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NEWS CLIPPINGS –05-02-2018

Bring DGFT under finance ministry, writes IRS officers' body	Business Standard http://www.business-standard.com/article/pti-stories/bring-dgft-under-finance-ministry-writes-irs-officers-body-118020400307_1.html

The Directorate General of Foreign Trade (DGFT), responsible for promoting the country's exports, needs to be brought under the domain of the Ministry of Finance, a tax officers' association has demanded.The DGFT is currently under the Ministry of Commerce and Industry.In a letter to Finance Minister Arun Jaitley, the Indian Revenue Service (Customs and Central Excise) association said such a move will help in better facilitation of trade inside and outside of India.The commerce ministry through the foreign trade policy has undertaken a number of measures like imposition of anti-dumping duty, formulation of trade policies and setting up of Special Economic Zones, said the letter written by Anup K Srivastava, president of the association and a senior IRS officer.However, with the major function of trade facilitation being with the Ministry of Finance, and the customs being the first interface of importers and exporters, at times there are problems of coordination. This leads to duplicity of work which at times not only increases the transaction cost but is also detrimental to the growth of economy, it said."It would be prudent that DGFT be brought into the Ministry of Finance so that there is uniformity in the policy and trade has only one agency to interact with.

This, it is felt that such a change would boost the trade measures taken by the government and make India a destination for foreign investment," said the letter.The association said it was learnt that the commerce ministry had moved a proposal towards taking over the functioning of Directorate of Safeguards, a key directorate looking at the interest of domestic industry, under the finance ministry by way of creation of a Directorate of Trade Remedies."It is felt that the same would not only be detrimental to the trade, but the economic development of the country at large," Srivastava said.The creation of a separate directorate in the Ministry of Commerce when a well developed mechanism of similar type is existing in the Central Board of Excise and Customs (CBEC) under the finance ministry, is felt to be leading to "duplication of work" and setting in confusion in the trade, he said.Srivastava said it has been seen in some cases probed by revenue intelligence agency under the finance ministry that the Importer Exporter Code (IEC) -- mandatory for import and export of goods -- issued by the DGFT had "unknown identities with non-existent addresses"."These are the IEC codes belonging to unscrupulous elements and drawback to the tune of thousands of crores have been taken by them, besides entering into the business of money laundering, by way of fake exports. This in itself appears to be defeating the work being done by the government towards a corruption-free market," the letter said.Apart from this, lots of prohibited consignments like fire crackers etc have been imported into the country on fake IEC codes thereby leading to security threat, it said."This issue primarily stems from the fact that the officials of DGFT are not tuned and trained towards investigation and enforcement," the letter added.The association has the support of about 4,000 IRS officers and about 76,000 staff working under the Central Board of Excise and Custom (CBEC).

No material impact of slippage in fiscal deficit: Moody's	**Economic Times** https://economictimes.indiatimes.com/news/economy/indicators/no-material-impact-of-slippage-in-fiscal-deficit-moodys/articleshow/62786246.cms

Echoing Finance Minister Arun Jaitley's description of Budget 2018-19 combining fiscal prudence with growth needs, US credit rating agency Moody's on Monday said the "slight" slippage in fiscal deficit for the current year would have no overall material impact.

Presenting his last full budget before the general elections early next year, Jaitley made a significant announcement of fiscal slippage with implications for pushing inflation, revising upwards the government's fiscal deficit target for 2017-18 to 3.5 per cent of the GDP, or the equivalent of Rs. 5.95 lakh crore.

The higher target came in place of the 3.2 per cent -- or Rs. 5.46 lakh crore -- for the current fiscal announced earlier. "This slippage has no material impact on India's overall fiscal strength although some measures such as the rise in Minimum Support Prices (MSPs) and ambitious GST revenue targets could result in some further slippage," Moody's Investor Service said in a statement.

"Slight slippage in the budget deficit targets has no material impact on the country's overall fiscal strength and is in line with Moody's expectations." In the budget, Jaitley announced that the MSP for notified kharif crops will be 1.5 times the input cost, and also stepped up total budgetary allocation for the sector for next fiscal by about 5 per cent. He also said that a one month loss in revenue because of GST made up a substantial part of the shortfall, elaborating that the revenues for the coming March from the Goods and Services Tax (GST) implemented from last July would only be available in April after the end of the current fiscal.

"The revised fiscal consolidation path is modestly shallower than the previous roadmap, but does not fundamentally alter India's overall fiscal strength," said Moody's Vice President William Foster. "However, some ambitious revenue assumptions and uncertainty about some spending items could result in a shortfall to overall fiscal consolidation," he added.

The American financial services multinational also said the government's medium-term target to reduce its debt-to-GDP ratio to 40 per cent is supportive of India's sovereign credit profile. The formal adoption of key recommendations by the Fiscal Responsibility and Budget Management Committee is "credit positive", according to Moody's.

These include the objective to bring down the central government debt-to-GDP ratio to 40 per cent, from the current level of 50 per cent, and use of the fiscal deficit target as the government's key operational parameter, it said. The rating agency feels that the budget benefits corporates, including the infrastructure and insurance sectors. "Budget is broadly positive for corporates. Higher rural spending, lower corporate taxes and relaxing restrictions on the ability of financial intermediaries to invest lower rated corporate bonds are credit positive for most corporates," the statement said.

"Higher custom duties on some products will encourage domestic production over the longer term but may slow downnear-term growth for industries which depend on these imports," it added.

Infrastructure will benefit from a boost in spending, and the government's continued focus on public investment will also help galvanise capital spending, Moody's said. Besides, the insurance market will benefit from the launch of a national health scheme and the merger, as well as listing of three state-owned insurers. In this connection, rebutting criticism of Budget 2018-19 pandering to the farm sector in a pre-election year at the expense of the middle class and the corporate sector, Jaitley on Friday showed how his latest budget exercise is actually designed to boost overall economic growth with the help of all segments.

Interacting here with corporate leaders following his budget presentation, Jaitley said that a stressed agriculture sector was not in India's interest, indicating thereby that boosting rural demand is a key in helping the Indian industry currently burdened with massive leverage, while banks struggle with their accumulated bad loans.

Garment makers may invest up to ₹800 crore in Solapur	**The Hindu** http://www.thehindu.com/business/Industry/garment-makers-may-invest-up-to-800-crore-in-solapur/article22645830.ece

Raymond, Reliance Group among those evincing interest

Reputed garment manufacturers have evinced keen interest in investing ₹700 crore to ₹800 crore in setting up units in Maharashtra’s Solapur District, said a top official.

“Of late, Solapur has been gaining prominence as a sourcing hub for ready-made school and corporate uniforms,” said Amit Kumar Jain, joint secretary, Solapur Garment Manufacturers Association. “We expect Solapur to attract investments of ₹700 crore to ₹800 crore by 2022.” According to him, Mafatlal Industries had already started a 200-machine factory to make ready-made uniforms. Reliance Group, Raymond and Mumbai-based Rupam Exports and Amber Home, which make shirts for the European market, are next in the line.

Officials from Raymond would visit Solapur on February 8 to begin initial discussion with 40-50 manufacturers for sourcing uniforms. “Right now, we have 300 members in Solapur making school and corporate uniforms,” said Mr. Jain. “Our target is to scale it up to 2,000 members by 2022 and touch a turnover of ₹25,000 crore.

Average investment

On an average, the investments by these firms will be about ₹2 crore. The investments by big firms will be much higher,” he said. The market size for ready-made uniforms in India was estimated at ₹18,000 crore with the unorganised sector accounting for ₹8,000 crore, said Nilesh Shah, vice president, Solapur Garment Manufacturers Association. “Solapur is gaining significance for garment trade. Hence, to help its promotion and expansion at international level, an uniform and garment exhibition was held at Solapur in the last two years. The announcement of an airport at Solapur will provide us the missing link,” said Mr. Shah.

Mr. Jain said awareness among the domestic and international buyers about ready-made school and corporate uniforms was on the rise and it could be seen by the substantial increase in the number of participating States from four to 12 in the second edition of the garment exhibition. “We are expecting higher demand for school uniforms, kids garments, gents and ladies garments by 2022. We hope that each firm can provide employment to about 250 people on a single shift basis,” said Mr. Jain.

GST E-way Bill: System set to rollout in 2 weeks; Bihar may well have lost Rs 10000 cr	**Financial Express** http://www.financialexpress.com/economy/gst-e-way-bill-system-set-to-rollout-in-2-weeks-bihar-may-well-have-lost-rs-10000-cr/1051356/

Analysts said given that the crash of the e-way bill portal on February 1 led to stoppage of merchandise movements across the country, a non-synchronous launch of the system could cost the industry dear.

Even as GST Network (GSTN) is busy addressing the technical glitches that thwarted implementation of the e-way bill mechanism — was to be rolled out from February 1 but was postponed till a date to be announced — and believes that it might take a couple of weeks to fix the problem, revenue-hungry states are putting pressure on the Centre to avoid any further delay in the use of the key anti-evasion tool. Gujarat has come out with a plan to implement the system from February 20 while Uttarakhand says it will have it rolled out on February 10 itself.

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Officials sources, however, told FE that the dates announced by the two states are provisional and only meant to indicate to the businesses about a likely time-line. The dates could be changed once the Centre announces the final date. The National Informatics Center is learnt to have asked for two weeks for fixing the system. "Traders, manufacturers, businesses and transporters would have lost millions of dollars in the exercise (had the Centre not postponed the date promptly," said Rajat Mohan, partner, AMRG & associates.

Under GST, its will become mandatory to carry an e-way bill, generated on the designated portal, for movement of goods beyond 10 kilometer having a value of more than Rs 50,000. The bill will have the details of the consignment along with supplier and recipient of goods, tax amount and mode of transport. It is expected that the measure will plug avenues for tax evasion, which the government believes is the major reason for dwindling GST revenue collection after the first three months.

Earlier, the mechanism for matching invoices between sellers and buyers, which is designed to eliminates over-invoicing, was suspended as the GST Network failed to handle the load. "Whether it was filing of GST returns or matching of tax credits or implementation of e-way Bills, one thing is evidenced beyond reasonable doubt, that technology is a major handicap with the GST department. With revenue collections falling every month, government needs to take stern steps and guarantee a conducive environment to taxpayers for seamless compliance structure which would eventually propel the use of big data analysis in catching the tax evaders," Mohan added.

Meanwhile, the Centre has budgeted monthly GST collection of close to Rs 62,000 crore in FY19, notwithstanding the fact that its share of GST collected so far has been less than Rs 45,000 crore/month. The e-way bill provision was originally slated to be implemented from April but after reports of massive evasion, it was decided to advance its roll-out. Sushil Kumar Modi, Bihar deputy chief minister had said that Bihar may have lost close to Rs 10,000 crore in revenue in the first three months due to absence of a system to check cargo movements. During the trial period from January 16 to 30, the e-way bill system proved to be reasonably robust but on the first day with full load, it collapsed. As many as 13 states had also mandated e-way bill for intra-state movement even though the deadline for the same was till June. This, experts said, may have led to the excess pressure on the system.

"The Government may consider to first start with e-way bill only for inter-State movements of goods and later on, expand the system to intra-State movements as well," PwC said in a statement.During the fortnight of trial-run, the portal had generated 28.4 lakh e-way bills were generated including 3.4 lakh bill on January 30, GSTN had said. It had estimated that nearly 7-8 lakh bill would be generated in a steady-state condition once it became

mandatory.

Fake GST bills used to buy raw material: Excise probe	Tribune India http://www.tribuneindia.com/news/punjab/fake-gst-bills-used-to-buy-raw-material-excise-probe/538805.html

The Rs 100-crore fake GST bill scam in Punjab is not just restricted to small retailers or the state alone.

Investigators have found that steel manufacturers of Mandi Gobindgarh and yarn traders of Ludhiana are also allegedly involved in this racket of buying low-value GST bills and using these for high-value goods.

Investigation by the Punjab Excise and Taxation Department, which began last month, has also revealed how iron and steel billets (raw material for steel industry) were being brought to Punjab on fake GST bills from firms in Chhattisgarh and Jharkhand.

The bills recovered by the investigation wing headed by Kumar Saurabh Raj, Additional Excise and Taxation Commissioner, had fake addresses of both despatching and recipient firms here.

This means that hundreds of tonnes of raw material have landed here from other states, billed to a fake address. But the traders operating this racket have supplied it to the manufacturers without any GST being paid on it.

The bills did not even have the GST registration number of the despatcher or recipient. During the past week, the investigators have recovered several such bills, which shows large quantities of billets have been supplied to steel manufacturers here by completely evading the GST.

Kumar Saurab Raj, who is heading the investigation, told The Tribune that they had received intelligence inputs about this, following which they recovered the bills from Mandi Gobindgarh. "Since the addresses are fake, we will go for data mining by using the bank account numbers mentioned on some bills," he added.

The Tribune had reported earlier that 12 Ludhiana-based companies are under investigation for allegedly buying GST (Goods and Services Tax) bills from retailers of paints, cement, hardware, hand tools and iron and steel at just 4 to 6 per cent of the GST charged on the items (on these items, GST charged is between 18-28 per cent).

These bills are then sold to exporters and large producers, who in turn are reportedly taking input tax credit by submitting these bills, when actually no sale of goods is taking place.

Sources in the Excise and Taxation Department say their investigations have also revealed that certain yarn traders of Ludhiana are also selling low value bills to unscrupulous companies. Raids were conducted on these companies during last week.

Vizag-Chennai ind corridor inches closer to completion	Times of India https://timesofindia.indiatimes.com/city/visakhapatnam/vizag-chennai-ind-corridor-inches-closer-to-completion/articleshow/62772955.cms

After a lull of nearly one year since its announcement, work on the much-hyped Vizag-Chennai Industrial Corridor (VCIC) has resumed with the payment of compensation to people who lost their lands for the project. Nearly Rs 195 crore of compensation is yet to be made to people who lost nearly 2,300 acres of land in Visakhapatnam district for the project. Each landowner will now be getting an amount of Rs 18 lakh per acre.

The VCIC is a 800-km long dedicated fright corridor passing along the National Highway-16 and along the Bay of Bengal in Tamil Nadu and Andhra Pradesh. VCIC is one of the key components of the East Coast Economic Corridor (ECIC) being developed between Kolkata and Tuticorin.

At the global summits hosted by the state government, chief minister N Chandrababu Naidu had announced the project and said the government would move fast on the progress of VCIC and would ready all the requisite formalities at the earliest.

When TOI enquired about the progress with the authorities concerned including AP Industries Infrastructure Corporation (APIIC) on Saturday, a senior official said, "Compensation of Rs 95 crore was paid to nearly 600 people who lost their land for the project. We have to make the payments of another Rs 100 crore for the remaining people."

The APIIC official further said that the 800-km long project was divided into nine nodes including two at Nakkapalli and Atchutapuram in Visakhapatnam district, Kakinada in East Godavari district, Machilipatnam in Krishna district and Prakasam along the east coast. "In fact, we are in an advanced stage in taking up the VCIC project when compared to the seven other nodes in the state. A total of 4,500 acres of land was identified in Visakhapatnam district wherein 2,300 acres of land was private while the remaining land belongs to the government," the APIIC official said.

This apart, a senior official at the secretariat said, "The planning report is also being prepared in tandem by a consultancy named Jurong International, a Singapore-based company." In October 2016, Asian Development Bank came forward with an assurance of funding USD 631 million for the the corridor covering all the nine coastal districts. An MoU for VCIC was signed between the state government and the Centre at the global partnership summit in 2017. After the signing of the MoU, APIIC swung into action like identification of the land. This apart, AP Transco also started their work, a senior official from the district collectorate said.

Some of the other works include internal infrastructure in industrial clusters, urban water supply, roads, road safety measures, climate change resilience, power transmission and distribution. Automobiles, electronic manufacturing, plastics, food processing, textiles and apparels, chemicals, pharmacy and pharmaceuticals are some of the key sectors to be given priority for development along VCIC with the objective of attracting minimum Rs 1 lakh crore investment in an year.

CII seeks to tap manpower in Tiruchi for the textile industry	**The Hindu** http://www.thehindu.com/news/cities/Tiruchirapalli/cii-seeks-to-tap-manpower-in-tiruchi-for-the-textile-industry/article22641204.ece

In Karur and Tirupur scope for expansion is limited due to labour shortage

The Confederation of Indian Industries (CII) is looking at the possibility of developing local economy by dovetailing the strength of labour availability in Tiruchi with the full-fledged textile industry eco-system in Karur and Tirupur districts where scope for expansion is limited by manpower shortage.

State functionaries of CII held discussions with Collector P. Rajamani and other senior officials here on Friday for establishing the infrastructure for finishing and packing of export-quality textile products being transported to Tuticorin port from the two districts via Tiruchi. The Collector had expressed readiness to interact with textile industrialists in Karur and Tirupur districts for making it happen.

With the agenda of increasing industrial activity in Tiruchi and promoting entrepreneurship, the CII team also discussed with the Collector the ways to utilise the land banks in sub-urban and rural pockets including Tiruverumbur, Manapparai, Thuraiyur for establishment of industries on cluster basis; for harnessing water, improving air connectivity to domestic destinations, expanding cargo activities, and for according focus on agro-processing. “The Tiruchi Zone of CII will shortly be releasing the District Development Plan with specific details,” said P. Ravichandran, Chairman, CII Tami Nadu.

Mr. Ravichandran and CII Tamil Nadu Vice-Chairman M. Ponnuswami were appreciative of the outcome of the Tamil Nadu Business Facilitation Ordinance 2017 promulgated by the State Government to regain its pride of place in ease of doing business.

Tiruchi region will stand to gain significantly from the Defence Industrial Corridor project, and the proposal of

Chennai Petroleum Corporation Limited to establish a new refinery in Nagapattinam district, they said.

Mr. Ravichandran later inaugurated YUTRY 2018: 4th edition of Entrepreneurship Conference and Idea Challenge organised by Yi (Young Indians), CII Tiruchi Zone, in the presence of John Ashok Varadarajan, Chair, Yi Tiruchi Chapter; P. Raghuraman, Chairman, CII Tiruchi Zone; and A.S. Ananthakrishnan, Vice-Chairman.

The second day events on Saturday would encompass two components: ‘Learn from Legends’ that would feature interactions between aspiring entrepreneurs among students with successful industrialists, and ‘Start-up Tiruchi’, a platform for students to present their business ideas. The two-day program envisages active interaction between hundreds of students with entrepreneurial instinct drawn from colleges in the region with successful industrialists.