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NEWS CLIPPINGS –06-06-2018

Govt unable to crack GST e-wallet code as export refunds remain unpaid	Business Standard https://www.business-standard.com/article/economy-policy/as-export-refunds-remain-unpaid-govt-unable-to-crack-gst-e-wallet-code-118060500545_1.html

Traders had supported the e-wallet mechanism to battle the crippling liquidity crunch that had set in after GST was imposed

Even as exporters and the government continue to argue over the amount of unpaid refunds under the goods and services tax (GST) regime, the much-awaited e-wallet mechanism remains a non-starter.

Traders had supported the e-wallet mechanism to battle the liquidity crunch that had set in after the GST was introduced.

Subsequently, a decision to adopt it was taken at the 22nd GST Council meet on October 6 last year, with an initial deadline for April 1. However, after the deadline was missed, the government extended the roll-out by six months. Earlier this year, Business Standard was the first to point out that little progress would derail the April 1 deadline. More than two months later, despite multiple meetings between top officials of the Ministries of Commerce and Finance, the progress was slow, sources said.

“We still have enough time before the tentative deadline of October, but work is still pending. A workable model of an online transaction platform is yet to be created. Once that is done, the beta model of the software will have to be tasted in keeping with government regulations on a live platform and that is expected to take some time,” a senior Commerce Ministry official said.

However, procedural glitches arising from converging online operations with offline realities of documentation and background checks would still be left to weed out, he added.

According to sources, Commerce and Industry Minister Suresh Prabhu backs the e-wallet idea and had been instrumental in convincing the Finance Ministry on having a tax refund mechanism for exporters. But back in March, Prabhu had hinted that the proposal was stuck in North Block.

“We are still assessing key aspects of the wallet, especially with regard to digital security,” a revenue department official said. He added a final nod was expected once Arun Jaitley was back at the Finance Ministry after recuperation.

Alternative measures not working

To offset pressure on exporters, the GST Council had in March also extended the tax exemptions on imported goods for six more months beyond March 31.

But exporters say the move hasn't helped much. Exporters were earlier allowed duty-free imports of goods used for making products for export. With the GST, they have to first pay the duty and later apply for a refund. As a result, their costs have risen by up to 1.25 per cent (freight on board value) since July 1 last year.

While industry estimates peg the amount of unpaid refunds as of June 1 at Rs 200 billion, the government has said the figure is Rs 140 billion. "It should be noted that Rs 140 billion is what has been filed, but they are not taking into account what exporters are not being able to file unless the government modifies its software," Federation of Indian Export Organisations (Fieo) Director General Ajay Sahai said.

Fieo batted for the idea whereby, based on the preceding year's exports and an average GST rate, the notional currency would be credited to exporters' accounts by the Directorate General of Foreign Trade. "Like a running account, money may be debited from the e-wallet when duty-paid supplies have to be undertaken and the amount may be credited when the proof of export is made available from Indian Customs Electronic Commerce/Electronic Data interchange (EC/EDI) Gateway (ICEGATE)," Fieo had told the finance ministry.

DGFT to hold awareness on export promotion	**The Hindu** http://www.thehindu.com/todays-paper/tp-national/tp-andhrapradesh/dgft-to-hold-awareness-on-export-promotion/article24092781.ece

Panel headed by Chief Secretary to discuss issues

The Director General of Foreign Trade (DGFT), in association with Andhra Pradesh Chambers of Commerce and Industry Federation will conduct an awareness programme on export promotion.

Outreach programmes

DGFT officials told federation president G. Sambasiva Rao when he led a team to thank for according permission to them to issue certificate of origin for exports, Deputy DGFT Alok Dwivedi and Assistant DGFT B. Punnam Kumar said the DGFT would associate with them in conducting outreach programmes for entrepreneurs, students and others.

Mr. Dwivedi said the DGFT was acting as a facilitator instead of regulator by identifying each district with export potential of unique products with a view to promoting foreign shipments.

He said a committee would be formed headed by Chief Secretary to discuss all export promotion related issues including logistics to boost the country's shipments.

E-way bill comes into force	The Hindu http://www.thehindu.com/todays-paper/tp-national/tp-andhrapradesh/e-way-bill-comes-into-force/article24092768.ece

GST Commissioner says it is mandatory for inter-State movements of goods

GST Electronic Way Bill (E-way bill) has been made mandatory for inter-State movement of goods of consignment value of more than Rs. 50,000 from June 1, Commissioner, GST, M. Srihari Rao said here on Tuesday.

The E-Way Bill (EWB) should be generated by every registered person who is moving goods whose consignment value is more than Rs. 50,000 who is registered in the GST web portal using their GSTIN in the portal- www.ewaybillgst.gov.in,'' said Mr. Srihari Rao at a media conference here. The EWB can also be generated through SMS, android app, APIs, GST Suvidha Providers (GSP) etc.

Stating that traders/ transport agencies need to fill two forms-Part A- having the details of consignment, tax (CGST, SGST) and Part B- details of transport vehicle, Mr. Rao said that while data entered in Part A cannot be changed, data entered in Part B can be modified in case there is delay in movement of goods and change of vehicles. For distances of less than 100 km, EWB is valid for a day from the date of generation of bill and for every 100 km thereafter, the validity of EWB would be increased by one more day.

"In case, the consignment is transported without an EWB, a penalty of Rs. 10,000 is levied. The goods exempted from levy of GST are LPG cylinders, kerosene oil for PDS, postal baggage, currency, jewellery, precious stones, corals and used household articles," he added.

The Commissioner also said that the compliance of traders to the new GST regime has been good in district.

The Guntur Commissionerate which has the districts of Guntur, Krishna, West Godavari, Prakasam and Nellore districts has set up GST Seva Kendras and a special refund fortnight was launched on May 31.

Additional Commissioner V. Nagendra Rao and Assistant Commissioner Pooja Rani were among those present.

GST campaign	The Hindu cottonyarnmarket.net/news/headlines2.php

The GST Council Secretariat is organising a 'Refund Fortnight' campaign that will run till June 14. Those GST payers who had applied through the websitewww.gst.gov.incan get their refund sanction order by submitting the hard copy of the application in Form GST RFD-01A.

CM Kumaraswamy instructs Garment and Textile Manufacturers' delegation to provide all facilities, safety measures to its workers	Bangalor Mirror https://bangaloremirror.indiatimes.com/bangalore/others/cm-kumaraswamy-instructs-garment-and-textile-manufacturers-delegation-to-provide-all-facilities-safety-measures-to-its-workers/articleshow/64470718.cms

Chief Minister HD Kumaraswamy instructed a Garment and Textile Manufacturers' delegation who visited him today, to provide all facilities and safety measures to garment and textile workers in the state.

CM told the delegation that there are thousands of people, a majority of them women working in Bengaluru and nearby districts in garment and textile manufacturing sector. He instructed them to ensure the welfare of these workers and said adequate security should be provided for the workers who work in night shifts.

The delegation sought all support from the government for the Garment and textile Manufacturing sector and said that the sector provides employment to thousands of women and trains them for employment.

CM assured the delegation members that government will give all due support to the industry and told the delegation to ensure timely payment of due wages to the workers to their accounts.

Government to set up a Committee to probe the issues faced by Taxi-Cab drivers

Responding to the complaints against the app-based cab aggregators that they are giving a raw deal to the cab owner/drivers, Chief Minister H D Kumara Swamy today directed the Transport Commissioner and Principal Secretary of Transport Department to look into the matter immediately.

A delegation from the Taxi drivers/ owners association met the CM today to discuss the problems faced by the drivers engaged by app-based cab service providers. The delegation members pointed told CM that many of the cab owners are struggling to stay in the industry as their income has seen a sharp fall with app- based service providers slashing the incentives and payouts.

The further requested the government to intervene immediately pointing out that the operations by the app-based cab service providers have adversely affected the traditional taxi providers too.

CM said that there are allegations that the app-based cab services pay less to the drivers and are engaged in profiteering, and this issue should be resolved at the earliest. CM directed concerned officials to form a committee to investigate the allegations, and to hold meetings with all stakeholders to address the issues.

How industrial parks can help MSME sector reap benefits of ‘Make in India’	**Financial Express** https://www.financialexpress.com/industry/sme/how-industrial-parks-can-help-msme-sector-reap-benefits-of-make-in-india/1194241/

The Indian MSME sector has been in the center of attention for economists, advisory council, the Ministry of MSME and multiple other stakeholders.

The Indian MSME sector has been in the center of attention for economists, advisory council, the Ministry of MSME and multiple other stakeholders. This sector alone is responsible for contributing 8% to the nation’s GDP, adding 40% of the country’s total exports and has also witnessed consistent growth of 10% over the past few years as per Planning Commission data. Adding about 45% to the total industrial output of which about 95% is consumed domestically, MSME sector plays a crucial role in the socio-economic transformation of the country and hence calls for investments and interest.

The Government’s ‘Make In India’ project envisions growth and proliferation of this industry in the coming years. Responsible for creating millions of jobs every year, the unorganized sector and the SME sector faces challenges at multiple levels in business processes, amenities and access to good transport systems, credit gaps etc. In the past few years, real estate enterprises have seen increased interest from state governments, industry bodies and the government in setting up designated industrial parks, offering comprehensive facilities capable of scaling as per the size of operations and a gamut of attractive facilities to promote industrial growth.

The MSME owners can now set up their complete infrastructure within industrial parks, having excellent access to transport via the industrial corridor and the network of highways, coupled with state of the art facilities and infrastructure.

The go-to market for industrial outputs is practically everywhere including large metros and clusters of industrial towns scattered across the country. To tap these markets, MSMEs need to be able to reduce operational costs and focus on up scaling.

To provide excellent infrastructure and facilities to the Micro, Small and Medium enterprises around large metros and important freight corridors, large real estate developers have forayed into the development of industrial parks. Addressing the challenges of continuous power and water supply for industrial units, waste and drainage treatment systems, freight elevators, loading unloading bays and adequate lighting, these industrial parks are providing the next phase of support to the smaller enterprises.

Challenges for the MSME sector and for facilitating their growth involves ease of doing business, faster clearances, freedom from red tape regulations and everything that adds sluggishness to the progress. The ‘Make In India’ project has dedicated itself in enabling these opportunities to smaller enterprises to set up and scale their business spanning across sectors such as industrial manufacturing, foundry and electricals, agro and food processing, electronics, chemicals, leather and textile, defense and aviation and many more.

More encouragement needs to be extended to real estate developers in building industrial facilities to support this enormous economic growth engine. The stumbling blocks in unlocking the power of the MSMEs will need adequate support from the state and local authorities by simplifying the complex approval processes and deterrents such as continuously evolving regulations for this segment.

Industrial parks, strategically located to good transport with planned modern layout, the latest technologies along with

infrastructure for warehousing, storage, packaging and service industries within one compound with all possible amenities equip the MSMEs for efficient industrial operation. The time is ripe to recognize these potential growth zones and create an environment conducive to enhancing productivity for the micro, small and medium enterprises that are offered by an industrial park.

AirAsia India adds service to Surat	**Anna Aero** http://www.anna.aero/2018/06/05/airasia-india-adds-service-surat/

AirAsia India began a new domestic link between Bengaluru (BLR) and Surat (STV) on 1 June. The LCC will operate the 1,025-kilometre sector daily with its A320s and faces no direct competition. According to the airline, the load factor on the Bengaluru-Surat sector was 78%, while the return flight was practically full with a 96% load factor. AirAsia India describes Surat as “a business hub with a dominant presence of diamond and textile industries.” It adds that a large number of merchants travel out from Surat on business, and that this presents an opportunity to open up the market. The LCC now serves 20 destinations in its home market with hubs at Bengaluru, Delhi and Kolkata.

Khadi major agent in fight against global warming, climate degradation: KVIC	**Money Control** https://www.moneycontrol.com/news/trends/current-affairs-trends/khadi-major-agent-in-fight-against-global-warming-climate-degradation-kvic-2583551.html

"Global warming is the consequence of man's greed and avarice; it is nature's answer to the dastardly acts of man. Energy is a critical requisite for economic growth, especially in a developing country like India. As we know, the textile industry is known to be one of the most polluting and energy intensive industries. It comprises a large number of plants, which consume a significant amount of energy," he said.

On World Environment Day, Khadi and Village Industries Commission (KVIC) today said a 'zero-effect, zero-defect' khadi product was a major agent in humanity's fight against global warming and climate degradation. KVIC chairman Vinai Kumar Saxena said for more than 60 years, khadi has been linked with India's fight for freedom and today it has emerged as one of the most eco-friendly products.

He said that khadi has not only given India a unique identity, rather it also coexists with the most modern spinning and weaving mills and has the potential to make a place to itself in the international textile scene.

"For more than 60 years, khadi has been linked with India's fight for freedom, but today it is perceived as one of the major agents in our fight against global warming and climate change. We are fighting a war that we ourselves have triggered.

"Global warming is the consequence of man's greed and avarice; it is nature's answer to the dastardly acts of man. Energy is a critical requisite for economic growth, especially in a developing country like India. As we know, the textile industry is known to be one of the most polluting and energy intensive industries. It comprises a large number of plants, which consume a significant amount of energy," he said.

Saxena said that khadi was not a symbol of commercial war but of commercial peace and was popularised by none other than Mahatma Gandhi.

"It has not only spun employment across the nation, rather also weaved prosperity with sustainable growth. Countries around the world are looking for ways and means to reduce the carbon footprint within textile industries and are spending heavily towards low energy alternatives like khadi, which is eco-friendly and handmade," Saxena said.

Local edn fails to cater for RMG sector needs	**News Age** http://www.newagebd.net/article/42974/local-edn-fails-to-cater-for-rmg-sector-needs

Several billion dollars in salaries and allowances of top level foreign employees are flying out of the country every year as the technical education provided here does not meet the requirements of the growing readymade garment sector in Bangladesh.

An unpublished study of Dhaka University and The Centre of Excellence of BGMEA estimates that the 34,340 expatriates holding top positions in RMG factories are remitting around $2.36 billion they receive in salary and allowances.

Business insiders say the total figure will be much higher as the study did not take foreigners working in buying houses and other garment-related organisations into account.

The amount the foreigners in RMG sector are remitting is almost one-eleventh of the total export earning of RMG sector in a year.

Besides, the remittance flowing out of the country is about one-eighth of what Bangladeshi expatriates remit to the country.

Universities, technical institutions can provide textile and garments-related education to around 25,000 to 30,000 people, which owners find ‘too little’ considering the requirement of the industry.

Moreover, these locally trained people have hardly sufficient managerial and communication skills, they say.

RMG entrepreneurs say they are dependent on expatriate employees as the expertise and specialised skills of local employees do not meet the requirement.

‘We need to appoint foreigners as Bangladeshis lack specialised skills like communication, negotiation, marketing, decision-making and operational skills,’ said BGMEA Centre of Excellence chief Atiqul Islam, also a former president of BGMEA

Director general of Directorate of Textile Mohammad Ismail paints a grim picture when he says that in 2017-18 country’s apparel sector faced a shortage of about 1.47 lakh skilled manpower from floor to the executive level. ‘This situation will get even more complex if the shortage persists as it will be 1.82 lakh by 2020-21,’ he said.

Former BGMEA president Anwar-Ul-Alam Chowdhury Parvez predicts that the RMG sector will be needing eight lakh specialised employees by 2021, which will be very difficult for them to get from local sources. The sector will need 1.89 lakh graduates and textile experts for top positions by 2021 while Bangladesh will be able to produce around 40,000 by the time, he adds.

Country’ education system, both general and technical stream school, colleges and universities, has badly failed to create skilled labours for the garment sector in order keep foreigners away from jobs, Dhaka University faculty of business studies dean Shibli Rubayat Ul Islam observes.

Shibli is also chief research adviser of research titled ‘Employment of Expatriates and its Alternatives in the RMG Sector of Bangladesh’.

The study estimates that a total of 34,340 expatriate employees are working in the RMG sector in different positions such as CEO, CFO, general manager, senior manager, head of dyeing, head of washing, and head of quality assurance. It is also estimated that total salary paid to foreign employees is $2,359,983,090 per year.

It said that owners employed 1 to 100 foreigners at the factories.

The study made the estimation based on data from 87 RMG factories, two focused group discussions and 10 key informant interviews to find out the skills required for the midlevel management having the potential to be the successor of expatriate employees.

Citizens of India, Pakistan, Sri Lanka, China, Turkey, Philippines, Taiwan and others are working at the factories, with those from Sri Lankan and Indian predominating.

‘Compensation package offered to them by our employers is far more handsome and attractive than the package offered to local employees.

‘Expats working in top management position is found to receive 2 to 5 times higher compensation package than that of local employees working in the same position,’ the study says.

RMG sector employs over four million people in 5,000 factories of which about 60 per cent are women. The sector started its journey as an export-oriented industry in the late 1970’s and gradually got pace in the 1980’s.

The sector currently exports products worth $28 billion a year, more than 80 per cent of county’s total export earnings.

The study says that number of specialised educational institutions, in particular those providing textile and garments-related education, is too few when the RMG is the country's largest employment sector. It mentions that annual enrolment at universities offering RMG relevant educations is 1,528 in a year.

Bangladesh University of Textiles enrols 160, Bangladesh University of Engineering and Technology 50, BGMEA University of Fashion and Technology 520, Atish Dipankar University of Science and Technology 150, Daffodil International University 120, Shanta-Mariam University of Creative Technology 200, Sonargaon University of Bangladesh 120 and Ahsanullah University of Science and Technology 208, it says.

'Considering the number of employments offered in the RMG sector, this is in no way adequate,' says Shibli. 'Most of the quality university graduates from universities easily get jobs,' Parvez finds.

Bangladesh Technical Education Board controller of examinations Sushil Kumar Paul said that about 24,000 students took part in the four-year diploma courses exams in textile technology and garment design and pattern making treads.Atiqul and Parvez both emphasised need-based education to cater for the need of RMG and others industrial sectors. 'You cannot meet the demand of top and mid-level positions with people coming out with diploma courses,' Parvez says.

Centre for Policy Dialogue research director Khondaker Golam Moazzem thinks that lack of skilled manpower in the sector is taking toll on the country.

He cites a CPD study in March this year that shows that foreigners are working at 16 per cent of RMG factories in Bangladesh.

Madrassah and technical education secretary Md Alamgir admitted that there was a huge gap between education and what the country's readymade garment sector needed, especially in the top management. 'It is matter of concern that many foreigners are working in the garment sector and taking foreign currencies out from the country,' he noted.

'We are trying to address the matter in the upcoming grand plan for technical and vocational education. We are updating curriculum keeping the issue in mind,' Alamgir said.

Trump against Rwanda in trade war over used clothes	**DW.Com** http://www.dw.com/en/trump-against-rwanda-in-trade-war-over-used-clothes/a-44086126

When East African countries announced a ban on the import of second-hand clothes to help their own textile industries, this irked US President Donald Trump. All but Rwanda have now backtracked. What's at stake?

It's one of US President Donald Trump's trade wars that makes few headlines: The one over used clothes.

In 2016, member states of the East African Community (EAC) came up with a plan to ban second-hand clothes and shoes by 2019. The EAC doubled a common external tariff rate for worn clothing to $0.40 (€0.34) per kilogram.

Rwanda increased its per-kilogram import tax to $2.50.

Trump threatened to retaliate, saying the tax goes against the African Growth and Opportunity Act (AGOA). At the end of March, Trump announced he would suspend the application of duty-free treatment to all AGOA-eligible goods in the clothing sector for the Republic of Rwanda within 60 days.

Rwanda didn't budge and let Trump's deadline run out last week. That means the US is now likely to impose tariffs on textile products and shoes from Rwanda.

"Legally speaking, the US has the right to impose a penalty because, within AGOA, Rwanda is supposed to remove all barriers to US goods," Christopher Kayumba, an analyst and senior lecturer at the University of Rwanda, told DW.

"But the spirit of AGOA is to help poor countries to evolve," he added.

"I was surprised that a country as big and rich as the US [would] insist on exporting its second-hand clothes to a poor country like Rwanda," he said.

Hampering Rwanda's development

"We see that second-hand clothes are undermining the textile industry within the country. In that sense it was surprising that the Trump administration would want to sanction Rwanda when Rwanda is trying to put in place the policy that will help it grow long-term," Kayumba said.

It all started in March last year, when American trade organization SMART — the Secondary Materials and Recycled Textiles Association — complained to the US Trade Representative's office, claiming the import ban harmed US industry. SMART claimed that at least 40,000 US-based jobs were at risk.

The Trump administration then put Rwanda, Tanzania and Uganda under review for AGOA eligibility (Kenya was exempt from this review) regarding their decision to phase in an import ban on used clothing and shoes.

Rwandan President Paul Kagame (left) and US President Donald Trump are at odds with each other over second-hand clothes

"The review found that this import ban harms the US used clothing industry and is inconsistent with AGOA beneficiary criteria for countries to eliminate barriers to US trade and investment," the US Trade Representative's Office wrote in a statement.

Tanzania and Uganda promised to reduce or eliminate their import barriers. But Rwanda was not willing to change its stance on its tariffs.

"Rwanda doesn't really export very much. They don't have large-scale, domestic manufacturers," said Ben Shepherd, a consulting fellow with Chatham House's Africa Program.

"There are big cost implications for them, because they are such a long way from ports whereas Kenya has a significant manufacturing industry; Tanzania to some extent and Uganda as well," Shepherd told DW.

"So the fright of a trade war with the US in terms of reciprocal power, getting into a difficult trading relationship with a major international player, you can see this would make them a bit more concerned because there is more at stake," he said.

"Rwandans can afford to pick a fight, because there is less to lose in terms of trade for them," Shepherd added. "They don't like to be pushed around and they don't like to see themselves being pushed around and are emerging as something of a leader in terms of an African confidence to push back against impositions of the outside world."

Depending on second-hand clothes?

And then there are the people in Rwanda who make a living from selling used clothes — or those who simply can't afford more expensive items made in Rwanda.

"Banning second-hand clothes in the short term, of course it will affect those who work in the industry here — I think about 400," said analyst Kayumba.

"But in the long-term I believe if it is banned totally — that is, banning second-hand clothes and leather products from the US and all other countries including in Asia, I think it will help the leather industry and the textile industry to grow in Rwanda."

Ugandan traders uncertain about ban on used clothes

According to a study by the US Agency for International Aid (USAid), the US supplies almost 20 percent of total direct exports of used clothing to the EAC.

The quantity is significantly higher when indirect exports are added to the mix — as in when the US ships clothing to the United Arab Emirates, China, Pakistan, India and other countries where garments are sorted, cleaned and repackaged for re-export to African countries.

But exporting used clothing to the EAC makes up such a small percentage of trade, says Garth Frazer, an associate professor of business economics and public policy at the University of Toronto. He has served as an advisor to both the Ugandan and Rwandan governments regarding trade policy.

"Used-clothing exports from the US to all EAC countries combined had an all-time peak of US$43 million in 2012, which is 0.003 per cent of American exports. This is a truly negligible industry from the American perspective," Frazer wrote. "Its trifling economic value is not surprising as this industry essentially takes items that might otherwise go to the garbage and ships them to Africa."

Frazer added that the US was more interested in "protecting tiny, marginal American industries than in being "a leader in development assistance."

Report: Egypt cotton exports up 50%	Middle Easter https://www.middleeastmonitor.com/20180605-report-egypt-cotton-exports-up-50/

Egypt's cotton exports have risen 50.6 per cent during the second quarter of the agriculture season for the year 2017-18, according to a report by the government-run Central Agency for Public Mobilisation and Statistics (CAPMAS).

The total exports of Egyptian cotton reached 508,000 metric kantars during the period between September 2017 and February 2018, up from 337,000 kantars during the same period last year. CAPMAS attributed the hike to the abundance of the ginned cotton crop.

A metric kantar is equivalent to 45 kilogrammes.

During the same quarter, CAPMAS added, the total amount of domestically consumed cotton reached 47,200 kantars, compared to 127,600 kantars last year, a 63 per cent decline caused by an increase in cheap cotton imports.

Egypt agrees to raise salaries ahead of fuel, service prices hike

Egypt's agricultural season starts in early September and lasts until the end of August the following year.

During the agricultural season of the year 2016-17, the North African country's cotton exports rose 12.6 per cent, reaching 431,000 metric kantars, CAMPAS noted.

The Egyptian Ministry of Agriculture and Land Reclamation recently pointed to a 500,000 acre increase in the size of the country's cotton cultivated area.

Hosiery industry expects rosy winter	Tribune India http://www.tribuneindia.com/news/business/hosiery-industry-expects-rosy-winter/600705.html

The hosiery industry of Ludhiana has made a happy start for the coming winter season with a 20% growth in the booking of retail orders as compared to the previous year. The industry is also anticipating a robust jump in the wholesale orders as well.

The industry is expecting total orders to touch around Rs 17,000 crore this year, a significant jump from Rs 10,000 crore in the last season. The winter retail orders are normally placed in April-May of every year, while wholesalers place their orders after two months.

The hosiery sector was badly hit last year due to the demonetisation, local manufacturers said. According to the industry, the total order size had slipped from Rs 14,000 crore to around Rs 10,000 crore last year.

The industry says woes of the two disruptions — the demonetisation and the Goods and Services Tax (GST) — are almost over, which was a major concern. Although the GST was implemented in July last year, the fear of impending indirect tax reform also had an adverse impact on the hosiery trade, Knitwear Club Chairman Vinod Thapar said.

The industry is also expecting a similar increase in wholesale orders that is generally made in July every year. While retailers book orders in advance for branding, labelling and packaging, wholesalers do not undertake such value additions, Thapar said. Ludhiana hosiery industry mainly caters to the wholesale market of Delhi and NCR.

A decline in demand is also attributed to design and innovation. Some companies are able to attract buyers in large numbers because they are offering products matching the latest trend, Sudarshan Jain, a member of the Knitwear & Apparel Manufacturers Association, said. "In today's era, adopting global trends and colours in vogue has to be taken care of while manufacturing," he said.

The GST and the e-way bill system have proved to be beneficial for the industry as they have made business simpler, Jain said. "After e-way bill there is less documentation. Now no time is wasted at state borders to validate documents with regard to inter-state movement of goods and corruption is minimal," he said.

Vinay Kansal, a small hosiery manufacturer from Bajwa Nagar, is hopeful this season. "Last year was not good for us as the retailers hesitated to pick stuff because of the GST hiccups. As a result, they don't have any inventory left. Therefore, they have placed orders in good number this season. I am also expecting same from the wholesalers as well," he said.

Ludhiana's hosiery industry has a history of more than 100 years. The first unit was set up in 1903 with imported hand-operated machines.