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NEWS CLIPPINGS –27-06-2018

GST In 'Smooth Phase', Return Simplification On Agenda, Says Hasmukh Adhia	Bloomberg Quint https://www.bloombergquint.com/gst/2018/06/26/gst-in-smooth-phase-return-simplification-on-agenda-says-hasmukh-adhia

Finance Secretary Hasmukh Adhia today said the goods and services tax has entered a "smooth phase" within a year of its roll-out, with a "pretty good" tax compliance and the efforts will now be to simplify tax return forms.

The GST, the biggest tax reform since Independence, was rolled out on July 1, 2017, which subsumed over a dozen local taxes. It transformed India into a single market for movement of goods and services.

Over 1.11 crore businesses have registered themselves under the GST. The average monthly compliance of return filing and tax payment is going up in a staggered manner and after a period of time it is expected to be around 96 percent, Adhia said.

Adhia said the new indirect tax regime has reduced a plethora of taxes, removed cascading effect of taxation and state check-post, increased taxpayer base with much less possibility of evasion and brought about end-to-end electronic filing.

"Of course, for any new system there will always be initial glitches. These glitches were mainly on account of lack of information and so the moment the information gap was removed, people felt more comfortable. I think all the glitches are over and we are in a smooth phase of implementation," said Adhia, who also holds the charge of revenue secretary.

On the focus in the second year of the GST regime, he said the tax officers were working on a single page return form which would be modular in nature and "user-friendly."

"This year's main agenda would be to implement the new and simple system of filing of returns," he said.

On the critics saying the GST has not led to the intended formalisation of the economy, Adhia said the data suggested otherwise since the number of people coming into the tax net has gone up after the roll-out of the tax regime.

"Pre-GST there were 60-65 lakh businesses who were migrated and the remaining (almost 48 lakh) are all new. With these many new dealers or businesses coming into the tax net. If it is not formalisation, what is it?" Adhia asked.

He said 25 percent of the businesses who file GST returns have zero tax liability and hence file returns with a lag as there is very less penalty. "Compliance is pretty good. There is only delay in compliance. For July 2017, of the people who were supposed to file GSTR-3B, 93.63 percent had filed over a period. But if you take March 2018, 79 percent

had filed. Over a period, all these percentages will be 96 percent," Adhia said.

Elaborating on the simplified return form, Adhia said the one-page return form would be modular in nature. "So if you are B2C (business to consumer), many of the sections (in return form) will not be open for you at all. If B2C, then only one form will open, a small table. It will be user-friendly," he said.

He said the return form would have two sections—a table to show tax liability and the input tax credit being claimed, and another part where there would be invoice-wise details to be uploaded in a tabular form which the B2B (business-to-business) has to fill.

The GST Council had in its last meeting on May 4 approved the design of new return forms. It was decided that the current system of filing summary returns (GSTR-3B) and final sales return (GSTR-1) would continue for six months. After that, a new return software would be ready.

Short-term view negative for MCX-Cotton	**Business Line** https://www.thehindubusinessline.com/economy/agri-business/short-term-view-negativefor-mcx-cotton/article24264850.ece

Cotton prices have been under pressure the last couple of weeks. The futures contract on the Multi Commodity Exchange (MCX) made a high of ₹23,320 per bale on June 11 and has reversed sharply lower from there. The contract tumbled over 6 per cent from this high to make a low of ₹21,770 last week on Thursday and bounced slightly higher to trade at ₹22,190 per bale.

The short-term view is negative for the MCX-Cotton futures contract. The recent reversal from the high happened from a crucial long-term trend resistance level. Though the contract has been consolidating around ₹22,000 over the last few days, any upmove in the near-term could be limited. Key resistances are poised between ₹22,350 and ₹22,650. An intermediate bounce to test these resistances in the near-term cannot be ruled out. But a strong break and a rally above ₹22,650 looks less probable.

A fall to ₹21,450, a key short-term support level, is likely in the coming weeks. A break below , though less likely, can drag the contract to ₹21,000. The region between ₹21,450 and ₹21,000 is a strong medium-term support level which could halt the current downtrend. A strong upward reversal from this ₹21,450-21,000 support zone will have the potential to take the MCX-Cotton futures contract higher to ₹23,000 levels.

Trading strategy

Short-term traders with high risk appetite can go short on rallies at ₹22,300 and at ₹22,500. Stop-loss can be placed at ₹22,700 for the target of ₹21,500. Revise the stop-loss lower to ₹22,100 as soon as the contract moves down to ₹21,850.

GST provisions on TDS/TCS, reverse charge mechanism deferred by 3 months till September	**Money Control** https://www.moneycontrol.com/news/trends/current-affairs-trends/gst-provisions-on-tdstcs-reverse-charge-mechanism-deferred-by-3-months-till-september-2637171.html

The GST Council in its meeting on March 10 had suspended the provision for deduction of TDS and collection of TCS, as well as implementation of the reverse charge mechanism (RCM) till June 30.

The revenue department has decided to keep in abeyance GST provisions relating to reverse charge mechanism, tax deducted at source (TDS) and tax collected at source (TCS) for another three months till September-end.

The GST Council in its meeting on March 10 had suspended the provision for deduction of TDS and collection of TCS, as well as implementation of the reverse charge mechanism (RCM) till June 30.

A senior revenue official said the GST Implementation Committee (GIC), headed by the Revenue Secretary, has decided to keep in abeyance the TDS/TCS provision and GST by way of RCM by another three months.

"The GIC has decided to postpone by three months the TDS/TCS and RCM provisions. Notification will be issued shortly. The GIC decision has been circulated to the states for issue simultaneous notification, the official told PTI.

With this, e-commerce companies can heave a sigh of relief as they will not be required to collect 1 per cent TCS while making payment to suppliers under the Goods and Services Tax (GST).

As per the Central GST (CGST) Act, the notified entities are required to collect TDS (Tax Deducted at Source) at 1 per cent on payments to goods or services suppliers in excess of Rs 2.5 lakh.

GST has been rolled out from July 1, 2017, and transformed India into a 'one nation, one tax'.

Besides, the reverse charge mechanism, under which registered dealers are required to make tax payments in case he procures goods from unregistered businesses, too stands deferred till September-end.

The law review committee, comprising officers from the Centre and states, had earlier suggested reworking Section 9(3) of Central GST Act by bringing composition scheme dealers in the purview of reverse charge mechanism.

A ministerial panel under Bihar Deputy Chief Minister Sushil Modi was constituted in March to iron out issues being faced by businesses under the reverse charge mechanism.

With termination of export subsidies, is India overstaying its US welcome?	Business Standard https://www.business-standard.com/article/economy-policy/with-termination-of-export-subsidies-is-india-overstaying-its-us-welcome-118062700139_1.html

The US over last eight years made two allegations, one of them being India cannot provide export subsidies because it is no longer a low-income developing country.

In May 2018, the World Trade Organisation (WTO) set up a panel to investigate the US's allegations against certain export subsidy schemes in India.

The US has over the last eight years made two primary allegations – first, India cannot provide export subsidies because it is no longer a low-income developing country. And second, India is required to phase out its export subsidies in the textiles sector, in which it has achieved export competitiveness in 2010.

Do these allegations have merit and what is likely to be the fate of India's export subsidy regime?

What makes India special?

As a rule, subsidies contingent on export performance have trade-distorting effects and are prohibited under WTO law. At the same time, they play an important role in the economic development programmes of developing countries, especially at the initial stages.

A compromise between these ideas led to the genesis of Article 27 of the Agreement on Subsidies and Countervailing Measures (ASCM), which provides for special and differentiated treatment for developing countries.

Under this regime, India, along with twenty other low-income developing countries, belongs to a special category of "annex VII(b) countries".

These countries are permitted to retain their export subsidies so long as their gross national income ("GNI") per capita at constant 1990 dollars does not exceed $1000 for three consecutive years. Further, if any Indian product achieves export competitiveness, i.e., its exports have a share in world trade of at least 3.25% for two consecutive years, export subsidies for that product must be gradually phased out over an eight-year period.

The year 2017 was a 12-month-period of reckoning for India's export subsidies – not only did it mark India's crossing of the $1000 threshold for the third consecutive year, but it also was the end of India's eight-year phase-out period following its export competitiveness in the textiles sector.

India crossing the $1000 GNI per capita threshold

In 2017, India officially "graduated" from the 'annex VII(b)' category. India now must get rid of its export subsidies – a fact that neither India nor US disagrees on. The only disagreement is about when.

India argues that it is entitled to an eight-year phase-out period starting 2017.

According to Article 27(2)(b) of the ASCM, developing countries, whose GNI per capita was above $1000 on the date of entry into force of the WTO Agreement, were given an eight-year period to phase out their export subsidies. It would seem reasonable to also extend this leeway to developing countries that cross the $1000 threshold after entry into force of the WTO Agreement, such as India.

There is only one problem with this claim – it has no basis in the text of the ASCM. Accordingly, US argues that India was required to end its export subsidies immediately upon its graduation from Annex VII(b). India tried to circumvent this requirement in 2011, when, along with five other developing countries, it proposed a clarification to Article 27, ASCM that the eight-year phase out period would apply equally to Annex VII(b) countries, once they graduate. However, other countries viewed this as a substantive amendment to the ASCM, which they were unwilling to accept.

State practice under the ASCM also seems to undermine India's claim. In 2001, the Committee on Subsidies and Countervailing Measures ("SCM Committee") allowed Annex VII(b) countries to seek ad-hoc extensions beyond the graduation date, if they reserved this right before 31 December 2001.

Four Annex VII(b) countries – Bolivia, Honduras, Kenya and Sri Lanka – made such a reservation. Arguably, these countries would not have considered such reservation necessary, if they believed they already had an eight-year phase out period. However, three out of the four countries making the reservation also supported the 2011 proposal clarifying that the eight-year phase out period applied to graduating Annex VII(b) countries. Thus, it is likely that their reservations were only taken in abundant caution and do not amount to an implicit acceptance that they had no right to an eight-year phase out period otherwise.

Regardless, the absence of a textual basis is an insurmountable obstacle for India's claim, especially given the WTO dispute settlement body's adherence to textualism and its reluctance to add to or diminish the rights of countries through the interpretation of WTO treaties.

In all likelihood, the WTO panel will conclude that India must dismantle its export subsidy regime immediately.

India achieving export competitiveness in the textile sector

In 2010, the WTO secretariat calculated that India's textile exports had crossed the 3.25% share in world trade for two consecutive years. Based on this, US made two claims – first, that India has taken no concrete action to phase out its export subsidies for textiles over an eight-year period till 2017 and second, that India has violated the standstill obligation in this phase-out period, by introducing new export subsidies, in the form of the Merchandise Exports from India Scheme, in 2015.

As to the first claim, India has an innovative response, hinged on an interpretative difficulty.

For calculating export competitiveness, Article 27.6 of the ASCM provides that "a product is defined as a section heading of the Harmonized System Nomenclature ("HSN")" (emphasis added). Under the HSN, sections and headings are distinct levels of classification. It is unclear whether Article 27.6, by referring to "section heading", requires products to be defined at the narrower "heading" level or the broader "section" level of the HSN.

Admittedly, regardless of how "product" is defined in the textiles sector, India has crossed the 3.25% threshold for two years as of 2010. However, the definition of "product" will impact the number of items for which export subsidies will have to be phased out. For instance, in the textiles sector, if there are 60 items under the narrower heading level and 100 items under the broader section level, then India needs to know whether it must phase out subsidies on 60 items or all 100 items. Until this interpretative difficulty about product classification is resolved, India refuses to commence the phasing-out process. Unfortunately, while taking this stance, India did not foresee that in exactly eight years it would graduate from the Annex VII(b) category. Thus, its product classification argument was rendered moot in 2017, since India lost the ability to have any export subsidies whatsoever.

This brings us to the second claim against India. Even if the phase out period started in 2010, India argues that there is no standstill obligation in Article 27.5 or 27.6 of the ASCM that prevents India from introducing new schemes. The only requirement is that these subsidies "be gradually phased out over a period of eight years." This can be contrasted with Article 27.4, ASCM which calls for the subsidies to be phased out in a "progressive manner".

The absence of a similar "progressive" requirement means that India does not violate any obligations by introducing new schemes, if all schemes are eventually done away with at the end of the period. Here, a textualist reading of the treaty, while unfavourable to India's claim for an eight-year phase out period after graduation, could be of some benefit.

Only a matter of time

India's export subsidy regime has provided fertile ground for some creative legal arguments and other not so creative ones. Unfortunately, its termination cannot be postponed any longer.

Perhaps the best indicator of India's lack of confidence in the strength of its own position is that it has already started working to replace its existing subsidy schemes with WTO-compliant incentive schemes.

Therefore, the question is not whether India's export subsidy regime has overstayed its welcome, but rather, what regime should take its place instead.

How Chinese counterfeiting hurts India	**Atimes** http://www.atimes.com/how-chinese-counterfeiting-hurts-india/

The US decision to impose tariffs on Chinese goods points to two important yet recurrent themes in international politics. The first is an increasing tendency for the US to bypass multilateral systems – the World Trade Organization's dispute-settlement mechanism in this case – and China's use of covert means to strengthen the balance of trade in its favor by, for example, producing counterfeit goods and violating intellectual property rights (IPRs).

The proposed imposition of tariffs on US$50 billion worth of Chinese imports was widely criticized, including by India, the European Union, Russia, Pakistan, Norway, Brazil, Hong Kong, Taiwan and Japan. The criticism was due to unilateralism witnessed in the US decision without seeking resort to a settlement of the dispute through the WTO.

In fact, Taiwan and the EU even stated that they shared the concerns of the US regarding protection of IPRs in China,

but that the best way to address the matter was through the multilateral trading system.

A similar statement was issued by Brazil that emphasized the importance of the WTO's dispute-settlement system.

The interesting point to note is that each of the countries and territories mentioned above has their share of woes emanating from counterfeit Chinese goods and violation of IPRs. There are frequent occurrences of their customs regimes seizing counterfeit Chinese goods. As stated by a report by the Organization for Economic Cooperation and Development (OECD) and the European Union Intellectual Property Office, there is an estimated half-trillion-dollar global knockoffs market, with China taking up the lion's share as the origin of the knockoff brands.

Knockoff brands are the bane of the Indian branded market, and the scenario has existed for decades, with India being fifth on the list of fake-goods markets.

The extensive penetration of counterfeit goods is detrimental to brand equity. Beyond this, counterfeiting in the cosmetics and pharmaceuticals industry is dangerous to the health and well being of customers.

At the macroeconomic level, fake goods pose a severe threat to India's attempt at transitioning to a manufacturing-led economy, as exemplified by the "Make in India" policy.

According to a 2015 report by the Federation of Indian Chambers of Commerce and Industry prepared by the Committee Against Smuggling and Counterfeiting Activities (CASCADE), losses to the Indian government were close to 60 billion rupees ($880 million) due to the knockoff market in the FMCG (fast-moving consumer goods) space alone. Almost 22% of the packaged-goods industry was lost to the gray market.

In 2016, it was reported that the Indian Embassy in Beijing complainedof several Indian brands being hit by Chinese fakes. The most popular brands included Natraj, Raymond, Fevicol, Onida, Godrej, JK Files and Dabur among a long list of others.

In 2013, it was reported that complaints had been received regarding copyright and/or trademark violations by Chinese companies. The Indian brands that raised the issue included Nataraj, BoroPlus, Raymond, Onida and JK Files among others. What is noteworthy is that even after the complaints were raised, nothing changed in the span of three years, and the brands that faced IPR violations at the hands of Chinese companies were the same ones raising the issue in 2013 as well as in 2016.

Prior to this, in 2007, Nataraj had complained to the Indian Embassy in Beijing about counterfeiting of its products by Chinese companies in which the Nataraj pencils had lead-laden paint. This shows the lack of redress of companies filing complaints of counterfeiting in China. The same Indian companies' goods in China have been counterfeited over the years despite several complaints being raised.

After the Indian Embassy raised the complaint in 2016, the Chinese side acted upon a "few cases" by allowing the Indian companies to register with the State Administration for Industry and Commerce of China, as stated by India's commerce and industry minister at the time, Nirmala Sitharaman.

The onus of trademark registration and protection in China lies on the aggrieved enterprise, and according to the

rules in that country, individual enterprises have to file a case in the relevant forum by hiring law firms on the reported instances of trademark and copyright infringements.

This is what happens when Indian brands are counterfeited in China. In addition to this, there are two other ways in which counterfeit Chinese goods hurt and threaten the health of not just the Indian economy but also that of the customers who fall prey to the goods.

The first is seen when counterfeit goods enter India routinely through ports. An example of this was when 12,000 pairs of shoes worth approximately 35 million rupees were confiscated from a container in Chennai that came from China in 2017.

The dishonest importers of such consignments purposely declare them as unbranded products, such as ladies' purses or car hangings, for example, while the shoes are of popular brands like Adidas, Nike and Reebok. The manufacturers print a fake unique product code (UPC) that is similar to the ones the original brands have, making it difficult for customers to ascertain the authenticity of the goods.

However, in the specified case in Chennai, after the seizure, the patentholders confirmed that the UPCs of the shoes were fake. The process is tedious and it is uncommon, thereby leading to Chinese manufacturers exploiting the tediousness of the process.

In a case reported in 2009, Chinese-made anti-malarial drugs Maloxine and Amalar with "Made in India" tags were seized by the Nigerian Drug Regulatory Authority.

In 2010, complaints were made about an antiseptic cream under the BoroPlus trademark being sold in Russia and neighboring countries with the same design and packaging scheme of the original BoroPlus antiseptic company.

Beyond the health risk such counterfeiting poses, knock-off commodities from China being passed off as Indian goods pose a serious threat to Indian manufacturers, and this is the third way at the macroeconomic level that counterfeit Chinese goods are detrimental to the Indian economy.

Counterfeit Chinese goods can also pose a risk to the defense and security of the country, as exemplified by a 2017 case, wherein a Delhi-based company sold Chinese parts camouflaged as "Made in Germany" parts to the Indian Army for the manufacture of the Dhanush gun.

A new and emerging arena for counterfeit Chinese goods in India is the online market. Products sold on the Internet are generally distributed in small parcels via postal and express freight services directly to the customer, leading to an expanding role of technologies in IPR crimes.

While India has launched a scheme for IPR awareness and even has a national IPR policy, violations continue. Counterfeiting is more prevalent in rural and semi-urban areas as compared with urban areas. Companies are increasingly spending money and resources to fight counterfeiters operating in India. Some pharmaceutical companies have even started using digital authentication apps that allow users to send images of medicines available online in order to detect the genuineness of the seller.

However, the need is to increase such initiatives across all industries. While tackling IPR violations within India is still within the scope of imagination, dealing with the violations in third countries is still problematic, and the only way is to take the issue up on a repeated basis either with China or at the WTO.

For Indian companies operating within China, it is essential that a greater emphasis is placed on the companies' awareness of the "first to file" system, which means that the rights of trademark belong to the first person or company that properly registers the trademark in China.

According to lawyers, many international companies are often too slow to register their brands in China, which gives faster-moving counterfeiters a chance to establish a legal claim first.

As stated by the Office of the US Trade Representatives' 2016 report to the Congress on China's WTO Compliance, IPR holders in China face an extremely complex and uncertain enforcement environment, besides a pressure to transfer IPRs to Chinese enterprises through a number of government policies and practices.

For India, which already faces several challenges in its economic relationship with China, it is pertinent that awareness creation for Indian companies seeking to operate in China is undertaken on a wider scale.

Last year, China started a nationwide campaign to protect foreign firms' international property rights, and Premier Li Keqiang, in a speech in March 2017, even promised to protect the rights of foreign companies investing in the Chinese economy.

However, the Ministry of Commerce stated that China was a developing country and did not have a perfect system to protect IP, acknowledging that there was much work to do.

Thus for India it is pertinent to keep this in mind and while expecting a better Chinese system that respects IPRs of foreign firms, it needs to continue spreading more awareness on IPRs among its own companies, business professionals and customers.

Here's how money is flowing in Indian economy, and where it is really going	**Financial Express** https://www.financialexpress.com/economy/heres-how-money-is-flowing-in-indian-economy-and-where-it-is-really-going/1220807/

While there has been apprehension about private investments in the country, the flow of funds in the economy shows signs that the things may be looking up, a report by Care Ratings said.

An economy is nothing but careful management of available resources — and for an emerging economy like India, which is growing at an average of 7%, the capital market is crucial. While there has been apprehension about private investments in the country, the flow of funds in the economy shows signs that the things may be looking up, a report by Care Ratings said. The money raised through equity issuances were higher this year at Rs 20,900

Equity issuances were higher at Rs 20,900 crore in the fiscal year 2019 as compared to the same period last year, the report said, adding that the boom in the stock market could be a driving factor. Equity issuance is the sale of new equity or stock by a firm. Financial sector dominated with a share of 80.8% as against 59.2% last year, while

manufacturing got highest funds via equity issuance in the non-financial sector.

The debt segment, on the other hand, underperformed. In FY19 so far, the debt issuances accounted for 63.8% of total capital issuances as compared to 85.2% same period last year. In the debt-segment, again, the financial sector dominated the issuance, followed by the services sector, mining, construction and real-estate and others.

“In the debt segment, though issuances are lower, the fact that the non-financial sector is borrowing more is a good sign if sustained. The fact that lending to the large industry has improved in terms of smaller decline, if sustained could indicate a recovery in the investment cycle,” Care Rating said in the report.

In other segments such as commercial paper (CP) and external commercial borrowing (ECB), the capital raising was marginally higher and higher. The CP market was marginally better with Rs 3.02 lakh crores being raised in the first two months of the year compared with Rs 3 lakh crore last year. The ECB approvals for April 2018 was $3.76 billion compared with $1.30 billion in April 2017, the report said.

Bhiwandi's powerloom industry still bears the brunt of GST	**CNBCTV** https://www.cnbctv18.com/business/bhiwandis-powerloom-industry-still-bear-the-brunt-of-gst-200031.htm

While the powerloom industry is slowly learning taxation compliances, multiple changes in rules have kept the newbies on their toes.

Experts say Bhiwandi's small operators are losing their cost competitiveness, especially with the balance of power shifting in the favour of large manufacturers, due to increased compliance.

These days when I think of the looms, I am scared. Just don’t know till what time I can keep running this business,” said Raju, a job worker, who gets powerloom projects on contract from large fabric manufacturers.

In the last one year, his turnover have shrunk by more than half to less than 2.5 lakh per month from 6 lakh a month earlier.

Raju was one of the thousands of small loom owners and operators in Maharashtra's Bhiwandi, who were out of the tax bracket till Goods and Service Tax (GST) brought fabric under its net.

Increased compliance and paperwork meant a transformation for what has been, largely, an unorganised sector.

This caused quite a shock and for a lot of players like Raju, business unravelled.

A year since, the powerloom industry in Bhiwandi is still crawling back to life.

“Since the last one year, we're running only on bank loans. Generating working capital has been a big issue,” said Krishna Bairi, Raju’s associate.

Late last year, government incentives to reduce tax on inputs and bring down compliance requirements provided a

bit of a breather.

The partial rollback of reverse charge mechanism, where the liability to pay tax was on the recipient of supply of goods or services instead of the supplier of such goods, was a relief.

This helped small loom operators in Bhiwandi to move from being on the brink of collapse a year ago, to just about surviving.

Even after a year, loom operators say the demand for Bhiwandi’s fabrics has not picked up and rates have fallen.

“The big parties aren't able to sell their goods and they are in turn stopping our payments for about two-three months. Besides that, the labour charges have also fallen from Rs six per metre to Rs five. We are facing loss there also,” Bairi said.

While the industry is slowly learning taxation compliances, multiple changes in rules have kept the newbies on their toes. Issues like lack of capital and subdued demand notwithstanding, the additional burden of filing intra-state e-way bills is adding to their woes.

Last month, Maharashtra implemented intra-state e-way bills even for local transport, if the value of goods transported exceeds Rs 50,000.

This was meant to benefit small businesses that operate on intra-state basis and the less than truckload (LTL) operators, but transport operators in Bhiwandi say it doesn’t.

“More often, the value of the goods we carry is more than Rs 50,000. The goods are sent to multiple sites for production, packaging etc. and to make e-way bills at all sites is too much work. We're not able to do it,” operators said.

Many small truck owners transport goods for multiple clients at once and here they claim generating and collecting e-way bills is leading to loss in working hours.

“Everybody doesn't know how to make the e-way bill. We're transporters, we don't own laptops or computers. We have to go to each owner to get bills and prints, and manage timings,” said RamChoudhary, a small truck owner.

The transporters are hoping for some relaxations like in other states, either increase the value of goods transported or the kilometer criteria applicable for intra-state e-way bills.

“E-way bills required within the limit of 10 kms is wrong. Don't know what the government is gaining, but for us the business has dropped by 60%, we are operating at just 40% now,” RamChoudhary said.

E-way bills have added another layer of compliance for loom owners.

Tirupati, another loom owner said, “Just for the e-way bill filing, I have to hire one person and my monthly expense has increased by Rs 10,000-15,000. But due to delays in transportation, because of this requirement, my business is

affected.”

Coupled with subdued demand since last one year, Tirupati said his earnings have reduced by about Rs 30,000-35,000 per month from what it was a year ago.

Experts say Bhiwandi's small operators are losing their cost competitiveness, especially with the balance of power shifting in the favour of large manufacturers, due to increased compliance.

Amit Chibber, Secretary, Rajasthan Grey Cloth Association, Bhiwandi said, “From unorganised and small players, the business is getting transferred to organised sector and larger manufacturers. This is because maintaining the accounting systems for a manufacturer who owns 1,000 looms and for those who have 50 looms is the same. This cost escalation is affecting the small and medium scale industry.”

No textile unit has adequate fire safety equipment	**Times of India** https://timesofindia.indiatimes.com/city/surat/no-textile-unit-has-adequate-fire-safety-equipment/articleshow/64754781.cms

Surat: A survey by fire and emergency services of Surat Municipal Corporation (SMC) at Pandesara GIDC revealed that out of 145 textile units, none had made adequate provisions for fire safety. Chief fire officer (CFO), SMC, Vasant Parikh told TOI, “Until now we have surveyed only half the units at Pandesara GIDC and not found any mill adequately equipped with fire safety provisions. We will be issuing notices to all of them and asking them to comply with fire safety norms.”

There are about 350 textile mills located in the city and nearby areas of Palsana and Kadodara. These textile mills employ about 3 lakh workers and their monthly turnover is pegged at about Rs1,800 crore

With a turnover of Rs21,000 crore per annum, the textile units located in the industrial areas need to take care of their own health. The lives of lakhs of workers are at risk due to weak structures and no fire safety provisions,” a fire officer said.

Major industries spend around eight per cent on corporate social responsibility (CSR) and also on lavish layout for their own units. However, other textile mills are run under tin-sheds and have concrete walls and temporary supports. These textile mills dump their finished products and raw materials in semi-open shades, which is a recipe for fire disaster.

The recent instruction of Gujarat Pollution Control Board (GPCB) about chimneys to mills has helped bring down air pollution marginally.

GPCB vigilance officer at Surat, Anil Patel, said, “In the last few months, we have issued notices to at least 36 textile mills for causing air pollution. They comply with law for a few days and then again turn to their old practices.”

Global initiatives failing to stop labour abuses in India, activists say	Reuters https://www.reuters.com/article/india-garments-rights/global-initiatives-failing-to-stop-labour-abuses-in-india-activists-say-idUSL4N1TR3SN

International efforts to make it easier for garment workers in India to speak out against sexual harassment, dangerous working conditions and abuses are failing, campaigners said on Tuesday.

The U.S.-based certifying agency Social Accountability International (SAI) and Britain's Ethical Trading Initiative (ETI) - an alliance of unions, firms and charities - are not enforcing procedures they set up to protect workers, they said.

"The organisations are violating the rules of the mechanisms they created by not taking time bound action against complaints that come up," said S. James Victor, director of Serene Secular Social Service Society, which works to empower garment workers.

"They are far removed from ground reality. The fact is that every day a worker continues to face workplace harassment in the spinning mills and garment factories of Tamil Nadu."

From high-street clothing stores to supermarkets, major brands are facing rising consumer pressure to improve conditions along their global supply chains, render them slavery-free and ensure fair wages.

Many of the 1,500 mills in Tamil Nadu state - the largest hub in India's $40 billion-a-year textile and garment industry - operate informally with poor regulation and few formal grievance mechanisms for workers, most of whom are women, campaigners say.

"Workers are being victimised, harassed and managements are literally going after them for raising any complaint," said Sujata Mody of the Garment and Fashion Workers Union, which has about 3,000 active members.

"The issue could be about a toilet break, sick leave or sexual harassment. No complaint is tolerated or redressed."

Following reports that girls as young as 14 were lured from rural areas to work long hours in mills and factories without contracts, and often held capture in company-run hostels, global rights groups have tried to improve accountability.

Manufacturers who comply with voluntary labour standards introduced by SAI receive certification, with some 300 certified factories employing about 64,000 workers in south India, according to SAI senior director Rochelle Zaid.

But forced labour, sexual harassment and repression of unions is not being properly addressed, Dutch advocacy groups India Committee of the Netherlands (ICN) and the Centre for Research on Multinational Corporations (SOMO) said last week. After the charities complained about abuses at two SAI-certified mills, one lost its certification after a 20-month procedure but the other continued to operate, they said.

SAI is constantly upgrading its programme based on feedback, has increased the number of unannounced audits and improved accountability to ensure timely response to complaints, Zaid told the Thomson Reuters Foundation in emailed comments. But trade union president Mody said that workers' committees set up to handle complaints

internally do not work.

“It is only on paper,” she said. “We have at least 10 written complaints of sexual harassment pending before the Tamil Nadu government,” she added, referring to cases brought by workers in SAI-certified factories.

ICN and the UK-based Homeworkers Worldwide rights group also said their complaints to the ETI about forced labour in British supermarket supply chains were investigated slowly, workers were not consulted and no plan was made to address issues raised.

“When handling complaints, ETI seeks to promote engagement and reach practical collaborative solutions,” an ETI spokesman, who declined to be named, said in emailed comments. (Reporting by Anuradha Nagaraj, Editing by Katy Migiro. (Please credit the Thomson Reuters Foundation, the charitable arm of Thomson Reuters, that covers humanitarian news, women’s rights, trafficking and climate change. Visit news.trust.org))

Tanzania to boost earnings from cotton exports	**Xinhuanet** http://www.xinhuanet.com/english/2018-06/27/c_137282703.htm

Tanzania is set to increase earnings from cotton exports in the next two years, a senior official said on Tuesday.

Mary Mwanjelwa, the east African nation's Deputy Minister for Agriculture, told the National Assembly in the capital Dodoma that the plan is to increase cotton exports from the current 30 million U.S. dollars to 150 million U.S. dollars by 2020.

"We have a number of strategies that have been implemented since 2017 to ensure cotton production surpass the 600,000 tonnes mark," said Mwanjelwa, adding that the improved quality of the seeds also added value to the commodity.

She noted that the plan is a new blueprint adopted by the government and other stakeholders to improve the production of cotton in the country, and the government is working to re-establish some internal systems starting with the production of seeds.

Currently, there are 17 regions that grow cotton in the east African nation.

According to the deputy minister, during the forthcoming farming season in 2018, cotton farmers will be required to use improved seeds such as UKM08 seeds rather than the use of substandard seeds.

FG to facilitate export of Cross River textile materials	**Daily Trust** https://www.dailytrust.com.ng/fg-to-facilitate-export-of-cross-river-textile-materials-258068.html

The Federal Government will help to facilitate the exportation of products from the Cross River Garments Factory to international markets.

The Executive Director of the Nigerian Export Promotion Council (NEPC), Mr Segun Awolowo, who spoke during a

workshop for staff of the Cross River State Garment Factory in Calabar, said NEPC and the African Growth and Opportunity Act (AGOA) will collaborate in that direction.

The workshop exposed participants to the importance of good packaging to meet international standards for exports and building export capacity for the maximization of AGOA.

Represented by the Regional Co-ordinator, NEPC, South West, Mr Babatunde Faleke, Awolowo reaffirmed government's commitment to support Cross River State Governor Prof. Ben Ayade's developmental vision in promoting the factory among others.

A resource person at the training and AGOA representative, Mrs Bolanle Emmanuel, said AGOA sought to forge stronger commercial ties between Nigeria and other qualified African countries, and the United State, while it helped to integrate Nigeria into the global economy.

Egypt's ready-made garment exports hit $645M over past 5 months	**Egypt today** https://www.egypttoday.com/Article/3/52832/Egypt-s-ready-made-garment-exports-hit-645M-over-past

The Ready-Made Garments Export Council (RMGEC) announced on Tuesday that exports of the sector increased by 12% during the first five months of the current year to reach 645 million dollars, compared with 575 million dollars during the same period in 2017.

In its monthly report, the council said that the exports of the sector to the US made an increase of 12% from January to May of 2018, recording 310 million dollars, against 276 million dollars during the same period in 2017.

With an increase of 16%, Egypt's exports to Europe registered 219 million dollars, compared with 189 million dollars in 2017.

Egypt's garment exports to African countries were notably up in the first five months of 2018 to reach 1.253 million dollars, against 855,000 dollars during the same period in 2017.

As for garment exports to Arab countries, they dropped by 16%, recording 30 million dollars in 2018, compared to 35 million dollars in 2017.

The report added that the top countries interested in the Egyptian garment exports are the US, Turkey, Spain, Britain, North Ireland, Germany, Italy, France, Saudi Arabia, Belgium and the Netherlands.