The Southern India Mills' Association
Post Box No. 3783, 41 Race Course, Coimbatore - 641 018
Phone: 0422 4225333 | Fax: 0422 4225366
E-mail: info@simamills.org | Web: www.simamills.org

NEWS CLIPPINGS –30-07-2018

Textile revival package a non-starter	The Hindu https://www.thehindu.com/news/national/kerala/textile-revival-package-a-non-starter/article24546839.ece

Panel has mooted a one-time fund infusion of ₹494.81 crore for the sector

The State government plan to implement a package to modernise and revive the ailing textile sector remains a non-starter. Despite having a track record of resuscitating and taking over sick public sector undertakings, including those owned by the Centre, the State government had not made any serious initiative for implementing the package, sources said.

An expert committee headed by P. Nandakumar had conducted a detailed study and submitted a comprehensive package for rejuvenating the sector that had immense employment potential. The committee, most importantly, recommended a one-time fund infusion of ₹494.81 crore — ₹317.89 crore as capital investment and ₹176.92 crore as working capital — for putting the 17 mills in the public and cooperative sectors back on track.

A review report of the Public Sector Undertakings Restructuring and Internal Audit Board had pointed out that all textile mills are incurring loss and the Kerala State Textile Corporation was on top of the list of loss-making units. The corporation's turnover increased from ₹9.73 crore in 2016-17 to ₹32.13 crore the past year, but the loss also grew from ₹29.36 crore to ₹31.60 crore. Sitaram Textiles and other units too share the same plight.

The 17 mills together offer direct employment to 5,000 persons and indirect employment to 15,000 persons. The package had suggested a slew of reforms to give a fresh lease of life to the mills and thus optimise its employment potential. Implementation of the package was expected to address the problems thrown up by demonetisation, inherent problems plaguing the sector such as lower capacity utilisation, and outdated technology. The government had approved the report, but the uncertainty in releasing funds has halted its execution.

Textile and garment making are two sectors that do not demand a massive investment, but has immense job employment potential, compared to other areas. States such as Jharkhand, Bihar, Andhra Pradesh, Telangana and Maharashtra are placing due accent on this sector and have yielded instant results too.

Compared to these States, Kerala has more advantages as it has spinning and weaving infrastructure, skilled manpower and a potential market. Implementation of the revival package would give instant results, sources said. A resources stressed government could even opt for a phased implementation of the package, but it had not figured in its priorities so far, sources said.

Cotton and Currency Markets	Kotak Commodities Research Desk For more details contact : Research@kotakcommodities.com & aurobinda.gayan@kotakcommodities.com

A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
22601	47275	87.66
Domestic Futures (Ex-Gin) July		
Rs/Bale	Rs/Candy	USD Cent/lb
22130	46291	85.84
International Futures		
NY ICE USD Cents/lb. (Dec 2018)		88.23
ZCE Cotton: Yuan/MT (Jan 2019)		15985
ZCE Cotton: USD Cents/lb.		91.04
Cotlook A Index - Physical		97.95
B. Currency		
USD/INR	Close	Previous Close
Spot	68.786	68.948

Cotton Guide:

Weather in the US has been playing an important role while the responses in last few weeks have been quite high which is determining the various crops in the country especially cotton. Earlier we have been seeing drought situation in the US in Texas region, the major cotton growing belt however, off late there has been shower in some pockets but seems inadequate. Therefore, the repercussion is felt on the price. This week cotton has advanced from 86.10 cents to 88.20 cents per bale. We think more room for the price to witness. Whenever there is natural calamity- "currently weather concern in the US" make a supply shock in the commodity and the resultant is generally positive for the underlying price. We aren't so sure about the crop situation at this moment while last month USDA reduced production estimates by a million from 19.50 to 18.50 million bales. We think this might continue to keep cotton price elevated. In the meanwhile, the export numbers have been quite high and we think this season the exports may be in the range of 16 to 16.50 million bales, largely higher in last few years.

On the trading front, four days past the trading volumes on a daily basis has maintained around 14 to 20K contracts while aggregate open interests have increased marginally but no major difference and hovering around 260K contracts.

The major highlight for cotton on Thursday was the USDA weekly export sales report that was good on sales but light on shipments with 12 shipping days left to be counted. For the week ended July 19th it showed combined net sales for 2017-18 and 2018-19 at 211,800 bales (upland 201,400/pima 10,400). That included 1,100 bales in cancelations. Weekly shipments were 311,800 bales (upland 293,300/pima 18,500). Total shipments stand at 14,900,600 bales (upland 14,298,700/pima 601,900).

Further from the east, Chinese State Reserve cotton auction on Thursday had a turnover rate of 71.88 percent, spinners only. Offered were 30,012.109 tons (137,846 bales); and sold were 21571.3771 tons (99,077 bales). The turnover rate has been the highest this week since the beginning of June. The cumulative turnover rate is 59.97 percent (offered versus sold). This auction series started at 24.1 million bales and there were 16.2 million bales remaining. The ZCE cotton future is also advancing gradually from the low of 16045 Yuan/MT and trading at 16910. We think more room in the price could be expected in the near term.

From India, the physical cotton price has traded steady however holding near Rs. 23,160 per bale or around R.s 47300 to Rs. 47600 per candy ex-gin. The equivalent price at the prevailing exchange rate is around 88.50 cents per pound. Lastly on the future front the MCX October future ended the session at Rs. 23520 per bale down by Rs. 70 from previous day's close. We think market might remain sideways today.

This morning ICE cotton is seen trading at 88.21 cents no major change, the ZCE is up and the local currency rupee is flat 68.64. We think market might remain sideways for the MCX future and the trading range would be Re. 23400 to Rs. 23700 per bale.

Currency Guide:

Indian rupee trades little changed near 68.64 levels against the US dollar. Rupee trades in a narrow range amid mixed cues. Supporting price is easing tensions between US-EU trade worries and strength in domestic equity markets. However, weighing on rupee is choppiness in crude oil price and general strength in US dollar. The US dollar index rose 0.6% yesterday as European Central Bank reiterated support for keeping interest rate unchanged until summer of 2019. Brent crude trades above $74 per barrel supported by reports that Saudi Arabia has temporarily halted exports through the Red Sea. Rupee may witness choppy trade amid mixed cues but we expect to see some depreciation on general upbeat outlook for US dollar. USDINR may trade in a range of 68.45-68.75 and bias may be on the upside.

Government to bring new textile policy soon	**The Hans India** http://www.thehansindia.com/posts/index/Andhra-Pradesh/2018-07-29/Government-to-bring-new-textile-policy-soon/401926

The state government has been contemplating with the idea of bringing the best textile policy in the country before the next Cabinet meeting, said the Minister for Industries N Amaranatha Reddy.

Addressing the self-help group women here after distributing 500 sewing machines at SP MahilaVisvavidyalayam Auditorium on Saturday, he said the proposed policy is aimed at providing more employment opportunities to women by bringing more textile industries to the state. Under the proposed policy, during the training period itself women will get Rs7,500-10,000 as stipend and if they work in the factory or form a group and work as an industry, apart from their wages they will directly get Rs1,000-3,750 from government.

If needed, the government will sanction one separate MSME park for women. If women invest any amount in an industry the government will give 45 percent as incentive and extend other benefits, the minister said. The sewing machines have been distributed to 500 women at a cost of Rs55 lakh of which Rs6,000 was spent for each sewing machine and the remaining amount was for their training for three months. The Minister said though the state was left with Rs16,000 crore revenue deficit after bifurcation, Chief Minister N Chandrababu Naidu has implemented several welfare schemes for women to benefit them. From the birth of a girl child, the government has brought out umpteen number of schemes and he listed out several of them.

It is the duty of 'Sangha Mithras,' 'Sadhikara Mithras' and SHG members to take all these schemes to the door step of people. With CM's vision, the state has become number one in the country in women empowerment and ease of doing business," he maintained. On the occasion, he released a cheque of Rs20.69 crore towards members of self-help groups provided as loan through bank linkage. Speaking on the occasion, MEPMA MD ChinnaTataiah reiterated the government's commitment towards ensuring Rs10,000 income to every family and bringing out several schemes towards fulfilling this goal.

He said the GO for increasing the honorarium to resource persons to Rs5,000 will be issued before August 15. MEPMA has provided training in tailoring to 50,000 women in the state and on the average they were earning Rs3,000 per month by working in their leisure time at their homes. MEPMA Project Director AD Jyothi presided over the function. MLA M Suguna, TUDA Chairman G Narasimha Yadav, DCCB Chairman Amasa Rajasekhar Reddy, SAAP Director P Sridhar Varma and Town Bank Chairman P Muralikrishna Reddy participated.

Odisha finance minister visits power loom workers, says will prepare report on GST issues	**Indian Express** https://indianexpress.com/article/cities/ahmedabad/odisha-finance-minister-visits-power-loom-workers-says-will-prepare-report-on-gst-issues/

The weavers' associations had written a letter to Patnaik on July 17, requesting him to take up the issues of the power loom industry of Surat with the GST council.

Days after the Federation of Gujarat Weavers Association (FOGWA) and its subsidiary Pandesara Weavers Association wrote to Odisha Chief Minister Naveen Patnaik, Odisha finance minister Shashi Bhusen Behera visited Surat on Saturday for a study tour of the power loom industry.

The weavers' associations had written a letter to Patnaik on July 17, requesting him to take up the issues of the power loom industry of Surat with the GST council.

Over five lakh powerloom workers, hailing from Behrampur and Ganjam districts of Odisha, work in Surat's power loom industry. However, since the implementation of GST, over 40,000 workers have been unemployed.

In their letter, members of FOGWA had requested the Odisha CM to make representations to the Prime Minister's Office and the Finance minister to remove the ban refund of the Input Tax credit. During the 28th meeting of the GST council on July 21, the council had allowed for the refund of the Input Tax credit on the power loom industry.

Following his tour of the textile industry on Saturday, Behera, accompanied by Odisha MP Prashanta Nanda said, "On the bases of the letter sent by the FOGWA and Pandesara Weavers Association, we have made strong representations to the GST council. We also demanded refund of Input tax credit for the power loom industry, which the GST council had accepted."

Interacting with the media at the Circuit house, he said, "We will prepare a study report of our visit and meetings and present it to CM Naveen Patnaik."

FOGWA president Ashok Jirawala said, "We have requested Shashi Bhusen Behera that their government should request Gujarat government to form a textile ministry. We also asked their government to make representations to Central government to raise the subsidy under TUFF scheme for upgradations of machines."

Punjab to enforce "best" industrial policy: Minister	**Business Standard** https://www.business-standard.com/article/pti-stories/punjab-to-enforce-best-industrial-policy-minister-118072900508_1.html

Punjab Industry and Commerce Minister Sunder Sham Arora today said the government would soon implement "the best industrial policy" in the state to boost its industries.

He also said the new policy would be aimed at giving relief to the industry from the state GST, the property tax, the electricity duty and the stamp duty.

Arora made the statement while inviting greater investment in the state and urged the industrial captains across the country to invest in the state, especially in the textile and other sectors.

The minister said the new policy, which would be unveiled soon, would also give a chance of one time, lump sum settlement to the sick industrial units.

On the issue of VAT refunds, the minister said the deliberations have been held with the Finance Department and the government has decided to release funds to the tune of Rs 300 crore every two months with an aim to refund the whole balance by December 2018.

He further said the new industrial policy has been framed after consultations with various stakeholders and would soon be put up before the state Cabinet for its approval.

Arora, in a statement here, further said the new policy would give a major thrust to encourage the small and medium industries.

The minister claimed the state government has provided employment to 1,56,000 jobless youth in the government as well as the non-government sectors during the past one year.

He said during the past a year, the sanction has been accorded for establishment of many industries at an investment of Rs 9,200 crore, which would provide employment to 50,000 youths in the state.

Plans on to check HT cotton menace at production level	The Hindu https://www.thehindu.com/todays-paper/tp-national/tp-telangana/plans-on-to-check-ht-cotton-menace-at-production-level/article24544324.ece

With the expert panel on the unapproved herbicide-tolerant cotton seed, popularly known as BG-III or HT cotton, finding that about 15% of cotton cultivated in Telangana was that of the illegal variety, the State government has decided to fight the menace from the production level itself as an effective way to weed it out from circulation.

In spite of special squads that include the police conducting raids on seed dealers, retailers and companies before the commencement of Kharif season, the illegal variety of cotton seed is feared to have made its way into cultivation again this year in sizeable quantity. Imposing restrictions on the sale of glyphosate, a herbicide used along with HT cotton, too has little effect since they have been announced only on July 10, by which sowing of the crop was completed in over 12.12 lakh hectares.

Task cut out

“The viable option left now is to check further spread of the damage caused by unapproved cotton variety on the crop biodiversity and also its impact on human health following the use of glyphosate”, a senior government official involved in planning measures against HT cotton seed stated. A sense of fear needs to be created particularly on seed producers as taking action on unregistered and fictitious companies which are indulging in the trade is a lengthy process by tracking and tracing the suppliers of foundation seed, the official explained.

After confirmation of the presence of unapproved herbicide tolerant cotton seed in Telangana, Maharashtra, Gujarat, Andhra Pradesh, Karnataka, Punjab and others by testing the samples collected, the Field Inspection and Scientific Evaluation Committee (FISEC), constituted by Department of Biotechnology, has recommended its eradication beginning with destroying the seed seized with the suspected HT traits.

Although the Ministry of Agriculture has issued directions to book the offences related to herbicide tolerant cotton variety under Seeds Act 1966, Seed Rule 1968, Seeds (Control) Order 1983 vis-a-vis the Environmental Protection Act 1986 and Environmental Protection Rules 1989, the provisions could be invoked only after finding that the seed collected/seized has the HT traits, the official explained.

101 cases booked

When contacted, Principal Secretary (Agriculture) C. Parthasarathi told The Hindu that special squads have conducted about 2,700 raids on seed dealers, retailers and companies this year and registered 101 cases under Section 420 of the IPC and also arrested 141 persons. About 14 tonnes of spurious seed with suspect HT traits has been seized during the raids, he explained adding that cases were also being booked against recommended sale of glyphosate.

Abolish Apmc Cess, Professional Tax Under Gst: Maha Traders	Daily Pioneer https://wwwadailypioneer.com/business/abolish-apmc-cess-professional-tax-under-gst-maha-traders.html

Maharashtra traders have urged the government to abolish the APMC cess and professional tax under the goods and services tax (GST).

The Chamber of Associations of Maharashtra Industry and Trade (CAMIT) along with the Poona Merchant Chamber and Federation of Associations of Traders Pune also noted that the plastic ban in Maharashtra was ill-timed.

They appealed to the state government to postpone the ban unless viable and durable alternate to plastic is identified."We are in favour of protecting the environment but without viable and durable alternative of plastics - specifically plastic for packaging - the blanket ban on plastic is creating more hassle to general public, traders and Industries of Maharashtra," they said in a statement.

The traders also strongly opposed FDI in retail and objected to the back-door entry of Wall Mart in India via domestic e-commerce player Flipkart. Group HQ Bombay House reopens post-renovation Salt-to-software conglomerate Tata Group said today it has re-opened its global headquarters Bombay House, marking the 114th birth anniversary of its former chairman J R D Tata.

Built in 1924, the 94-year-old heritage building has undergone refurbishment and restoration for the first time in its history. The entire exercise took nine months. Tata Sons Chairman Emeritus Ratan Tata inaugurated it in the presence of group Chairman N Chandrasekaran and other employees.

"The new office space wears a modern look with well- designed common and collaborative spaces to meet the requirements of business today," it said in a statement. Bombay House was built on two plots of land bought by Sir Dorabji Tata, the group's second Chairman and Jamsetji Tata's elder son, from the civic body of Bombay (now Mumbai) in 1920.

Redefining MSMEs	Business Line https://www.thehindubusinessline.com/opinion/editorial/using-turnover-rather-than-investment-criteria-is-a-more-pragmatic-way-to-incentivise-industry/article24547099.ece

Using turnover, rather than investment criteria, is a more pragmatic way to incentivise industry

The Centre has set in motion a long-pending reform in its policy dispensation for MSMEs (Micro Small and Medium Enterprises), by tabling the MSME Development (Amendment) Bill 2018 in Parliament this week. The Bill’s most significant provision is the proposed change in the decade-old official definition of an MSME. As per the current definition, manufacturing units are defined as micro, small or medium enterprises depending on whether their investments in plant and machinery were below ₹25 lakh, ₹25 lakh to ₹5 crore or ₹5 crore to ₹10 crore. The thresholds were lower for services units. But the new Bill proposes a uniform MSME definition based on more realistic turnover criteria. Now, units will be ‘micro’ enterprises if their annual sales turnover is less than ₹5 crore, 'small' if they fall in the ₹5-75 crore range and 'medium' if they are in the ₹75-250 crore band. This change in the outmoded MSME definition has much to commend it.

For starters, the new definition will result in fairer comparisons between older and newer ventures in a sector for utilising MSME sops. Given steady escalation in project costs, comparing investments in plant and machinery over time illogically puts newer units at a disadvantage over older ones, actively militating against modernisation efforts in industry. Two, annual turnover criteria can be directly verified from the GST Network, thus putting an end to physical inspections, and the Inspector Raj necessitated by the investment-based regime. Three, turnover-based sops may be friendlier to technology-intensive sectors such as engineering, auto components or pharmaceuticals where substantial capital investments are needed to ensure even minimal scale. Hopefully, the rebooted definition will allow more MSMEs to benefit from recent policy incentives. Turnover criteria will also allow a unit to graduate from its MSME status on reaching a fair size and discourage the proliferation of inefficient units created mainly with an eye to tax sops.

Some industry bodies have expressed the concern that under the new dispensation, medium enterprises with ₹250 crore turnover may crowd out smaller peers in cornering the sops. But a higher turnover limit is welcome because one of the primary problems plaguing Indian industry is the mushrooming of tiny units that stand little chance against competition. The latest NSSO survey of 6.34 crore unincorporated ventures in India noted that 84 per cent of these were own-account enterprises which didn't employ even one worker. For the Make in India initiative to take wing, and for Indian firms to stand a fighting chance in the export market, the policy regime for MSMEs needs to actively push them to scale up over time, rather than shower them with sops to remain small-scale. In fact, the Centre should mull a sunset clause on MSME benefits to encourage these units to climb up the value chain.

Asian economies to surpass US by 2030: Report	**Fibre 2 Fashion** http://www.fibre2fashion.com/news/textile-news/asian-economies-to-surpass-us-by-2030-report-243673-newsdetails.htm

India and 9 other major economies of Asia are expected to surpass the GDP of the US by 2030, according to a recent report. The total GDP of the 10 economies, viz, China, Hong Kong, India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan, and Thailand, is expected to be more than $28 trillion, while that of the US will be $22.33 trillion.

Asia's economic future is bright, however, certain factors like climate change, rising inequality, technological disruption and worsening environment for trade can hinder growth, says a report by global financial services major, DBS. The report adds that several dynamics that have supported the economic development of the Asian economies in recent decades are weakening, and there are many changes in the international environment. Asian countries have benefitted from multiple demographic dividends in the past, but these dividends are not as valuable anymore.

Asian countries like India and Philippines have a young population, which poses a challenge of generating jobs. On the other hand, aging countries like Japan, China and Singapore can offset the demographic drag with the help of technology, says DBS in the report.

Amending the GST law: Let the numbers speak	Live Mint https://www.livemint.com/Opinion/Pu0h2L7gCbgWQAni2FBiBO/Amending-the-GST-law-Let-the-numbers-speak.html

The GST Council should simplify the structure of the IGST and truly zero rate exports, as well as reduce the compensation cess if the Compensation Fund continues to record surpluses after the recent rate decreases

The government proposes to amend the goods and services tax (GST) laws after the GST Council gave its approval in its 28th meeting held on 21 July. The GST laws are a package of five enactments. Four of these have been enacted by the Central government. These are: the Central Government Goods and Services Tax (CGST) Act, the Union Territory Goods and Services Tax (UTGST)Act, the Integrated Goods and Services Tax (IGST) Act, and the Goods and Services Tax (Compensation to States) Act. The fifth enactment—the State Governments Goods and Services Tax (SGST) Act—has been separately enacted by each of the 29 states. The department of revenue has published the proposed 46 amendments to these Acts on its website. These proposals comprise 38 amendments to the CGST Act, six to the IGST Act and two to the Compensation Act.

These amendments appear to be driven by three forces. First, for operational convenience. Second, for plugging loopholes in the GST base. Third, for accelerating devolution of receipts to states, though on a provisional basis. The basic structure of the GST is not being touched. The purpose of this article is to highlight the opportunity to further amend the GST laws to simplify the IGST structure, lighten the compliance burden on dealers, and encourage exports. The chart details collections of CGST, SGST, IGST and the aggregate GST collections (which includes compensation cess, which is not shown in the graph) over the past eight months.

Two questions arise here. First, why is there a consistent difference between CGST and SGST collections over this eight-month period? Second, why have IGST collections significantly increased and CGST/SGST collections fallen correspondingly over the last three months?

First, it should be noted that CGST and SGST are applied at the same rate on the same base. For example, the GST rate of 18% comprises a CGST of 9% and SGST of 9% levied under their respective acts, but collected in aggregate through one return. When the same rate of tax is levied on the same base by both the Central government and the state governments, the collections from these taxes should be the same. As the chart shows, this is not the case. The collections are different. The difference was about ₹13,150 crore in January. While this difference has narrowed to ₹6,000 crore in June, the gap remains. One explanation is that it arises from a differential set off of input tax credit on CGST and SGST due to divergent rates of Central excise and state value added tax (VAT) applied on goods which were held in stock as on 1 July 2017, when GST was implemented. Since transitional stocks have different levels of Central excise and state VAT embedded in them, the input tax credits set off for CGST and SGST are different and therefore the collections of CGST and SGST are different. This is a valid explanation, but only in so far as it relates to transitional stock. More than a year has elapsed since the GST was implemented. Most companies turn over their inventory at least twice a year if not more. Using this conservative guideline, all transitional stock should have been sold by December 2017. Once fresh inventory is acquired under the GST framework, there should be no difference between CGST and SGST collections after December 2017. Another explanation is that the difference arises from the carry over to the subsequent year of input tax credit on capital goods purchased, which could be different for central excise and VAT. If so, the difference should steadily decrease from July 2017. While the variance has decreased, a significant difference persists and is unexplained.

Second, IGST has more than doubled over the last three months. How has this striking increase taken place? The e-way Bill was introduced in April. Could this be correlated with this significant rise ? However, there has been an equally significant fall in the CGST and SGST revenue over these three months . Why have CGST and SGST revenue fallen during this period? Is this fall linked to the rise in IGST revenue? Further, the present unreconciled balance in the IGST account is reportedly about ₹1.5 trillion. The present unreconciled balanced in the Compensation Fund is about ₹38,000 crore with a cumulative cess collection so far of about ₹86,000 crore against which about ₹48,000 crore has been released to states so far. A state government has accused the Central government of unreasonably crediting the unreconciled balances in these two funds to the Consolidated Fund of India, unwarrantedly bolstering the Union's fiscal position, to the detriment of the fiscal position of the states. Apparently, in response, one of the proposals under consideration seeks to amend the Compensation Act "to distribute the amount remaining unutilized in the Fund amongst the Centre and the States in the manner provided". This proposal seems to recognize that the compensation being collected is beyond the requirement of the state governments. Two points arise for consideration. First, the priority should be providing relief to the consumer by lowering the rates of compensation cess (which is anyway supposed to be temporary) rather than going against the grain of the GST and enriching the states by redistributing excess balances in the Compensation Fund. Second, the GST Council in its recent meeting reduced the tax rates for a number of items in the 28%, 18%, 12% and 5% slabs. This would involve a loss of revenue, which may result in increased compensation claims over the next few months. For both these reasons, is the proposal to distribute unutilized Compensation Fund balances to the Centre and states appropriate?

The answers can be determined only after goods and services tax network (GSTN) publishes intrastate and interstate-wise details of tax and cess collected and adjusted, sales and purchase data, tax rate and commodity wise. Like census data is released for research purposes, individual firm data could be aggregated to address privacy concerns and released to the public. GSTN carries a wealth of trade transactional data and any policy change in the GST design should be based on analysis of its data. It is not clear that the present amendment proposals have benefitted from such an analysis.

One step that can be taken immediately by the Central government to address the large outstanding and unreconciled balances in the IGST account is to simplify the IGST. GST is the sum of CGST and SGST. In interstate transactions, SGST cannot be levied since states cannot levy taxes across their borders. To prevent arbitrage and promote tax efficiency, the dealer must face the same tax rate for interstate and intrastate transactions. The IGST levied is essentially a "wash" tax, applied as an equivalent to SGST in interstate transactions. Thus, ideally IGST should comprise only the SGST and nothing else. For intrastate transactions, the dealer should pay the sum of CGST and SGST. For interstate transactions, the dealer should pay the sum of CGST and IGST. CGST revenue will remain distinct and allocable to the government of India. SGST revenue will remain distinct and separable and allocable to the individual state governments. IGST will be allocated to the states where the downstream sales have occurred on the basis of adjustments claimed by the relevant dealers.

The present IGST framework is unnecessarily complex, leading to convolutions in reconciliation. The IGST at present is the sum of SGST and CGST, not only SGST as proposed above. This results in the anomalous requirement that the CGST Act which has been legislated by the Union be made applicable only to intrastate transactions and not to interstate transactions. This is a jarring approach, restricting the application of a tax levied by the Union to intrastate transactions, when the Union has the powers to levy tax on all transactions both within and across states. This modus has made the IGST framework lumbering and ponderous while contributing to unreconciled balances in the IGST Fund.

If the IGST were made the equivalent of the SGST only and CGST had been applicable to both interstate and intrastate transactions, then the unreconciled balance in the IGST account today would have been at half its present level, i.e. about ₹75,000 crore instead of the present ₹1.5trillion. The government could have legitimately recorded a rise in CGST revenue to the extent of half the IGST presently collected (representing the CGST portion of the present IGST). States would have been reassured that the entire balance in the IGST account (excluding B2C transactions) is earmarked for allocation to states based on claims made by dealers in the downstream sales states. A countervailing duty (CVD) on imports to the extent of CGST would need to be applied, but otherwise this arrangement will simplify the levy, collection and allocation of IGST revenue.

A further simplification will be to amend the IGST Act to truly zero rate exports. Internationally, in countries which have adopted the GST, exports are zero rated. This means a zero rate of tax is levied on exports, enabling a refund of input tax credit to the exporters. Under the present IGST law, the dealer is required to pay IGST on his exports (net of input tax credit claims) and then seek refund of the IGST paid by him. Admittedly, a letter of undertaking mechanism is in place in lieu of IGST payment, but many are unable to avail it. The levy of IGST on exports increases an exporter's compliance burden, enlarges his working capital requirements and expands his turnaround time. This also inflates IGST revenue to the extent of IGST levied on exports (which needs to be refunded) and presents an incorrect picture of not only the IGST balance available for adjustment to states, but also the gross GST revenue. If the IGST Act is amended to truly zero rate exports, these problems will be resolved.

In sum, as part of its process of amending the GST Acts, the GST Council should simplify the structure of the IGST and truly zero rate exports by making appropriate amendments to the IGST and the CGST Acts. It should also consider reducing the compensation cess if the Compensation Fund continues to record surpluses after the recent rate decreases. In addition, the GST Council could consider publishing aggregates of GSTN data commodity and rate-wise as well as interstate and intrastate-wise so that researchers can examine questions related to GST policy.

New textile policy to be beneficial for women	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-andhrapradesh/new-textile-policy-to-be-beneficial-for-women/article24544623.ece

'Govt. plans to give incentive to investors'

The proposed new textile policy to come up for discussion in the next Cabinet meeting would focus on offering more employment opportunities to women by promoting textile industries across the State, Industries Minister N. Amaranatha Reddy said on Saturday.

Interacting with the Self Help Groups (SHGs) at the Indira Priyadarshini Auditorium of Sri Padmavati Mahila Viswa Vidyalayam here, Mr. Reddy said the government would come up with one of the best textile policies in the country that would be more beneficial for women.

During training period it was proposed to give women a stipend of Rs. 7,500 to Rs. 10,000 and wages of Rs. 1,000 to Rs. 3,750 to those working in an industry or groups, he said.

“The government is also planning to offer an incentive of 45% to those keen on investing in the industry,” the Minister said.

Referring to the welfare schemes being implemented by the government, Mr. Reddy said Chief Minister N. Chandrababu Naidu was committed to developing the State despite deficit budget. Mr. Reddy later gave away 500 sewing machines to women beneficiaries and released a cheque for Rs. 20.69 crore to the SHGs as loan via bank linkage. MLA M. Suguna was among others present.