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NEWS CLIPPINGS –29-01-2018

FM says GST stabilised in short time, hints at further rejig	Times of India https://timesofindia.indiatimes.com/business/india-business/fm-says-gst-stabilised-in-short-time-hints-at-further-rejig/articleshow/62671392.cms

Finance Minister Arun Jaitley today said the Goods and Service Tax (GST) has stabilised in a very short time that provides an opportunity to widen its base and further rationalise the rates in the future. Also, he said the GST has brought about an entire change in the indirect tax system in the country. Jaitley further said the GST has "stabilised in a very short time in India" as compared to various other countries. "Therefore, it gives us an opportunity in the times to come to increase its base and rationalise the structure as it continues to evolve," he said at an event to mark the International Customs Day. At present, the GST has four rates of 5 per cent, 12 per cent, 18 per cent and 28 per cent.

It is to be noted that the GST Council in the November meeting had decided to keep only sin goods and white goods under the 28 per cent tax bracket and moved 178 items from the highest tax bracket to 18 per cent. Thirteen items were moved from 18 per cent to 12 per cent bracket; 8 items from 12 per cent to 5 per cent; 6 items from 18 per cent to 5 per cent, while 6 other items moved from 5 per cent to zero per cent slab. Following the reduction on more than 200 items, the GST collections hit lowest in November from Rs 80,808 crore in the previous month. However, halting two months of decline, the collections gathered momentum in December, rising to Rs 86,703 crore. Total GST collections in October were over Rs 83,000 crore. In September, the GST mop-up was over Rs 92,150 crore.

Suresh Prabhu invites WTO ministers for India meet	Indian Express http://www.newindianexpress.com/nation/2018/jan/26/suresh-prabhu-invites-wto-ministers-for-india-meet-1763838.html

Commerce and Industry Minister Suresh Prabhu has invited his counterparts from WTO member countries for a mini-ministerial meeting in India. Prabhu, who attended a ministerial dinner hosted by the WTO here on the sidelines of the World Economic Forum (WEF) last night, said he personally invited all of them for the mini-ministerial to be hosted by India in March.

He also said it is for India to take the leadership role in reviving multilateralism in the world, as highlighted by Prime Minister Narendra Modi in his opening plenary address at WEF that outlined protectionism as one of the biggest problems of the modern world.

Prabhu said he had close to 100 meetings with CEOs, bankers, funds, investors, ministers, trade organisations, entrepreneurs and think-tanks here in Davos on the sidelines of its annual meeting. "Pitched for investments with top global CEOs in several sectors for #MagneticMaharashtra. States growth is India's growth.#TeamIndia," the minister said in a tweet.

GST collections reverse trend; rise to Rs 86,703 crore in December	**Economic Times** https://economictimes.indiatimes.com/news/economy/indicators/gst-collection-for-december-rises-to-rs-86703-crore/articleshow/62650540.cms

Goods and services tax (GST) receipts rose in December 2017, reversing the decline seen in the previous two months. The government expects collections to improve in the coming months as measures to raise compliance have begun to show results, officials said.

The total collections for December rose to Rs 86,703 crore, as on January 24, the finance ministry said in a post on microblogging site Twitter on Thursday. GST receipts had slipped to Rs 80,808 crore in November from more than Rs 83,000 crore in October and over Rs 92,000 crore in September.

There is a slight improvement seen in collections," a government official told ET. "The government expects collections to improve further after the introduction of the interstate e-way bill system from February 1."

Under the fully integrated nationwide e-way bill system, interstate movement of all taxable goods will be closely monitored. The receipts rose in December despite the cut in tax rates on 178 goods from 28% as also restaurants to 5% in November, indicating greater compliance.

The economic recovery in the past few months could also have contributed to higher GST receipts, analysts said. Fastmoving consumer goods maker Hindustan Unilever reported 11% volume growth in the October-December quarter from a year ago. Auto sales have also been strong.

The increase in GST collections for December compared to November is a welcome sign given that it was the first full month after the rate cuts on several products," said MS Mani, senior director, Deloitte India. "It appears that GST collections have started entering the stabilisation phase and are now expected to improve in the coming months."

17.11Lakh Under Composition Scheme

The ministry further said that one crore taxpayers have been registered under GST till January 24, of which 17.11lakh are composition dealers who are required to file returns every quarter. As many as 56.30 lakh GSTR 3B returns have been filed for December, it said.

For composition dealers, the last date of filing GSTR 4 return for the July-September quarter was December 24, and they filed a total of 8.10 lakh returns amounting to Rs 335.86 cr, the ministry said. For the October-December quarter, the last date for filing GSTR 4 return was January 18 and 9.25 lakh returns were filed by composition dealers who paid a total sum of .`421.35 cr, it said. Composition scheme allows dealers to pay GST at a concessional ratewith easy compliance sans any audit.

Textiles sector seeks a leg up from the government	The Hindu http://www.thehindu.com/business/Economy/textiles-sector-seeks-a-leg-up-from-the-government/article22544779.ece

A couple of major issues have impacted the country's textile and clothing sector in the past year. Expectedly, the industry's aspirations for the Union Budget are related to the revival of exports and the GST. According to data available with the industry and the export promotion councils, readymade garment exports grew less than 1% between April and November 2016 in dollar terms and dropped 3.03 % in rupee terms.

Fabric exports were to the tune of $230.37 million in April 2017 and slumped to $113 million in October. Yarn exports fared better in value terms at $267.33 million in April and $354.05 million in October last year. However, in terms of volume, yarn exports stayed almost flat. Apparel exports dropped 8% in December alone compared with a year earlier. "Between 2009 and 2015, the domestic market grew 10% every year for the Indian textile and clothing sector, and exports rose almost 8% year-on-year," said P. Nataraj, chairman of Southern India Mills' Association. "For the last three years, exports have almost stagnated. Countries such as Vietnam have overtaken India in yarn exports to China."

When the global economic slowdown hit the industry seven years ago, the Centre had come out with a time-bound stimulus package. The two major policy decisions of the government in the recent past, demonestisation and GST, have impacted the industry more than the economic slowdown, he said. "What the industry needs now is a stimulus package." The Confederation of Indian Textile Industry (CITI) pointed out that according to a study of 600 SME units, the number of units under the SME 2 category rose from 54 to 191 between March and September and the number of NPA units went up from 18 to 32 during the same period.

A stimulus package will give relief to the units,said Sanjay K. Jain, chairman, CITI. Rebate of State levies (ROSL) is critical for revival of exports. Towards this, the government should sanction adequate funds for ROSL and extend it to all products instead of just garments and made-ups, said Mr. Jain. According to data available with the ministry, the allocation for ROSL for 2017-2018 was ₹1,555 crore and it has been exhausted. However, according to the industry, garment exporters got ROSL only for April and May and made-up exporters received rebates till July this financial year. India exports garments and made-ups worth $23 billion annually. The average tax rate after GST for garments and made-ups is 1.8%; it was 3.7% before GST.

'Allocations must rise'

The industry estimates it needs about ₹2,100 crore to clear pending ROSL reimbursements and another ₹2,500 crore for the next fiscal. So, allocations need to go up substantially, sources said. The Centre should announce the drawback rates, restore the pre-GST level of incentives for exports and increase the import duty, said representatives of industry associations. The Apparel Export Promotion Council has said that under schemes such as Advance Authorisation and EPCG, applicants should get early approvals. This will lead to higher investments. Officials in the ministry said thrust areas now were going to be powerlooms, technology and export promotion.

Labour ministry raises concerns over bail-in clause in FRDI Bill	**Smart Investor** http://smartinvestor.business-standard.com/market/story-509715-storydet-Labour_ministry_raises_concerns_over_bail_in_clause_in_FRDI_Bill.htm#.Wm6xb66WbIU

The Union labour and employment ministry has raised concerns about the 'bail-in' clause — under which bank deposits can be used for helping failing public sector banks (PSBs) to stay afloat — in the Financial Resolution and Deposit Insurance (FRDI) Bill. This is perhaps the first time the clause has drawn flak from within the government, which is facing criticism from other quarters as well. The ministry has represented that a substantial chunk of money kept in fixed deposits of PSBs for providing medical benefits under the Employees' State Insurance (ESI) scheme to around 30 million employees will be rendered unsafe due to this clause. Union Finance Minister Arun Jaitley had in August last year introduced in the Lok Sabha the FRDI Bill, which proposes a comprehensive resolution framework to ensure that in the case of financial institutions, including banks and insurance companies, failing, there was a system of resolution for their revival or closure.

This is for the first time that a Bill has proposed a clause that involves using depositors' money to infuse capital into ailing financial institutions. "A large portion of ESIC (Employees' State Insurance Corporation) deposits is kept as fixed deposits in PSBs. This is money collected from employers and employees for extending medical benefits to workers that will come under threat. A bail-in clause is different than bail-out where the government steps in to rescue failing financial institutions. The former is a hands-off approach," said a senior labour and employment ministry official.

Around Rs 460 billion, which constitutes 77 per cent of its corpus, was invested by the ESIC in PSBs' fixed deposits till March 31, 2017.

The remaining money, in the fund of Rs 594 billion, was invested as special deposits with the central government in 2016-17. "The ESIC is supposed to look after the interests of the workers, who are its contributors. If a portion of the ESIC's corpus is converted into equity of banks through the bail-in clause, it will become difficult to extend medical benefits committed to stakeholders as the money will become inaccessible," said a senior ESIC official.

The ESIC is mandated to invest 75 per cent of its funds in PSBs. "This is workers' money, which should be protected," the official said. The ministry has raised these concerns before a joint parliamentary committee of both the Houses, which is examining the Bill and holding discussions with stakeholders and the finance ministry, according to government sources.

The panel, headed by Rajya Sabha Member Bhupender Yadav, will likely present its report to Parliament on the last day of the upcoming Budget session. The central trade unions, too, have opposed the clause. "We have demanded the finance ministry withdraw clause 52 (related to bail-in)... This should be only applicable to private sector banks. Workers stand a risk of losing their hard-earned money because of this proposal. We have strongly opposed it," said Rashtriya Swayamsevak Sangh-affiliated Bharatiya Mazdoor Sangh President C K Saji Narayanan.

The ESI scheme applies to all factories and establishments, including shops, hotels, restaurants, cinemas, and road transport undertakings, employing at least 10 workers. While 4.75 per cent of a worker's monthly salary goes towards ESI as the employer's contribution, 1.75 per cent of the income is the employee's share. Workers drawing a monthly salary of up to Rs 21,000 are entitled to medical benefits owing to sickness, disability, and death due to an occupational disease or work-related injury along with maternity benefits. ESIC dispensaries and hospitals are present in 503 of the 686 districts in India and around 29.3 million workers were insured under the ESI scheme till March 31, 2017.

The Union government has, in the last couple of months, issued a series of clarifications to allay concerns over the clause. Jaitley had assured the Lok Sabha last month that "the government is very clear" that it would "fully protect" depositors' money in case a PSB fails.

"Bail-in will be only sparingly used. PSBs will effectively not be subject to bail-in provisions. Depositors need not have any apprehensions," Department of Economic Affairs Secretary Subhash Chandra Garg said earlier this month. Bail-in amounts to holders of liabilities bearing a part of the cost of resolution and it is one of many resolution tools in the FRDI Bill, including acquisition and merger, the finance ministry had said in a statement on January 2.

Govt's Rs 6,000 cr package to boost apparel sector: Smriti Irani	**Hindustan Times** https://www.hindustantimes.com/india-news/govt-s-rs-6-000-cr-package-to-boost-apparel-sector-smriti-irani/story-TjT5RVtShhrI8eF2PJlc0J.html

The government's Rs 6,000 crore package will boost apparel and made-ups sector and strengthen the entire textile industry, Union Textile Minister Smriti Irani said on Saturday.

Speaking at an export awards function organised by the Synthetic and Rayon Textiles Export Promotion Council (SRTEPC) here, Irani said, "The textile sector has huge growth potential. However, the industry faces challenges in terms of production and technology because a lot of small scale players don't have fiscal support".

She said the government was providing support so that the full potential of the sector will be achieved in the years to come.

The country's synthetic and rayon textile exports was expected to touch $6 billion mark in FY 2018, up from USD 5.7 billion in the last fiscal, said SRTEPC chairman Narain Aggarwal.

Aggarwal informed that India was the second largest producer of man-made fibres (MMF) in the world and was poised to drive the growth engine in the MMF textiles globally.

Presently, India produces over 1,441 million kilograms of man-made fibre and over 3,000 million kg of man-made filament yarn.

The global end use demand for textile fibre was forecast to expand by an average of 2.8 per cent per annum to 119.2 million tonnes by 2025, Aggarwal said.

Trans-pacific pact could hurt India’	**The Hindu** http://www.thehindu.com/business/Economy/trans-pacific-pact-could-hurt-india/article22544749.ece

If India joined FTA, norms may hit agriculture and manufacturing, says book

If India were to join the mega-regional Free Trade Agreement (FTA) called the Trans-Pacific Partnership (TPP) and adopt its norms, they would severely hurt the country’s agriculture, manufacturing, services and the generic pharma industry, according to a new book.

Titled “Trans-Pacific Partnership Agreement: A framework for future trade rules?” the book — co-edited by Abhijit Das, Professor and Head, Centre for WTO Studies (CWS), Indian Institute of Foreign Trade (IIFT) and Shailja Singh, Legal Consultant, CWS — has done an analysis of the almost the 5,544 pages of the TPP text. Released on January 27, the book comes in the backdrop of U.S. President Donald Trump’s statement at the World Economic Forum that he was open to the pact provided it offered substantially benefits for his country.

It was under his orders that the U.S. had withdrawn from the TPP early last year. The other 11 countries (Japan, Australia, Canada, New Zealand, Singapore, Malaysia, Brunei, Mexico, Peru, Chile and Vietnam) that were part of the agreement are now expected to ink an amended version in March.

Stiff competition

According to the book, if India were to conform to the TPP template of rules on market access in goods, it would pose severe challenges to India’s manufacturing sector. The domestic industry may not be able to face import competition in a duty-free regime, it added.

On the agriculture front, the farmers will be continuously exposed to the risk of being knocked out of the market by cheap and subsidised exports, particularly from the U.S., Australia and New Zealand. The TPP template may pose severe challenges to the government in regulating services in the future, the book claimed.

Ms. Singh said the TPP also “would severely restrict the entry into the market, or the reimbursement for use, of generic medicine. If India were to adopt [TPP] rules, it would require significant changes in the domestic regulatory regime…” She added India’s export prospects in government procurement markets may continue to below, if it entered the pact.

Traders say e-way bill may force them to shut shop	Times of India https://timesofindia.indiatimes.com/city/surat/traders-say-e-way-bill-may-force-them-to-shut-shop/articleshow/62677241.cms

Textile traders called a public meeting at Millennium Textile Market on Ring Roadon Saturday in which they demanded simplification of the e-way bill which is proposed to be implemented by the central government across the country from February 1.

Traders had invited Navsari MP C R Paatil and BJP MLAs from Majura and Limbayatassembly constituencies — Harsh Sanghavi and Sangita Patil — to put forth a strong representation to the Centre on the issues faced by the traders community because of the Goods and Servie Tax (GST) and the proposed e-way bill.

Most of the traders, who addressed the public meeting, believe that the e-way bill's implementation from February 1 will force the traders to shut their shops. At every stage of delivery of goods, be it the supply to the job workers, textile mills, handwork or embroidery, the traders will have to prepare the e-way bill, which is practically a difficult process. A textile trader Sanjay Saraogi said, "The traders want simplification of the GST law. First came the GST, now the government is preparing to implement the e-way bill. The traders will not be able to do business in a free environment as they used to do earlier. The small traders will have to literally shut down their shops as they won't be able to generate e-way bill." The traders urged Paatil to strongly represent their concern to the central government.

"At present, the business turnover in the textile markets is less than 30 per cent. This is all due to GST. We want the government to provide us with a free environment to do our business, otherwise many will shut their shops after February 1," a textile trader Rakesh Jalan said. nPaatil assured that the issues and problems of the traders community will be strongly represented to the ministries concerned in New Delhi. "I will definitely raise the issues discussed by the traders in the meeting. The government will try to simplify GST too for the traders," Paatil said.

SMEs should get more attention: experts	The Daily Star http://www.thedailystar.net/business/smes-should-get-more-attention-experts-1526176

The government should take measures for the development of the small- and medium-sized enterprises to help Bangladesh become a middle-income country, said speakers at an event yesterday. SMEs are playing a major role in generating employment so the government will have to give attention to the sector, said Mosharraf Hossain Bhuiyan, chairman of the National Board of Revenue.

Bhuiyan's comment came at the launch of a book -- Selected Reading on the Strategies for Inclusive Development in Bangladesh -- by Momtaz Uddin Ahmed, a professor of economics of Dhaka University, at the university's Lecture Theatre building. The book is a compilation of selected short essays on important development policy issues for Bangladesh, Ahmed said. “Government jobs are no more attractive to people and SMEs have had a say in that,” Bhuiyan said. The garment sector is leading the country's exports but most of the companies are medium-sized. The economy is growing but inequality is emerging as a big challenge, said Hossain Zillur Rahman, executive chairman of Power and Participation Research Centre. The SMEs are driving the economy but they are not getting adequate policy support from the government.

“Bangladesh could not uphold its competitiveness on the global platform properly,” he said, adding that cheap labour should no longer be the only selling point in the global market. The government should address the challenges of SMEs by conducting an insightful analysis, said Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue. While setting up special economic zones is a good initiative of the government, the SMEs do not have access there, said Selim Raihan, a professor of economics at Dhaka University. The economic zones will not yield the desired results if their door is not opened to the SMEs. Raihan also said the employment of female workers in the garment sector has declined drastically in recent times, which will have a negative impact on inclusive development. “The government should identify the causes behind the declining trend,” he added.

Productivity in the textile industry	**Dawn.com** https://www.dawn.com/news/1385793/productivity-in-the-textile-industry

The textile industry has been a major source of foreign exchange earnings for Pakistan. The industry was appeased by successive governments through various concessions such as grants and tax-breaks with the presumption that this would help sustain and boost exports in a sustained manner.

However, this did not happen to be the case since concessions were not correlated with any technological parameters, such as improving productivity through the latest machinery and manufacturing techniques.

While the time was good, our textile industry ploughed its profits into real estate and stocks, and failed to modernise its plants and manufacturing processes. The competitiveness of Pakistan’s textile industry has generally been based on local availability of high-quality cotton and experienced, cost-competitive labour. Thus, there was a notion that the textile industry would remain competitive.

However, with time, old machinery and processes created inefficiencies in the industry affecting its competitiveness. Furthermore, nobody imagined countries such as Sri Lanka and Bangladesh would jump into the competition with better technology and improved productivity, and beat us at our own game.

Recently, Pakistan was awarded GSP Plus status which raised hopes that it would help increase our exports. However, that too proved to be wishful thinking.

Presently, instead of admitting their mistakes and putting their house in order, the industry is blaming the high cost of production for reduced competitiveness and stagnated exports at the international level.

Pakistan's textile industry has also generally been targeting low value-added markets in Europe and North America, failing to move into better-value added products, which could have meant more revenues for the country.

To make the textile industry competitive again, certain steps need to be taken. First, general inefficiencies in operations need to be identified and rooted out. This might include using more efficient electric motors, wires, better-designed and routed piping, and better insulation of hot and cold pipes. Such improvements would help reduce operating costs.

Better building design and a conducive work environment contributes to productivity. Government may provide incentives to firms which remove their operational inefficiencies.

Second, productivity needs to be improved through modernisation. This means acquiring latest equipment from abroad, which requires monetary resources and trained human resource to operate it. To this end, the government would have to enter into a public-private partnership with the textile industry.

An example was setting up the Sports Industries Development Centre (SIDC) at Sialkot with the support of federal government that provided Rs.436 million to execute the project to manufacture latest footballs.

Third, industry needs to identify at macro level, higher value-added products which it can manufacture in a competitive manner at international level. Industry representatives should sit with government and identify the resources and capabilities required in producing higher value-added products. These resources and capabilities may be locally generated or imported through public-private partnership.

Fourth, and most importantly, continuous government support is required but in a holistic manner which incorporates measuring performance at industry and firm level. Level playing field should be provided which provides equal opportunities. Similarly, monetary assistance should be given to tackle manufacturing inefficiencies and for the production of better value-added products.

In sum, a concerted effort is required to make our textile industry competitive again. A roadmap may be drawn against performance parameters which need to be achieved.

Various steps discussed above may be part of such a roadmap and a permanent public-private board may be set up to oversee the implementation and correction of such roadmap over time. Similar steps may be followed in other export-oriented clusters of Pakistan.

Pakistan Closes Border To Cotton Exporters	Tolo News http://www.tolonews.com/business/pakistan-closes-border-cotton-exporters

Officials at the Ministry of Commerce and Industry said on Saturday that Pakistan has imposed new laws and conditions for accepting imports of cotton to Pakistan. Meanwhile, a number of Afghan cotton exporters said that dozens of vehicles have been prevented from crossing the border with cotton in the past 20 days. They said that the drivers have since turned back and are now offloading cotton in Kabul and storing it at a warehouse.

The businessmen in the cotton export sector said Pakistan has stopped all cotton trade across the border.

"We have lots of problems, we have turned back dozens of trucks full of cotton to the country and lost a lot and we don't know what to do," said Mujibullah, a businessman, adding that government has done nothing to help.

In addition, a number of Afghan economists said numerous cotton processing companies have started up in the country on the back of an increase is cotton cultivation. They said the decision by Pakistan to stop the cotton from being taken across the border will have a serious impact on Afghan businessmen.

The ministry of commerce and industry admits that Pakistan has introduced new regulations on importing cotton. However, Musafer Qoqandi, spokesman for the ministry of commerce and industry said the ministry will soon solve the problems. "We have also begun discussions with the private sector on how to work on a fundamental solution to the problem with Pakistan, we know that this new procedure is very difficult and it is impossible to take our cotton to Pakistan," said Qoqandi. According to the information provided, Afghanistan annually produces more than 60,000kg of cotton, a large portion of which is exported to Pakistan. A number of businessmen are worried about the challenges they face and said the Afghan government has so far failed to resolve its trade and transit issues with Pakistan.