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NEWS CLIPPINGS –30-12-2017

Textiles, garment industry not out of the woods yet	Money Control http://www.moneycontrol.com/news/business/economy/textiles-garment-industry-not-out-of-the-woods-yet-2471219.html
<p>Garment exporters have been demanding that the duty reimbursement to them be retained at the pre-GST (Goods and Services Tax) drawback rate of 7.5 per cent, amid declining outbound shipments. India's apparel exports declined 39 per cent in value terms in October.</p> <p>2018 may turn out to be a challenging year for India's textile and garment industry, with exporters still reeling under the impact of GST and outward shipments likely to miss the USD 45 billion target for 2017-18.</p> <p>Garment exporters have been demanding that the duty reimbursement to them be retained at the pre-GST (Goods and Services Tax) drawback rate of 7.5 per cent, amid declining outbound shipments. India's apparel exports declined 39 per cent in value terms in October.</p> <p>However, India's cotton production could touch 37.7 million bales in the year that began on October 1, up from 34.5 million bales produced in 2016/17.</p> <p>The production of import substitute bivoltine silk in the country is expected to reach around 6,200 million tonnes (MT) in 2017-18 as compared to 5,266 MT a year ago, registering an increase of 19 per cent, according to the Textile Ministry.</p> <p>Meanwhile, 2017 turned out to be a mixed bag for the textiles sector. While initiatives were unveiled for power loom units and weavers, the much-awaited new National Textiles Policy is yet to see the light of the day.</p> <p>Towards the end of the year, a Scheme for Capacity Building in Textile Sector to boost skill development and job creation was launched with an outlay of Rs 1,300 crore. 10 lakh people are expected to be skilled and certified in various segments of Textile Sector through the scheme, out of which 1 lakh will be in traditional sectors. The year also witnessed the first mega international trade event for the textile sector, which was inaugurated by Prime Minister Narendra Modi in Gandhinagar, Gujarat, on 30 June.</p> <p>The event recorded participation from more than 100 countries and a total of 65 MoUs with an estimated value</p>	

of over Rs 11,000 crore were signed during the exhibition. India Handmade Bazaar, an online portal to provide direct market access facility to artisans and weavers, was launched in January.

In November, the Textiles Ministry notified post-GST rates under the scheme for Remission of State Levies (RoSL) on exports of readymade garments & made-ups. For garments, the rates range between 1.25 per cent and 1.70 per cent and for Made-ups, they range between 1.40 per cent and 2.20 per cent, with the rates effective from October.

The government also enhanced the rates under Merchandise Exports from India Scheme (MEIS) on readymade garments and made-ups from 2 per cent to 4 per cent. The rates will be applicable between November 1, 2017 and June 30, 2018.

A comprehensive national policy covering all segments of the textiles sector is the need of the hour, to give a push to exports from the sector, which have remained stagnant for the past four fiscal years, mainly because of less demand in major markets such as the US, EU and China, and stiff competition from countries like Vietnam and Bangladesh which enjoy an edge over India.

Deadline for supply returns extended to Jan 10	Business Standard http://www.business-standard.com/article/economy-policy/deadline-for-supply-returns-extended-to-jan-10-117123000030_1.html
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The government on Friday extended the last date for filing of final detailed sales return for the first four months by 10 days under the goods and services tax (GST). The extension of the deadline to January 10 comes as a relief to taxpayers struggling with technical issues related to the GST Network portal.

According to a government notification, businesses with turnover of more than Rs 1.5 crore has to file GSTR-1 for July-October by January 10. For small taxpayers with annual turnover up to Rs 1.5 crore, too, the date for filing these returns for the first three months has been extended to January 10.

"Extension comes as a relief for the industry as functionality for filing GSTR-1 for August to October came in second half of the current month only," said Pratik Jain of PwC India. There were also system-related issues in a few cases with respect to data upload, saving and generation of one-time password. "It also means that tax and finance professionals will not have to spend their New Year eve in office."

Atul Gupta, senior director, Deloitte India, said the GSTN portal had become exceedingly slow and a large number of taxpayers were struggling to upload returns over the past two days. "Evidently, the government has to work and make the GSTN portal glitch-free and robust to handle the load. Undoubtedly, the time is running out for the

government to fix the GST,” he said.

Gupta added that a significant reason for lack of buoyancy in GST revenues was that tax non-compliance was on the rise in the absence of any significant self-regulating deterrence mechanism, GSTR 2 returns for purchases were still not required to be filed.

Trade body maintains cotton crop size at 375 lakh bales for 2017-18	Business Line http://www.thehindubusinessline.com/todays-paper/tp-agri-biz-and-commodity/trade-body-maintains-cotton-crop-size-at-375-lakh-bales-for-201718/article10005925.ece
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Based on the healthy market arrival trend of cotton so far, the Cotton Association of India has maintained the crop size for the 2017-18 season at 375 lakh bales (of 170 kg each) in its latest estimates. This is despite the fact that reports of pest infestation mainly the pink bollworm affecting the crop in Gujarat, Maharashtra, Telangana and Karnataka among others. However, CAI expects a decline in targeted exports of the fibre crop at around 55 lakh bales, down from earlier projection of 63 lakh bales on the recent firming trend in cotton prices.

“Since cotton rates have gone up in India by 10 per cent in the last one month, the earlier set target of cotton export of 63 lakh bales looks difficult now, hence cotton export figures have been reduced and revised from the earlier 63 lakh bales to 55 lakh bales,” Atul S Ganatra, President, CAI, said.

Higher prices

Further, as the cotton prices have moved up in the country, the parity to import the fibre crop has increased. As a result, the trade body sees an increase in imports and has revised the import figures from 17 lakh bales to 20 lakh bales this season. Market arrivals of cotton in the first three months of the 2017-18 marketing season starting October are higher by around 43 per cent over corresponding last year.

Arrivals rise

Arrivals would have crossed 148 lakh bales by December 31 this year as against 108 lakh bales, based on the data gathered from each State. The higher arrivals are despite the fact that major growing States including Maharashtra and Telangana reporting pink bollworm infestation. CAI has announced cotton crop size of 375 lakh bales which looks achievable given the pace of arrivals this season, Ganatra said. CAI’s estimate is marginally lower than the Cotton Advisory Board’s recent estimate of 377 lakh bales for the 2017-18 season.

Relief for spinners

Meanwhile, ICRA in a recent report said that domestic spinners were likely to witness a gradual recovery in performance from Q4 FY2018 onwards, after facing multiple headwinds over past several quarters which resulted in their profitability touching six-year lows in the second and third quarters of current fiscal. “The improvement in performance of domestic spinners is likely to be aided by a downward bias in cotton prices amid healthy cotton crop and an upward bias in yarn realisations due to demand restoration. While there has been an uptick in cotton prices in the recent weeks, ICRA believes the same to be an aberration in light of slower-than-usual arrivals in the leading cotton producing state of Gujarat owing to elections and concerns emanating from reports of pest attacks,” said Jayanta Roy, Senior Vice-President and Group Head, Corporate Sector Ratings, ICRA. ICRA believes that the crop quantity and quality is unlikely to be impacted considerably because of the aforesaid concerns and the arrivals are likely to pick up in Q4 FY2018.

'E-way bill to boost GST compliance'	The Hindu http://www.thehindu.com/todays-paper/tp-business/e-way-bill-to-boost-gst-compliance/article22329330.ece
<p>The mandatory implementation of the e-way bill system from February 1 for all inter-State movement of non-exempted goods will help boost compliance under the Goods and Services Tax (GST) regime, according to Finance Secretary Hasmukh Adhia.</p> <p>“All we want to do is using information technology and a simple self-declaration saying you moved so much goods... be able to then ask so why didn't you file a GST return,” Mr. Adhia said at a briefing on Friday. “Our intention is to make the filing of a simple e-way bill — which, either the supplier, the buyer or even the transporter can file — a habit that is adopted by everyone.”</p> <p>The July 1 implementation of GST has seen revenue collections from the new nationwide indirect tax falter in recent months and the Centre, already struggling with a wider than budgeted fiscal deficit, is keen to tighten tax compliance under the new regime. The decision to advance the roll-out of the nationwide e-way bill system to February 1 is line with this objective.</p> <p>'No inspector-raj'</p> <p>Mr. Adhia sought to allay fears that the implementation of the e-way bill system would result in a return of 'inspector-raj' and said only in the initial period would a few random vehicles be stopped en route to check if the goods being transported were accompanied by an e-way bill. Also, once a vehicle had been stopped and checked it would not face any further inspections along the rest of its route, even if it traversed multiple States. The number of exemptions for complying with the requirement of an e-way bill was also extensive, including about</p>	

50% of the CPI (Consumer Price Index) basket of goods, he said. Given the experience of States which had implemented similar e-way bills as part of the earlier VAT regime, there is clear evidence that tax collections jumped following implementation of the system.

“Some of these States had not only intra-State but they also had inter-State requirement of e-way bills. These States saw a 15% to 20% increase in revenue the year after they implemented it,” Mr. Adhia said.

About 15-16 lakh e-way bills are likely to be filed daily for inter-State movement of goods, with the combined number inclusive of filings for intra-State transportation estimated to be about 40 lakh, according to Prakash Kumar, CEO, GST Network.

Separately, Mr. Adhia said initial data on GST collections under the composition scheme — where small businesses self-declare turnover and pay a flat rate varying from 1% for traders to 5% for restaurants — had revealed “outright under-reporting.” With 6 lakh returns filed under the scheme, the revenue receipts amounted to a paltry Rs. 251 crore.

Many causes for slow FY17 growth: FM

The Hindu

<http://www.thehindu.com/todays-paper/tp-business/many-causes-for-slow-fy17-growth-fm/article22329336.ece>

Weak global economy was a cause: FM

Finance Minister Arun Jaitley on Friday said that the slower GDP growth of 7.1% in the financial year 2016-17, compared with 8% in the previous year, was due to a combination of reasons, including a weak global economy, a reduction in investment, stressed corporate balance sheets, and lower credit.

During the Lok Sabha question hour, Mr. Jaitley said, “The government has taken various initiatives to boost the... economy,” including “a fillip to manufacturing, measures for transport and power sectors,... comprehensive reforms in the FDI policy **and a package for textiles.**”