Source: pakobserver.net - Mar 30, 2018

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Uzbekistan to reduce cotton export

Uzbek President Shavkat Mirziyoyev announced plans to reduce the export of raw cotton and increase its processing on the domestic market, the press service of the head of state reported on March 30.

"My biggest goal is to provide people with work, a source of income. From now on, we will less export cotton, process it in the country and produce value-added products," he said during a working visit to Jizzakh region of the republic.

According to statistical agencies, exports of cotton fiber from Uzbekistan in 2017 decreased by 25.2 percent to 477,000 tons, and its share in the structure of exports fell to 3.4 percent. Also, the production fell to 951,900 tons that is 8 percent less.

Currently, Uzbekistan is the world's sixth-largest cotton producer among 90 cotton-growing countries.

In Uzbekistan, about 3.5 million tons of raw cotton are produced annually. The country produces about 1.1-1.2 million tons of cotton fiber annually, which accounts for about 6 percent of global cotton production. About 50 percent of the cotton fiber produced is shipped for export.

One of the policy priorities of Uzbekistan is further development of its textile industry. Uzbekistan takes consistent steps to increase the volume of cotton fiber processing.

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 USA, Turkey and other countries were commissioned. Export potential of these enterprises amounted to $670 millions.

Source: azernews.az - Mar 30, 2018

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Vietnam: Human capital key in technological age

Greater Mekong Subregion (GMS) countries must invest in human capital to take advantage of the opportunities that the fourth industrial revolution (Industry 4.0) brings, said panelists at a discussion on GMS and Global Trade during the Greater Mekong Sub-region (GMS-6) and the 10th Cambodia-Laos-Việt Nam Development Triangle Summit (CLV-10) on March 30 in Hà Nội.

Experts and panelists agreed that GMS countries' advantage is slipping away as labour costs in the region have been climbing in recent years, coupled with the recent rise of economic nationalism and protectionism. A growing number of companies are also moving their production bases out of GMS nations back to their countries or to different regions.

They also pointed out that in a world where technology is moving at an incredibly fast pace the challenge is not unique to the region. Even in developed countries, workers are facing increased competition from automation and robotic technology.

However, the age of technological advancement also presents GMS countries with opportunities. For example, recent industry reports have indicated that Việt Nam has been establishing itself as a leading country in the development and proliferation of blockchain technology, the driving force behind the global phenomenon cryptocurrencies.

Panelists pointed out that previous industrial revolutions have had much longer intervals (about 100 years apart) and the world only needs around 40 years to move to Industry 4.0, all thanks to how fast technology is moving forward. This will help level the playing field and allow less developed countries to catch up quickly, if they make good use of the benefits of modern technologies.

In the technological age, the most valuable and sought-after resources are human resources and therefore, policymakers and businesses of the region must build human capital and attract talents from around the globe.

Panelists said while the region enjoys advantages such as its total population of more than 500 million people and some of the fastest growing economies in the world, it is important to look beyond the region and forge more trade ties with the rest of the world. They also urged countries to support free trade and international commerce.

During a speech at the discussion, Deputy Minister of Industry and Trade Trần Quốc Khánh underlined the huge opportunities for the GMS to forge economic links with China and India through economic corridors and free trade agreements signed between the Association of Southeast Asian Nations (ASEAN) and China and India.

It is also possible to connect the GMS Economic Cooperation Programme with other regional co-operation structures such as ASEAN, Mekong-Japan Cooperation, Mekong-Ganga Cooperation and the Belt and Road Initiative in addition to joining regional and global value chains, especially in fields of their strengths such as garment-textile, footwear, agriculture, seafood and tourism.

Khánh, however, pointed to challenges posed to GMS countries such as few co-operation projects in cross-border trade and e-commerce regulations, as well as difficulties standardising regulations to make cross-border trade easier. He called on GMS nations to continue promoting open trade, upgrading border gates, simplifying customs procedures and enhancing ties between border management agencies.

Source: vietnamnews.vn- Mar 30, 2018

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NATIONAL NEWS

GST e-way bill must for moving goods from one state to another from April 1

The platform has been made more robust and as many as 7.5 million inter-state e-way bills could be generated daily without any glitch

Businesses and transporters moving goods worth over Rs 50,000 from one state to another will have to carry an electronic or e-way bill from April 1.

Touted as an anti-evasion measure that would help boost tax collections by clamping down on trade that currently happens on cash basis, the e-way bill provision of the goods and services tax (GST) was first introduced on February 1.

However, its implementation was put on hold after the system developed glitches in generating permits. With several states also starting to generate intra-state e-way bills on the portal, the system developed a snag.

To ensure a foolproof system, the GSTN has activated only that facility on its portal where the e-way bill can be generated when goods are transported from one state to another by either road, railways, airways or vessels.

"We will block any attempt to generate e-way bill for intra-state movement of goods," an official said.

The GST Council, earlier this month, decided on a staggered rollout of the e-way bill starting with inter-state from April 1 and intra-state from April 15.

The platform has been made more robust and as many as 7.5 million inter-state e-way bills could be generated daily without any glitch. The system has been designed and developed by National Informatics Centre (NIC).

"The NIC has assured us that the system should work fine on April 1. NIC has conducted extensive tests so that it doesn't develop snag at the last moment," an official said.

He said that GST Network had advised all transporters and businesses to enrol on the portal for trial on how to generate e-way bills.

Until earlier this week, 1.1 million entities had registered on the e-way bill portal.

This compares to 10.5 million registered businesses under the GST and about seven million filing monthly returns.

Source: business-standard.com- Mar 30, 2018

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E-way bill under GST: Why this system is extremely important

E-way bill system is extremely important, both for the government as well as industry. While the government expects the GST collections to significantly improve, the industry would hope that adequate attention is given to administrative issues, including the process to be followed if portal faces technical challenges and vehicle are intercepted for verification. From the industry standpoint, it requires careful planning and changes in IT system to gear up for the compliances as any lapse could lead to supply chain disruption.

A. Introduction of e-way bill

Nationwide e-way bill system for inter-state movement of goods effective from April 1, 2018
For intra-state movement of goods, e-way bill system will be introduced by states in a phased manner, but not later than June 1
As of now, Karnataka and Andhra Pradesh have come out with Notifications providing that e-way bill for intra-state movement shall also be applicable from April 1, 2018

B. Movement of goods for which e-way bill needs to be generated

Movement in relation to supply of goods
Movement for any reasons other than supply of goods
Procurement of goods from an unregistered person, including import of goods
Effectively, e-way bill needs to be generated for all movement of goods, unless the same has been specifically excluded.

C. Movement of goods for which e-way bill need not be generated

Goods which have been otherwise exempted from GST
Specified goods such as jewellery, precious or semi-precious stones, currency, used personal and household effects,LPG
Goods not covered under GST (alcohol, crude oil, petrol, diesel, natural gas and ATF)
Transportation of empty cargo containers, movement by a non-motorised conveyance
Movement under customs bond from an inland container depot or container freight station to a port/airport/air cargo complex/ land custom station or vice-a-versa

D. Threshold limit for generating e-way bill

E-way bill required where consignment value of taxable goods (along with tax thereon) exceeds `50,000
No threshold limit in case of inter-state movement of goods from principal manufacturer/ brand owner to job worker
Where value of an invoice/ challan does not exceed Rs 50,000 but the total consignment value of goods being transported in conveyance exceeds Rs 50,000, the transporter is required to generate e-way bill. However, such requirement is there only in case of inter-state movement of goods.
Further, this provision is not applicable from April 1, 2018, and date for implementation of same shall be notified separately

E. Validity and Cancellation of e-way bill

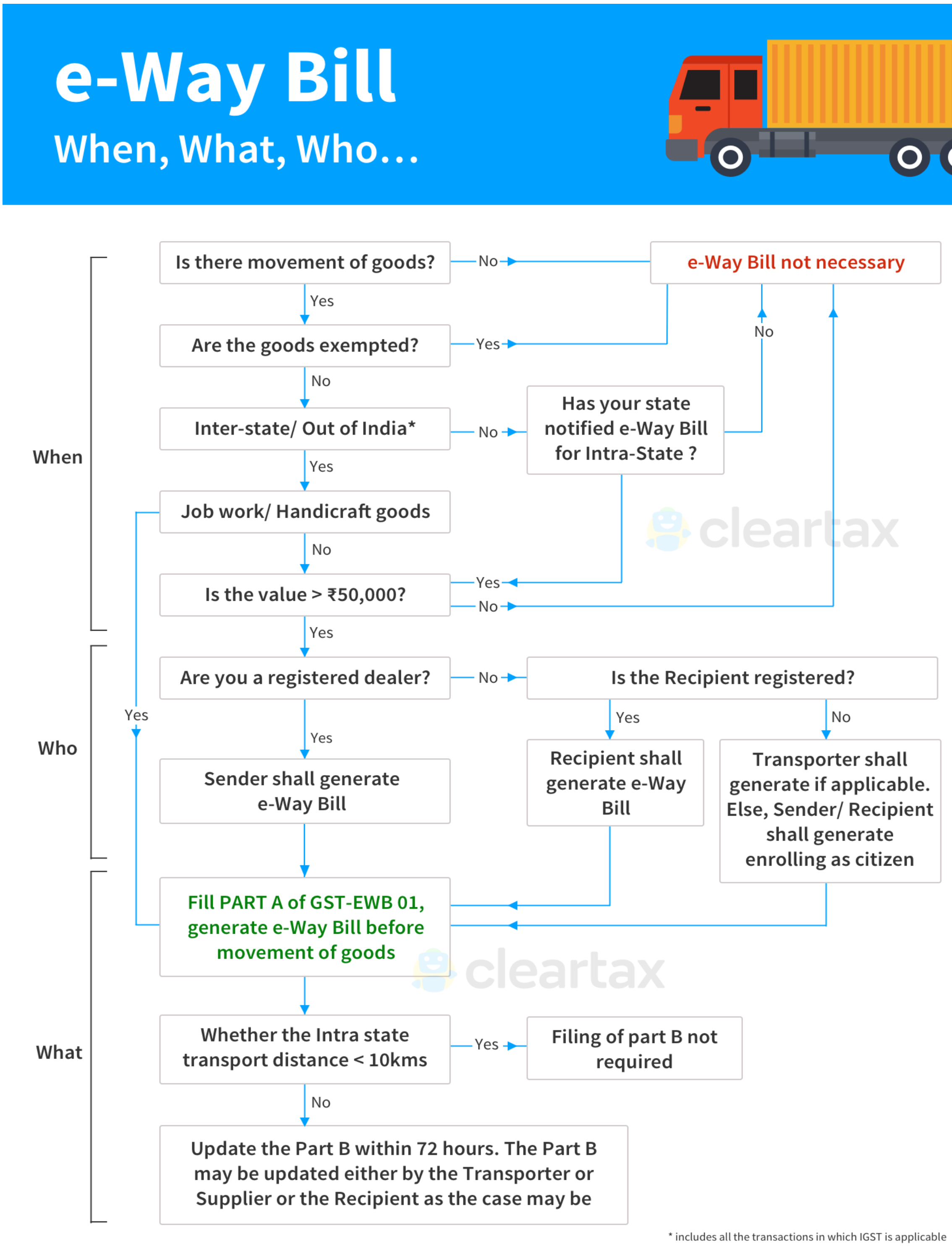
Every e-way bill generated is valid for 1 day for every 100 km or part thereof
Separate validity period of 1 day for every 20kms in case of over-dimensional cargo
Each day for validity period is to be counted as period expiring at midnight of the day immediately following the date of generation
In case of expiry due to exceptional circumstances, the validity of existing e-way bill may be extended
No cancellation of e-way bill possible post expiry of 24 hours from the time of generation
Cancellation of e-way bill is not possible once the same has been verified in transit

F. Contents of e-way bill

- E-way bill form (GST EWB-01) is divided in two parts – Part A and Part B
- Part A contain details invoice-level information relating to goods such as invoice number and date, GSTIN of supplier and recipient, HSN and value of goods etc.
- Part B contain details relating to transporter of goods such as vehicle number in case of road transport, transport document number.
- Part B not required to be filed in case of intra-state movement within 50kms from the place of consigner to place of transporter for further transportation or from place of transporter to the place of consignee
- Validity of e-way bill starts only when vehicle details in Part B is updated

G. What Businesses need to do in this regard

- Register on the e-way bill portal (www.ewaybillgst.gov.in)
- Map various business transactions and evaluate requirement of generating e-way bill in typical situations such as sales return or rejection, free of cost supply, bill-to ship-to supply, ex-works supply etc.
- Fix up responsibility of persons required to generate, cancel and manage e-way bills
- Obtain transporter ID which can be furnished on the e-way bill form
- Start generating e-way bill from the portal
- Determine changes required in ERP system/ SOPs around e-way bill management
- Make necessary changes in contracts with vendors, customer and transporter
- Take stock of existing way bills



Source: financialexpress.com- Mar 31, 2018

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GSP renewal will empower American negotiators with India: AFTI

Welcoming the renewal of a programme which allows most Indian imports to enter the US duty-free, a trade advocacy group has said it will empower Americans negotiators against their Indian counterparts. President Donald Trump signed the legislation to renew the Generalized System of Preferences (GSP) Programme last week as part of the Omnibus Spending Bill.

“GSP renewal will help empower the US Trade Representative (USTR) and other US negotiators as they sit down with India’s representatives at upcoming commercial discussions,” the Alliance for Fair Trade with India said.

Commending the Congress and Trump for the renewal, the AFTI said the GSP supports the USTR efforts on pending petitions brought by industries that face challenging market conditions and trade barriers.

“AFTI and its members support and commend USTR efforts to engage and address the issues at hand and also calls on India to step up and act to address the issues as well,” a media statement said.

The AFTI said the renewal of the highlighted the importance of the India-US economic relationship. India is the largest recipient of GSP benefits.

“As such, Congress and the White House are empowering their India trade team to assess India’s compliance with the GSP Program and make real, tangible progress on the many challenging issues US companies face in India,” AFTI said.

Introduced in 1976, a wide range of industrial and agricultural products originating from certain developing countries are given preferential access to American markets.

In India’s case, it enables duty-free entry of 3,500 product lines, which benefits exporters of textiles, engineering, gems and jeweler and chemical products.

According to the USTR, the total US imports under GSP in 2017 was USD 21.2 billion, of which India was the biggest beneficiary with USD 5.6 billion, followed by Thailand (USD4.2 billion) and Brazil (USD 2.5 billion). The programme has now been renewed through December 31, 2020.

While legislation to renew the GSP was enacted on March 23rd, the effective date of renewal is April 22, 2018. GSP-eligible entries will enter the US duty-free on, and after, April 22, 2018.

Because the GSP programs renewal is retroactive, importers may seek refunds of duties paid during the lapse of GSP authorization, USTR said in a statement.

In accordance with US Customs and Border Protection (CBP) instructions, importers who marked their GSP-eligible articles after January 1, 2018, with the applicable special program indicator (SPI) for GSP (“A” or “A+”) will receive automatic duty refunds without interest.

In addition, for GSP-eligible articles that entered the US during the lapse of GSP authorization without SPI code ‘A’, importers may request a GSP duty refund request to CBP.

Source: financialexpress.com- Mar 30, 2018

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GST Fallout: CBEC clears Rs 3,000 crore refunds to exporters

The Central Board of Excise and Customs (CBEC) has sanctioned nearly Rs 3,000 crore of refunds to exporters during the fortnightly drive undertaken by the indirect tax department from March 15 to resolve the issue of pending refunds. This is likely to ease working capital crunch being experienced by exporters since the rollout of the goods and services tax (GST) on July 1 last year.

In the weekly letter to officials, CBEC chairperson Vanaja Sarna said total IGST refund sanctioned till Wednesday was Rs 7,632 crore, which includes Rs 5,339 crore cleared for disbursal to exporters before the drive began.

Similarly, the department has now sanctioned Rs 5,007 crore as ITC refunds, including Rs 633 crore successfully processed in last two weeks. This takes the total sanctioned refunds to Rs 12,639 crore.

At the start of this month, exporters had claimed about Rs 13,000 crore as refunds in lieu of integrated GST paid on exporting goods and for GST paid on inputs.

While it was easier for the tax department to sanction input tax credit (ITC) refund, IGST refunds hit a wall because of mismatches between details in claim application filed with GST Network and the customs department. This led to the GSTN system not clearing many claims for sanction of refunds.

Earlier this month, the Prime Minister held a meeting on the issue, which was followed by the announcement of tax department about a fortnight-long drive to help exporters correct mistakes manually on the IT system. To further help exporters, the CBEC will keep its designated offices open on Saturday, Sarna said.

Source: financialexpress.com - Mar 31, 2018

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Apparel exporters seek 'lifeline support'

Exporters in the Tirupur knitwear cluster say it will be impossible for them to compete with 'tariff advantaged' countries without 'lifeline support' through schemes such as duty drawback and Rebate on State Levies (ROSL).

In a representation to Union Minister for Commerce and Industry Suresh Prabhu, president of Tirupur Exporters' Association Raja M Shanmugham highlighted the plight of exporters since the reduction in the duty drawback rate last October.

Stating that there is no level playing field for the garment manufacturers in India to compete in the global trade because the tariff advantaged countries enjoyed duty-free access on exports to the European Union and the US, he said, "Indian exports are subjected to a levy of 11.40 per cent."

"Bangladesh's apparel exports is four times that of India's share in the global market, primarily because we are unable to compete on the price front. With the introduction of GST and the timeline fixed for replacing duty drawback scheme with GST refund mechanism, there has been a total chaos. The small lifeline support that we enjoyed is also lost," Shanmugham said.

"The ROSL rate was halved from 3.5 per cent to 1.7 per cent and the service tax component of duty drawback at 0.21 per cent was withdrawn from July 1.2017. Besides this, the excise portion of duty drawback of 5.7 per cent was also withdrawn from October 1. All this has resulted in a bottom line hit of 5 to 7 per cent for the apparel sector," he added.

The association has also appealed for WTO-compatible incentives.

Source: thehindubusinessline.com - Mar 31, 2018

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India to export 65-70 lakh bales of cotton in 2017-18

India will export 65-70 lakh bales of cotton in the ongoing cotton season 2017-18 (October-September) amid aggressive demands from neighbouring countries like Bangladesh, Pakistan and China, said an official on Thursday.

Atul Ganatra, President, Cotton Association of India (CAI), said that apart from the neighbouring countries, India has also been receiving demands for cotton from several other countries, including Vietnam, Indonesia and Turkey.

According to the CAI, India had exported 63 lakh bales of cotton last year. Each bale has nearly 170 kg of cotton.

Foreign buyers are interested in sourcing cotton from India as they find it cost effective and less expensive in comparison to other countries, said Ganatra.

India has already shipped nearly 53-55 lakh bales in the current season and contracts have been signed for another 8-10 lakh bales scheduled for shipment in April-May.

According to him, Indian cotton exports would reach 65 lakh bales by May-end as Bangladesh, the world's largest cotton importer, does not have much of its own production and its spinning mills largely depend on imports.

"In the early six months of this cotton production and marketing season 2017-18 (October-March), India has sold 55 lakh bales of cotton, of which 17 lakh bales have been shipped to Bangladesh followed by 11 lakh bales to Pakistan, 10 lakh to Vietnam, seven lakh to China, 7 lakh to Indonesia and Taiwan, and 3 lakh to other countries including Sri Lanka, Turkey and Thailand, among others," the CAI chief told IANS.

In case China's demand shifts from the US to India, its largest supplier, it will be a win-win situation for both cotton growers and suppliers as the prices of Indian cotton will move up, he said.

"But at present China has huge stocks in its government vault for current year's consumption, therefore, it will not source much. However, by the end of season, India's cotton exports to China may touch 10 lakh bales," Ganatra added.

The CAI had pegged India's cotton crop at 362 lakh bales for 2017-18 in its monthly report on March 9, 2018, down five lakh bales from the previous month as pink ball worms infestation and dry weather caused severe damage to the cotton crop this year in the Maharashtra and Telangana regions -- the two key cotton producers in India.

As per the Association estimates, the consumption of local mills is 330 lakh bales. Taking into account the export figure of 65-70 lakh bales, the aggregate demand works out to nearly 400 lakh bales.

As for the supplies, it is pegged at 412 lakh bales, with 362 lakh bales of the current year's production and 30 lakh carry-forward bales, while imports are expected to be around 20 lakh bales. Hence, the closing stocks would be around 12 lakh bales.

As per the United States Department of Agriculture (USDA) figures, India is the largest producer of cotton in the world with 365 lakh bales this year, followed by China (353 lakh bales), the U.S. (273 lakh bales), Pakistan (105 lakh bales) and Brazil (103 lakh bales).

The five largest exporters of cotton are the U.S. (186 lakh bales), Australia (56 lakh bales), Brazil (54 lakh bales), India (54 lakh bales) and Uzbekistan (15 lakh bales).

As per the US agency, five major consumers of cotton are China (513 lakh bales), India (314 lakh bales), Pakistan (134 lakh bales), Bangladesh, (92 lakh bales) and Turkey (90 lakh bales).

The five major importers are Bangladesh (93 lakh bales), China (64 lakh bales), Vietnam (54 lakh bales), Indonesia (45 lakh bales) and Turkey (45 lakh bales).

Source: smetimes.in - Mar 30, 2018

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Simply Put: Why new fixed-term job rules are drawing praise, concern

The move is expected to promote 'ease of doing business', as it reduces the role of middlemen and allows companies to hire workers based on seasonal trends.

While presenting the Union Budget earlier this year, Finance Minister Arun Jaitley had said that fixed-term employment would be allowed in all industrial sectors. Following up on the announcement, the union government this month extended the facility to all sectors through the amended Industrial Employment (Standing Orders) Central Rules, 2018.

The move is expected to promote 'ease of doing business', as it reduces the role of middlemen and allows companies to hire workers based on seasonal trends. Trade unions across the country, however, say the government took the step without consulting them. They argue that such Rules would lead to a situation where only fixed-term jobs are created, leading to the elimination of permanent jobs.

Fixed-term employment

The Industrial Employment (Standing Orders) Central (Amendment) Rules, 2018, notified by the Ministry of Labour and Employment, defines a fixed-term employment workman as one who has been "engaged on the basis of a written contract of employment for a fixed period".

The Rules state that no employer of an industrial establishment shall convert the position of the permanent workmen existing in his industrial establishment on the date of commencement of the amended Rules, that is, March 16, as fixed-term employment thereafter.

The move towards fixed-term employment will make it easier for companies to lay off workers, thus impacting job creation. As per the International Labour Organisation's World Employment and Social Outlook: Trends 2018 Report, India's unemployment rate for 2018 is expected to be 3.5%, more than the estimated 3.4%. In absolute terms, unemployment is estimated to have risen to 18.3 million in 2017 from 17.8 million projected earlier; for 2018, the ILO estimates unemployment to increase to 18.6 million from the 18 million estimated in its previous employment outlook Report.

Start, stop, start, stop

The central government had notified fixed-term employment for the apparel manufacturing sector in October 2016. In December 2017, the union cabinet approved the proposed extension of fixed-term employment to the leather, footwear and accessories industries.

In January 2018, the Labour Ministry issued a draft notification for extension of fixed-term employment to all industrial sectors through an amendment of the Industrial Employment (Standing Orders) Central Rules, 1946.

Fixed-term employment was earlier introduced by the NDA government in 2003. Following protests by trade unions, the UPA government withdrew it in 2007. In 2015, then Labour and Employment Minister Bandaru Dattatreya brought the proposal of fixed-term employment to the table again, but had to withdraw it after stiff opposition from trade unions.

Terms of engagement

The notified Rules for fixed-term employment provide for equal work hours, wages, allowances, and other benefits along with all statutory benefits available to a permanent workman in proportion to the period of service rendered by an individual, even if the period of employment does not extend to the qualifying period of employment required in the statute.

However, no fixed-term workman shall be entitled to any notice or pay in lieu, if his services are terminated as a result of non-renewal of contract or employment.

Also, as per the Rules framed by the government, no notice of termination of employment shall be necessary in the case of temporary workmen, whether monthly- rated, weekly-rated or piece-rated, and probationers or badli workmen (workmen appointed in the position of permanent workmen or temporarily absent probationers).

Views of industry and unions

Trade unions across the board have opposed the extension of fixed-term employment to all sectors. The Rashtriya Swayamsevak Sangh-affiliated Bharatiya Mazdoor Sangh (BMS) has asked for the notification to be withdrawn, saying that none of its demands were accepted by the government.

It said that permanent employment will vanish from the industrial sector, all jobs will be converted into temporary contract works for a fixed period only, and hire-and-fire will become the legalised rule in the labour sector. The Communist Party of India (Marxist)-affiliated Centre of Indian Trade Unions (CITU) has called for a nationwide strike on April 2 to protest against fixed-term employment.

The industry has, however, welcomed the decision. Ficci has said that the government's move to extend the facility of hiring workers on a fixed-term basis to all sectors will trigger employment generation. The body has added that the Rules will help companies to employ people for a fixed duration for which they have orders or assignments, and there will be no burden of carrying extra labour force during the lean season.

Source: indianexpress.com - Mar 30, 2018

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Telangana, farmers' union make a pitch for non-Bt cotton seeds

Urge growers to stay away from illegal Bt3 seeds

With the kharif season fast approaching, the Telangana government and farmers' union have launched independent campaigns to discourage people from illegal bio-tech cotton seeds or Roundup Ready Flex seeds.

The third generation seed technology developed by Monsanto gives cotton plants protection against glyphosate, which is sprayed to kill the weed. Though the technology doesn't have permissions in the country, farmers have been using it extensively.

The fact that a third of 45 lakh acres of cotton area in Telangana alone was covered by the illegal seed shows the depth of its penetration.

Both Monsanto and private companies that sell bio-tech seeds denied any role in the production of these seeds.

With unscrupulous players flooding the market with these seeds, the State government has begun a campaign across the State to spread awareness.

It warns of Preventive Detention and arrest of those in possession of these seeds. “These seeds don’t have any permission for sale. Don’t buy them. The government holds no responsibility if you plant them. Glyphosate is not environment-friendly,” a government official warned the farmers.

The district level officials are printing banners, informing the farmers about the ill-effects of the herbicide-tolerant seeds.

‘No to Bt’

The farmers’ unions too are advising the farmers to be careful about the illegal seeds.

“To discourage farmers from using the RRF and Bollgard-II, which have become highly ineffective against pink bollworm, we need to promote non-Bt varieties such as Narasimha, Rythu Rakshana, Suraj and Nandhyala 5494 seeds,” T Sagar, Secretary of the Telangana Rythu Sangham, told BusinessLine.

“Non-Bt varieties can give yields up to 15 quintals an acre, while the Bt varieties are leaving the farmers in losses,” S Malla Reddy, Vice-President of All-India Kisan Sabha, said.

He demanded that the State government make enough stocks of non-Bt seeds available in the market well ahead of the season.

Telangana and Andhra Pradesh would constitute about a sixth of the three crore acres of the projected cotton area in the next kharif season.

Telangana alone is expected to plant cotton on about 40 lakh acres.

Source: thehindubusinessline.com- Mar 29, 2018

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GST ushers in new payment system for textile industry

The payment issues have been resolved, but most of our demands related to GST with the government are still pending." We would not dare ask for payment from weavers, even if they fail to pay on the promised date. Now, the business is restricted to those who are registered players."Manghani added, "The launch of national e-way bill is going to impact the industry from April 1 onwards.

For those not paying on time, we impose 18 per cent interest on late payments."Surana added, "The new taxation system has definitely impacted the textile business, but it has helped us to introduce new payment norms as well. The GST portal is not working properly and the trade is experiencing difficulties even in filing returns, forget about generating e-way bills.

Textile traders, yarn dealers and power loom weavers may rue the fact that their key demands are yet to be resolved by the Goods and Service Tax (GST) Council and the central government under GST, but majority of them are happy that GST has forced them to introduce a new payment system which is good for a healthy business environment.Yarn dealers have stopped fresh deliveries of goods to power loom weavers because they are yet to settle outstanding payment.

Most of the yarn dealers and fabrics traders have set payment terms where those paying within seven days of goods delivery are given one per cent discount on the total bill amount, whereas there are interest penalties of up to 18 per cent on late payments.Yarn dealer Rajesh Surana told TOI, "Pre-GST, we would give payment credits for 30 and 60 days.

We would not dare ask for payment from weavers, even if they fail to pay on the promised date.

Post-GST, weavers pay us cheque against yarn delivery.

For those paying in cash, we pay one per cent discount on total bill.

Source: nyoooz.com- Mar 31, 2018

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Indian ship owners threaten to flag out if cabotage is eased and RoFR removed

Industry body warns of impact on economy with no 'discernible gain'

Fleet-owners in India have threatened to flag their ships outside the country if cabotage is further eased and a so-called right of first refusal (RoFR) available to them is removed.

Forcefully defending its turf in the wake of signals emanating from the government's policy managers in Delhi on potential cabotage relaxation and removal of RoFR, industry lobby Indian National Shipowners Association (INSA) has said the move will have a "definite impact" on the economy without any "discernible gain".

This has sparked fears among fleet owners at a time when many developed countries are strengthening their cabotage laws to protect their national flag ships.

Only Indian registered ships are allowed to ply on local routes for carrying cargo, according to India's cabotage law. Foreign ships are allowed to operate along the coast if Indian ships are not available, and with the permission of India's maritime regulator.

No incentive

Local shipping companies get a right to match the lowest rate offered by a foreign flag in tenders issued by state-run firms under the chartering guidelines framed by the Director-General of Shipping. Only if Indian shipping companies decline, is a foreign flag ship allowed to carry the cargo.

This mechanism does not mean added costs for the consumer but gives Indian companies the opportunity to carry cargo at the rate quoted by a foreign line.

"If these are not there, why do we need to be in India," said Anil Devli, CEO of INSA. "There will be no incentive to remain flagged in India; we will have to change the flag," he stated.

Fleet owners say that a partial relaxation of cabotage for transshipment of export-import containers and roll-on-roll-off (ro-ro) ships, given earlier, have not met the desired objectives. “Just relaxing cabotage doesn’t get us anywhere as borne out by the cases of EXIM container transshipment and ro-ro vessels,” Devli said.

On the contrary, despite the unfavourable operating environment, the participation of Indian flag ships in tenders have meant state-owned companies benefited from lower freight rates.

Struggling to compete

Local fleet owners say they are unable to compete with foreign ships on domestic voyages due to higher taxes, costlier bunker fuel, tax on wages paid by Indian seafarers employed on Indian flag ships, mandatory requirement on employing more crew per voyage and 5 per cent IGST on cargo carried along the coast. None of these is applicable to foreign ships, giving them an edge over Indian flag vessels.

“Despite bearing all these costs, we are asked to match the lowest rate offered by foreign ships. We still match and do better,” says Devli.

To back his claim, Devli said India’s state-run oil firms paid ₹744 per tonne as average freight to foreign ships in FY15, 58.1 per cent higher than the ₹470.4 average freight per tonne paid to Indian flag ships.

The average cost per tonne, including freight and detention demurrage paid to foreign ships, was ₹515.64 in FY15, 28.38 per cent more than the average cost per tonne paid to Indian ships, according to data obtained through RTI queries.

In FY17, India paid $52 billion in freight to foreign shipping companies, which carry about 92 per cent of India’s external trade shipped by sea, according to the Reserve Bank of India.

“We are not asking for more freight or any price preference. Put us on par with global fleet owners,” says Ranjith Singh, CEO, Essar Shipping Ltd.

INSA, a 42-member group, paid ₹7,994 in duties and taxes in FY16 apart from hiring only Indian seafarers and giving seafarers free training, spending ₹16 lakh a year on each cadet.

"What is wrong if I expect some kind of support from the government as a legitimate tax-paying industry with no extra cost to the consumer or charterer.

Why does someone grudge the fact that we carry cargo at the same rate as foreign ships. Yet, to be knocked off or thrown away is something that we don't expect from the government," Devli added.

Source: thehindubusinessline.com- Mar 31, 2018

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