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 –06-08-2018

Govt may give incentives to textiles sector to boost domestic manufacturing	Money Control https://www.moneycontrol.com/news/business/govt-may-give-incentives-to-textiles-sector-to-boost-domestic-manufacturing-2806021.html

Products on which imports duties are expected to increase includes some fabrics, garments and man-made fibres
The government is likely to hike import duty on about 300 textile products to boost domestic manufacturing and create employment opportunities, sources said. Foreign direct investment norms for the sector may also be relaxed.

Products on which imports duties are expected to increase includes some fabrics, garments and man-made fibres. The duties could be enhanced to 20 percent from the current level of about 5-10 percent.

According to government sources, the Finance Ministry may soon issue a notification in this regard.

If the government decides to notify the duty hikes this week, then it would have to be first tabled in Parliament.

Increase in duties would give an edge to domestic manufacturers as the imported products are relatively cheaper. Increase in manufacturing activity will help create jobs in the sector, which employs about 10.5 crore people.

In July, the government doubled import duty on over 50 textile products -- including jackets, suits and carpets -- to 20 percent, a move that is aimed at promoting domestic manufacturing.

Through a notification, the Central Board of Indirect Taxes and Custom (CBIC) had hiked import duties as well as raised the ad-valorem rate of duty for certain items.

The imported products which have become expensive include woven fabrics, dresses, trousers, suits and baby garments.

According to trade experts, India would not be able to give any direct exports incentive to the textile sector, so there is a need to support the segment to encourage domestic manufacturing.

Imports of textile yarn, fabric, made-up articles grew by 8.58 per cent to USD 168.64 million in June.

However, exports of cotton yarn/fabrics/made-ups, handloom products grew by 24 per cent to USD 986.2 million. Man-made yarn/fabrics/made-ups exports grew 8.45 pc to USD 403.4 million. Exports of all textile readymade garments dipped by 12.3 per cent to USD 13.5 billion.

A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
22636	47350	88.01
Domestic Futures (Ex-Gin) July		
Rs/Bale	Rs/Candy	USD Cent/lb
23770	49721	92.42
International Futures		
NY ICE USD Cents/lb. (Dec 2018)		88.12
ZCE Cotton: Yuan/MT (Jan 2019)		16055
ZCE Cotton: USD Cents/lb.		90.65
Cotlook A Index - Physical		98.70
B. Currency		
USD/INR	Close	Previous Close
Spot	68.625	68610

Cotton Guide:

Three weeks past cotton price is trading in a very confined range of 86 to 90 cents per pound at the global market. The active December future settled the week at 88.12 merely down by 22 points from previous week's close. Interestingly, in the given period and the mentioned contract the average weekly trading volumes and open interests have been also steady. For ready reckoner the average volume was around 60K contracts while the Open interests were around 0.175 million contracts. The steady price range, thin trading volume and no major change in open interests suggests the market is waiting for fresh cues to drive either side. Nonetheless, in the last week the trading volumes were slightly higher than the average as the price broke previous two week's high and hit weekly high of 89.98 however, failed to hold the gains to break 90 cents and eventually ended at 88.12 cents per pound.

On the domestic front Indian cotton price continued to trade near Rs. 47500-Rs. 48000 per candy ex-gin with minimal old stock arrivals. Therefore, the MCX cotton price in the gone by week made a record high of Rs. 24,200 per bale but failed to hold the gains and ended lower at Rs. 23770 per bale. The most of the price fall was witnessed on last week Friday when both ICE and MCX price declined in tandem.

The last Friday's fall was majorly attributed to US- China new development. China said they would put tariffs on US$60 billion of US goods if the US doesn't end the proposed tariffs on Chinese goods. Also sharp decline in the Chinese Yuan currency makes it a lot more expensive for the Chinese mills to pay for US cotton. China's ZCE futures ended lower for the 5th time in the last 6 sessions. That noted the ZCE actually ended higher for the week. Like ICE, ZCE trading appetites seem to be bouncing around with the tariff news.

Technically, the recent price action has been weak enough to cause some deterioration in the daily modern work. This could give the bears a short-term advantage. However, the trading ranges still reign.

This morning ICE cotton is seen trading at 87.53 down by 0.67% from previous close, while ZCE is steady we think Indian cotton future might correct down on today's trading session. For the day we expect it to trade in the range of Rs. 23460 to Rs. 23800 per bale and recommend selling for intraday only. We shall be covering our detailed analysis in our weekly report today..

FX Guide:

Indian rupee has appreciated by 0.08% to trade near 68.55 levels against the US dollar. Rupee benefitted from stability in equity market amid some recovery in Chinese yuan and despite weaker US jobs growth and continuing trade war worries. Yuan stabilized as People's Bank of China announced a rule tweak that will make bearish yuan trades much more expensive. The Chinese central bank has raised the forward reserve requirement for foreign exchange to ease pressure on yuan. However, weighing on rupee is choppiness in crude oil price and Fed's rate hike outlook. Brent crude trades higher near $73 per barrel on reports of decline in Saudi output and concerns relating to Iran. The US dollar index is steady as Fed's two rate hike outlook remains unaffected by disappointing US non-farm payrolls data. Rupee may witness choppy trade on mixed cues but some depreciation is likely as trade worries persist. USDINR may trade in a range of 68.35-68.7 and bias may be on the upside.

Coimbatore to host international textile fair in February	**Business Standard** https://www.business-standard.com/article/pti-stories/coimbatore-to-host-international-textile-fair-in-february-118080201204_1.html

An international textile fair will be held here in February as was announced by Tamil Nadu Chief Minister K Palaniswami, State Handloom Minister O S Manian said today.

Speaking to reporters here, the Minister said the State government has allocated Rs 2 crore for the conduct of the fair which would showcase the capability of the State in the textile sector and in finding newer markets for the products.

Besides, the fair would help bridge the gap between production and sales, he said.

The Minister was here to discuss with the captains of the textile industry and experts on the successful conduct of the fair, since the government was hosting such a show for the first time.

Asked about the impact of the five per cent good and service tax imposed on the textile sector, he expressed hope the Centre would soon bring it down.

To a question on fixing of wages for the labourers in the industry, the Minister said the State government would soon fix the pay of handloom weavers coming under the cooperative sector, while the revised pay for workers in the poweroom sector would be decided upon through talks between the district Collectors and labour unions.

Fall in exports to China worries textile industry	The Hindu https://www.thehindu.com/business/Industry/fall-in-exports-to-china-worries-textile-industry/article24604352.ece

Urges Centre to seek duty-free access

The textile industry has urged the Centre to push for negotiations with China to provide duty-free access to Indian cotton textiles.

Sanjay Jain, chairman of the Confederation of Indian Textile Industry, said in a release that in 2017-2018, India exported textile goods worth $1,362 million to China. But imports from China were to the tune of $2,905 million, indicating a trade deficit of $1,543 million. Between 2010 and 2014, India was a net exporter of textile and apparel products to China. However, after that, India's trade deficit with China was on the rise.

Indian products attract 3.5% (yarn), 10% (fabric), and 14% (made-ups) duty in China, while Vietnam, Cambodia, Pakistan, and Indonesia enjoy duty-free access to the Chinese market.

India's cotton yarn exports to China have decreased 53% in the last five years, while Vietnam's exports to China have increased 88%, he said.

The Indian textile industry is sensitive to even small changes and if it had a level-playing field as its competitors, Indian exports to China could double, he added.

Mr. Jain told *The Hindu* that China buys cotton fibre from India but prefers other countries for value added products, such as yarn and fabric. Even recently, when it cut import duty on several products, textiles were not included. "We do not need incentives (from the Government). FTAs and bilateral agreements will help exports. Refund of embedded taxes to exporters and trade agreements wherever possible are two policy changes that are needed to boost exports," he said.

Cotton crop seen collapsing 21 percent to 11mln bales in 2019 on water shortages	The News http://cn.thenews.com.pk/print/350666-cotton-crop-seen-collapsing-21-percent-to-11mln-bales-in-2019-on-water-shortages

Farmers and ginners are expecting cotton production of around 11 million bales this crop year against the official target of over 14 million due to poor quality seeds, late sowing, water shortage and low acreage in high-yielding region.

Officials were, however, upbeat on Saturday about the harvest level similar to that was achieved in 2017/18. Water availability has lately been picked up with relatively low onslaught of pests on cotton plants, they said.

Pakistan Central Cotton Committee data showed that the cotton sowing target of 2.95 million hectares has already been missed by around 10 percent as sowing could be completed at 2.66 million hectares of land. Punjab marginally remained short of target of 2.31 million hectares by planting cotton at 2.29 million hectares.

There was serious dent in cotton area under cultivation in Sindh where per acre yield was used to be far better than the national average. Record water shortage badly hit cotton sowing in the province.

Ihsanul Haq, chairman of Pakistan Cotton Ginners Forum said cotton production could be around 11 million bales this year as water scarcity affected the cotton production. Cotton production stood at 11.5 million bales in last season of 2017/18.

Haq said water shortage immensely hit Sanghar district which is the number one cotton producing district of the country. “It has never seen such low water availability.”

Farmers of the area were even forced to use bad quality groundwater to make cotton sowing possible.

The official data showed that crop cultivation in Sindh, during the current season, witnessed decrease of 31 percent as compared to corresponding period of the last season. Only 68 percent sowing has been recorded in the province compared with the target due to severe shortage of water. Farmers said around half of cotton planted this season was delayed due to historic low water flows, leading to slow place of cotton sowing. The late cotton sowing has been vulnerable to severe heat and rains and resultantly its production could be reduced, they added.

Khalid Mehmood Khokar, president of Pakistan Kissan Ittehad said cotton production could barely reach 10 million bales against the official target of 14.37 million bales. “If Punjab is able to produce six million bales and Sindh three million bales, I think it would be great achievement given the present bleak scenario,” Khokar, who is also a cotton grower from Multan.

He said white fly, mealy bug and cotton leaf curl virus (CLCV) have emerged as biggest threats to standing cotton crop. “I feel pity while seeing cotton scenario of the country,” he added. “There is no emphasis on improving seed development and marketing system in the country.”

A senior official of Punjab agriculture department argued that cotton crop is relatively better nowadays if compared with last year’s corresponding period. The official said there was water shortage during the sowing period, but later rains have helped in meeting irrigation needs of the crop. The provincial Directorate General of Pest Warning and Quality Control of Pesticides registered some pest incidences of white fly, jassid, thrips, mealy bug and CLCV in some districts of Punjab.

Textile industrialists hail Centre over ITC refund	**The Tribune India** https://www.tribuneindia.com/news/amritsar/textile-industrialists-hail-centre-over-itc-refund/632785.html

Textile industrialists have hailed the Union government for accepting their long-pending demand regarding refund of the input tax credit (ITC) on fabric. Kamal Dalmia, chairman, Focal Point Industries Association, said it was a welcome step that ultimately government accepted to refund the ITC on fabric. The government restored the refund on fabric, covered under notification number 5/2017 Central Tax (Rate), dated June 28, 2017, as amended by notification number 20/2018, dated July 26, 2018.

As per the said provision, the accumulated input tax credit up to the inward supplies received up to July 2018 and after making payment up July 2018 shall lapse. “This means no credit of tax will be given on the fabric stock lying as on July 31. It was a draconian order and a big blow on the traders of fabric," Dalmia remarked. The notification ordering lapse of unutilised balance of the input credit against fabric was against the provision of law.

Another textile industrialist, DS Goraya, said, "While issuing the said notification, it was never considered what would be the position of unsold fabric lying as on July 31, 2018 on which the duty had already been effected at the time of the inward supply." He maintained that there couldn't be double taxation. So, they had requested that accumulated ITC should be allowed in the interest of the traders.

U.S.-China trade war can make Indian products competitive, says CII report	**The Hindu** https://www.thehindu.com/business/Economy/us-china-trade-war-can-make-indian-products-competitive-says-cii-report/article24609567.ece

'India must focus on U.S. market for machinery, vehicle parts, rubber products'

With the U.S. imposing an additional 25% duty on imports worth $34 billion from China, certain Indian products may become more competitive, the CII said.

An analysis by the industry chamber revealed that India should focus on the U.S. market for items in the categories of machinery, electrical equipment, vehicles and transport parts, chemicals, plastics and rubber products.

Tariffs increased

India can focus on several goods for expanding its exports to the U.S. and China after the increase in duties by both countries on imports from each other. Top exports from India to the U.S. which are covered in the list of items for which the tariffs have been raised include pumps, parts of military aircraft, parts for electro-diagnostic apparatus, passenger vehicles of 1500-3000 cc, valve bodies and parts of taps.

Exports of these items stood at more than $50 million in 2017, according to CII, and can be increased with concerted efforts. Countries such as Vietnam, Indonesia, Thailand and Malaysia have increased their exports of these products to the U.S. in recent years, it noted.

Based on India's current exports to the U.S. in these categories, products such as intermediate parts for the defence and aerospace sector, vehicles and auto parts, engineering goods, etc. have higher potential for export.

"Sectors like apparel and textiles, footwear, toys and games and cell phone manufacturing are becoming competitive industries in India and need to be encouraged," CII said. It suggested that trade talks with the U.S. be strategised taking into account India's competitive advantage in these products.

Vishakhapatnam airport sees 747% surge in international cargo	New Indian Express http://www.newindianexpress.com/states/andhra-pradesh/2018/aug/05/vishakhapatnam-airport-sees-747-surge-in-international-cargo-1853404.html

The APATA and the Vizag Airport authorities are jointly working to provide more facilities here and hopes that the airport has much more potential to increase cargo revenue in the near future.

The Visakhapatnam Airport has achieved substantial growth in the cargo handling in the first quarter (Q 1) of the current financial year and the authorities are expecting considerable increase in the near future. According to the AP Air Travellers Association (AP ATA), the airport has achieved 15.43 per cent growth in the Domestic Cargo section and 747 per cent growth in the International Cargo section. The APATA and the Vizag Airport authorities are jointly working to provide more facilities here and hopes that the airport has much more potential to increase cargo revenue in the near future. In the Q 1 of the current financial year, the Vizag Airport has successfully handled 1,481 tonnes of cargo _ 557 tonnes of imports and 924 tonnes of export cargo.

There is an overall 15.43 per cent growth when compared to Q 1 of 2017-18, where the imports were 516 tonnes and exports were 767 tonnes of the total cargo of 1,283 tonnes. For the entire 2017- 18 FY, the cargo handled was 4,846 tonnes _ 2,260 tonnes were imports and 2,586 tonnes exports. On the international cargo, the Vizag Airport has got permission for the cargo transport to other countries six months back and one exclusive international cargo complex on the Airport premises, facilitating increase in cargo transportation. In Q 1 of the current FY, the Vizag Airport has successfully handled 133 tonnes of cargo, which comprises 49.29 tonnes in-coming and 83.74 tonnes out-going cargo. There is a 747 % growth when compared to Q 1 of 2017-18 FY, where the imports were 12.75 tonnes and export cargo was 2.94 tonnes, totalling 15.70 tonnes. For the entire 2017-18, the cargo handled was 296.86 tonnes, comprising 142.21 tonnes imports and 154.65 tonnes exports.

“The growth in the domestic and international cargo sections was possible with the continuous effort of APATA and with the support of the Airport authorities as well as Vizag MP K Haribabu and former Union Civil Aviation minister P Ashok Gajapathi Raju in resolving various issues in consultation with the Airports Authority of India (AAI) periodically. We will do our best to improve further in future,” O Naresh Kumar, DS Varma and Dr K Kumar Raja, the office-bearers of the AP ATA- Vizag, told TNIE.

In view of the developments in the Air Cargo section at the Airport, some of the pharma companies started exporting/ importing pharma products through Visakhapatnam cargo terminal instead of using airports from the neighbouring Telangana and Tamil Nadu by saving fuel and time. Many pharma companies are continuing their export operations from Hyderabad and Chennai where they have their head offices and also availability of several airline offices.

“We are going to convene an exclusive meeting after the monsoon session of Parliament concludes, on increasing cargo handling at the Vizag Airport with the collaboration of the APATA and Airport Authorities, all leading airlines and pharma companies to discuss and ensure discounts are made available at the Vizag Airport for the highest growth rate in future,” said Haribabu.

On the textile sector, Brandix has benefited by importing raw material and exporting finished products directly from

Visakhapatnam Airport. The multi- product units of VSEZ have benefited by importing machinery parts/engineering goods and exporting diamonds through Visakhapatnam cargo terminal. The marine industry has also taken advantage of the new facility and planned to use the same for importing (brooder stock) mother shrimp/ (seeds) and exporting marine products.

“We hope that with the available facilities and further expansion in future by adding multi-product temperature control zones, high quality packaging equipments and bigger X-ray machines and latest cargo handling equipments will lead to further growth in cargo exports from Vizag. We are also hopeful to bring dedicated cargo airlines to Vizag,” O Nareshkumar from AP ATA emphasized.

Amended TUFS delivers huge benefits across entire textile value chain	**Business Standard** https://www.business-standard.com/article/economy-policy/amended-tufs-delivers-huge-benefits-across-entire-textile-value-chain-118080400451_1.html

New scheme allows cooperative banks to lend to units for tech upgrade, LLP firms can also benefit; synthetic textiles to get a leg up

In a significant boost to the dwindling textile sector, the Union Ministry of Textiles has introduced Amended Technology Upgradation Funds Scheme (ATUFS) for wider financial and operational benefits for players in the entire value chain.

Introduced first in 1999 to replace age-old technology with brand new ones for improving operational efficiency of textiles units, the TUFS was revised and upgraded time and again to incorporate new players and encourage them bring in new investments in the sector. Industry sources estimate billions of rupees of new investment post TUFS introduction.

Notified on Thursday, the ATUFS allows co-operative banks to lend to textile units for technology upgradation under this scheme. The ATUFS, which is set to benefit the synthetic textile sector immensely, has also been extended to limited liability partnership (LLP) firms.

“The ATUFS is set to boost textile exports from India. It is a good initiative taken by the government, with expansion of a new class of financial and operational parameters. The scheme will also benefit domestic textile units,” said Ujwal Lahoti, Chairman, The Cotton Textile Export Promotion Council (Texprocil).

The Ministry of Textiles had launched ATUFS in place of the erstwhile Technology Upgradation Fund Scheme (TUFS) in 2016 for a period of seven years ending March 2022. The financial and operational parameters and implementation mechanism for ATUS were notified in February 2016.

The government provides credit-linked subsidy under the scheme.

Interestingly, the scheme was fraught with difficulties that were brought to the notice of the government. Keeping in view the hardships faced by the industry in getting benefits under the scheme and the demands raised by various stakeholders for streamlining it, the Ministry of Textiles for the first time allowed textile units to take advantage of this scheme in addition to other benefits availed from the state governments.

“This is yet another positive step taken by the Ministry of Textiles for strengthening the industry. This will also help generate employment and boost exports and facilitate improvement in productivity, quality, etc.,” said Narain Aggarwal, Chairman, The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC).

Under the new scheme, applicants who had applied for the unique identification number (UID) under revised and restructured technology upgradation fund scheme (RRTUFS) before January 12, 2016 but to whom UIDs could not be issued for non-availability of funds, will be given a one-time opportunity to apply for subsidy under ATUFS.

The revised specification of technology for the machinery for all the eligible segments would be prescribed annually in advance by the technical advisory and monitoring committee (TAMC) effective from April 1 of the year. The revised guidelines allow Textile Commissioner to constitute a Technical Committee which will assist the TAMC to prepare an indicative list of manufacturers of machinery. This Committee will meet on monthly basis to update the list of machineries and manufacturers. Most importantly, accessories, attachments, sample machines and spares procured from other manufacturers enlisted in the indicative list will also be eligible for subsidy up to a value of 20 per cent of basic cost of machinery.

Except in the case of merger, acquisition, amalgamation or takeover of an entity, the plant and machinery bought with subsidy under TUFS shall not be disposed of before 10 years of the date of purchase without prior approval of the Textile Commissioner. The government has been assisting textile players with timely policy support. In June last year, it had announced a Rs 60-billion package which, according to the ministry of textiles, helped attract Rs 270 billion of fresh investment till early March 2018.

Apex industry body, the Confederation of Indian Textiles Industry (CITI), reported a four per cent decline in textile and apparel exports at Rs 2,279 billion for the financial year 2017-18 from Rs 2,382 billion for the previous year. While textile exports declined marginally by one per cent to Rs 1,202 billion at the end fiscal 2018 from Rs 1,217 billion a year ago, apparel exports saw a sharp drop of 8 per cent to Rs 1,077 billion as against Rs 1,165 billion in the fiscal 2017.

Highlights of the scheme

Limited Liability Partnerships will also be eligible for capital subsidy

Co-operative banks included as lending agency under the scheme

Textile Commissioner to set up Technical Committee to prepare list of machinery manufacturers.

Accessories, attachments, sample machines, spares also eligible for subsidy up to 20% of basic machinery cost

Except in merger or takeover, plant & machinery bought with subsidy under TUFS shall not be disposed of before 10 years

Textile units permitted to avail benefits of state govt schemes in addition to ATUFS benefits.

N.Korea violates textile ban exported goods to SL – UN report	**Daily Mirror** http://www.dailymirror.lk/article/N-Korea-violates-textile-ban-exported-goods-to-SL-UN-report-153628.html

North Korea has violated a textile ban by exporting more than $100 million in goods between October 2017 and March 2018 to several countries including Sri Lanka, according to a confidential U.N. report seen by Reuters on Friday.

Pyongyang also violated a textile ban by exporting more than $100 million in goods between October 2017 and March 2018 to China, Ghana, India, Mexico, Sri Lanka, Thailand, Turkey and Uruguay, the report said. It also said that North Korea has not stopped its nuclear and missile programs in violation of United Nations sanctions.

The six-month report by independent experts monitoring the implementation of U.N. sanctions was submitted to the Security Council North Korea sanctions committee late on Friday.

"(North Korea) has not stopped its nuclear and missile programs and continued to defy Security Council resolutions through a massive increase in illicit ship-to-ship transfers of petroleum products, as well as through transfers of coal at sea during 2018," the experts wrote in the 149-page report.

The North Korean mission to the United Nations did not respond to a request for comment on the report. The U.N report said North Korea is cooperating militarily with Syria and has been trying to sell weapons to Yemen's Houthis. The report comes as Russia and China suggest the Security Council discuss easing sanctions after U.S. President Donald Trump and North Korean leader Kim Jong Un met for the first time in June and Kim pledged to work toward denuclearization.

The United States and other council members have said there must be strict enforcement of sanctions until Pyongyang acts. The U.N. experts said illicit ship-to-ship transfers of petroleum products in international waters had "increased in scope, scale and sophistication." They said a key North Korean technique was to turn off a ship's tracking system, but that they were also physically disguising ships and using smaller vessels.

Textiles body urges govt to push for duty-free access to China	**Business Standard** https://www.business-standard.com/article/pti-stories/textiles-body-urges-govt-to-push-for-duty-free-access-to-china-118080300945_1.html

The Confederation of Indian Textile Industry (CITI) today urged the Centre to negotiate with China for duty-free access to India's cotton textiles as enjoyed by other competing nations, including Vietnam, Indonesia, Pakistan and Cambodia. India was the net exporter of textile and apparel products to China during 2010-11 to 2013-14. "However, the trend has been reversed constantly since then and India is losing business to nations like Vietnam, Indonesia, Pakistan and Cambodia, who enjoy duty-free access to the Chinese market," Sanjay Jain, chairman, CITI, said in a letter written to the government recently.

He informed that Indian products carry 3.5 per cent, 10 per cent and 14 per cent duty on yarn, fabric and made-ups, respectively. "India's cotton yarn exports to China has decreased by 53 per cent in 2017 from 2013, while Vietnam's exports of cotton yarn to China has increased by about 88 per cent during the same period," said Jain.

India exported USD 1,362 million worth of textile and apparel products to China in 2017-18, while the country's imports from China stood at USD 2,905 million, indicating a trade deficit of USD 1,543 million, he said. "Therefore, the textile industry body has urged the government to push negotiations with China to give duty-free access to Indian cotton textiles," he added.

Fabrics for armed forces will be made in India: Smriti Irani	**Times of India** https://timesofindia.indiatimes.com/city/surat/fabrics-for-armed-forces-will-be-made-in-india-irani/articleshow/65274583.cms

SURAT: Union textile minister, Smriti Irani said that the fabrics required for armed forces will be manufactured in India as scientists, textile ministry, industry and armed forces are working together for the 'dream' project.

Irani, who was in the city to inaugurate Yarn Expo-2018 organised by Southern Gujarat Chamber of Commerce and Industry (SGCCI) on Saturday, stated that the government has also appointed group of secretaries for transforming India as the textile machinery manufacturing hub.

More than the inauguration, the event provided the platform to the industry leaders to felicitate Irani. They praised her for taking a lead role in resolving the input tax credit (ITC) issue for the powerloom weaving sector, pending since last year. Irani informed that the National Institute of Fashion Technology (NIFT) and SGCCI will work in conjunction on the design diversification project for the city's textile sector. The design diversification will not only help the manufacturers to get more value for their fabrics, but it will also increase the export potential of the fabrics manufactured in Surat.

Irani said, "It's time to show to the world the true capacity and strength of Indian textile industry. The government has taken many proactive measures for the industry and now it's time to work and prove that all our efforts in conjunction with the industry is going to pay off to the nation as a whole."

President of Reliance Industries Limited's (RIL), polyester chain, RD Udeshi said, "Surat is the main hub for polyester yarn consumption. But, we need to scale up our production to compete with China. In China, a single shed has more than 2,000 powerloom machines, while in Surat we have a maximum of 100. Now, that the government has announced relief under GST, it's time to ramp up our production."

SGCCI president, Hetal Mehta said, "This is first time that about 70 leading yarn manufacturers in the country are participating in the event. We will have about 7,000 buyers from across the country and 100 overseas buyers as well in the coming three days of the event."

Negotiate China zero-duty CITI Confederation Indian Textile Industry	**Polyester Times** https://www.polyestertime.com/negotiate-china-zero-duty-citi-confederation-indian-textile-industry/

To put a break on India's widening trade deficit with China, the Confederation of Indian Textile Industry (CITI) has urged the Union government to push negotiations with its northern neighbour to give duty free access to Indian cotton textiles.

With zero-duty access, India can double its textile exports and also reduce its trade deficit with China.Negotiate China zero-duty CITI Confederation Indian Textile Industry In 2017-18, India's bilateral trade with China was $89.6 billion, and trade deficit was $62.9 billion—much higher than $51.1 billion deficit in 2016-17. In terms of textile trade, India exported $1.362 billion worth of goods to China in 2017-18, while it imported items valued at $2.905 billion, resulting in trade deficit of $1.543 billion.

During 2010-11 to 2013-14, India was a net exporter of textile and apparel products to China. However, after that India's trade deficit with China is constantly increasing, said CITI chairman Sanjay Jain. Negotiate China zero-duty CITI Confederation Indian Textile Industry

"India was a market leader in cotton yarn but lost almost 50 per cent of its market to Vietnam over the last 3 years, creating excess capacity in the system. India's cotton yarn exports to China has decreased by 53 per cent from 2013 to 2017 while Vietnam's exports of cotton yarn to China has increased by approximately 88 per cent during the same period," Jain said in a press release.Negotiate China zero-duty CITI Confederation Indian Textile Industry

Another reason for India's widening trade deficit is that its competing countries such as Vietnam, Indonesia, Pakistan and Cambodia enjoy duty free access to the Chinese market while Indian products carry 3.5 per cent, 10 per cent and 14 per cent duty on yarn, fabric and madeups, respectively.

Moreover, the profit margins in the cotton textiles industry are very thin, in single digit only.Negotiate China zero-duty CITI Confederation Indian Textile Industry

"Therefore, the industry is very sensitive to even small changes. Hence, if level playing field is given to India like its competitors, it can double its exports plus help in reducing trade deficit with China," Jain said.

GST Council to set up panel to resolve tax issues of MSMEs; approves sops for digital transactions	**Money Control** https://www.moneycontrol.com/news/business/economy/gst-council-meet-panel-to-be-set-up-to-resolve-tax-issues-of-msme-2804681.html

A group of ministers will prepare a report after hearing all the problems of MSMEs including tax refunds, the council said in its 29th meeting in New Delhi.

The Goods and Services Tax (GST) Council headed by Finance Minister Piyush Goyal approved setting up of a group of ministers (GoM) to tackle taxation related issues faced by micro, small and medium enterprises (MSMEs). It has also decided to incentivise digital transactions by giving 20 percent cashback on the tax paid to users of RuPay, and UPI platforms on a pilot basis.

The GoM, headed by Minister of State (MoS) for Finance Shiv Pratap Shukla, is expected to submit its report in the next six weeks on tax issues faced by MSMEs. Delhi Finance Minister Manish Sisodia, Assam FM Himanta Biswa Sarma, Bihar deputy Chief Minister Sushil Modi, among others, will be part of the panel.

A law committee comprising bureaucrats from states and the Centre will be looking at law related issues that MSMEs are dealing with. Similarly, a fitment committee, comprising senior government officials will consider proposals related to rate cut.

“All proposals will be reviewed by the ministerial panel in consultation with the law review committee and fitment committee," Goyal said.

Punjab Finance Minister Manpreet Singh Badal said that the report will focus on enabling industries to be more competitive. It will try to find out the processes that are destabilising smaller players, he said and added that small companies have been bearing losses of up to 300 percent.

In its 29th meeting held on August 4, the Council considered all aspects of GST, while focussing on laws, simplification of the policy, reducing compliance burden and technology-related issues affecting MSMEs.

“There were concerns about MSME sector ever since GST was rolled out because in the earlier excise and service tax regime the businesses with (annual) turnover of more than Rs 1.5 crore were treated differently, while those of less than Rs 1.5 crore differently. There is big business who give more taxes, but then there are small businesses who are large in number, who gives employment. Both have to be given importance...with this, MSMEs will get the required support,” said Manish Sisodia.

The next GST Council meeting will be held on September 28 and 29 in Goa.

West Bengal FM Amit Mitra, who was also present at the meeting said it is estimated that government had to bear revenue losses of Rs 43,000 crore during the April-June quarter.

However, referring to the cut in GST on around 80 goods a senior official government said that rate cut may not happen for the time being as there are revenue concerns. "The view was that now GST Council should adopt RBI's terminology of a pause in rate cut," the official noted.

Revenues from GST in April-June was at Rs 2.86 lakh crore, as compared to an estimate of Rs 3.36 lakh crore, according to monthly data released by the government.

Incentivising digital transactions

The Council approved incentives for digital payments, with a broader idea to promote a cashless economy.

Payments made using instant real-time payment system Unified Payments Interface (UPI) and RuPay cards will get a cashback of 20 percent of the GST amount, Goyal said, adding the cashback will be capped at Rs 100.

The pilot programme will be implemented by National Payments Corporation of India (NCPI) and can be introduced by any state that is willing to run it voluntarily. Tamil Nadu, Assam, Maharashtra and Bihar are some of the states that are keen on implementing the pilot project.

The Centre and states will have to bear a loss of Rs 1,000 crore annually, towards giving sops for digital payments.

"...It remains to be seen how many states are interested in implementing the scheme and what is the monetary limit fixed on the benefit. Besides, the Banks and the Government will be required to put in place an appropriate software and infrastructure support to facilitate the cashback scheme," said Abhishek A Rastogi, Partner, Khaitan.

India makes final plea to avail GSP benefits	**Live Mint** https://www.livemint.com/Industry/QgAPwb7cNJDc5pbP5qRfAM/India-makes-final-plea-to-avail-GSP-benefits.html

Cheaper imports under World Trade Organization's (WTO's) generalized system of preferences, or GSP, help US firms, says India

India has made a final plea for continuation of the generalized system of preferences (GSP) benefits currently under review before the US Trade Representative (USTR), arguing that the cheaper imports of intermediary products from India enable availability of cost-effective and price-competitive inputs to the US downstream industries and helps the US firms remain domestically and internationally competitive.

The GSP programme allows duty-free entry of 1,937 products worth $5.6 billion from India into the US, benefitting exporters of textiles, engineering, gems and jewellery and chemical products.

In its initial submission during the hearing, India had threatened to drag the US to the dispute settlement mechanism of the WTO, claiming withdrawal of the GSP benefits would be "discriminatory, arbitrary and detrimental" to its developmental needs.

In its post-hearing submission, while answering the queries raised by the USTR GSP sub-committee and other US industry lobbies, India has maintained that GSP benefits are integral and catalytic in promoting the pace and sequence of domestic and external economic reforms in India. "It needs hardly be over-emphasized that the products on which India receive GSP benefits belong to sectors which employ several thousands of men and women, especially in rural areas through micro, small and medium enterprises. Furthermore, India's GSP exports represent a minuscule part of the total imports of the United States and do not pose any threat or disruption to the US industry," it said. Mint has reviewed a copy of India's final submission before the USTR.

While the US has been trying to leverage the GSP review to gain more market access in India, India has at least through the written submission, made it clear that the benefits should be "unconditional and not contingent upon reciprocal market access for goods, services or other emerging areas of trade."

However, India on Saturday deferred till 18 September tit-for-tat retaliatory tariffs against the 29 US products worth

$235 million intended to counter a US move to unilaterally raise import duties on Indian steel and aluminium products. India's move is seen as a conciliatory measure pending the GSP review and the upcoming "2+2" dialogue among their foreign and defence ministers on 6 September of the two countries.

US supermarket major Walmart in its submission to the USTR has come out in support of continuation of GSP programme for India, holding that it provides significant benefits to Walmart customers and US suppliers by reducing costs. "We support the administration's efforts to work with GSP countries to concretely address market access and other GSP eligibility concerns but caution against undermining or weakening the significant policy and development benefits embodied in the GSP programme. Revoking GSP-eligibility from GSP countries risks undermining US interests and benefits from GSP while jeopardizing the significant development opportunities GSP has created for poorer countries and workers around the world," it added.

The USTR in April announced that it is reviewing the GSP eligibility of India, along with Indonesia and Kazakhstan, after the US dairy industry and the US medical device industry requested a review of India's GSP benefits, given India's alleged trade barriers affecting US exports in these sectors. Total US imports under GSP in 2017 was $21.2 billion, of which India was the biggest beneficiary with $5.6 billion, followed by Thailand ($4.2 billion) and Brazil ($2.5 billion).

GST simplification an ongoing process'	**Business Line** https://www.thehindubusinessline.com/news/gst-simplification-an-ongoing-process/article24609347.ece

Simplification of GST is an ongoing process and lesser tax slabs will emerge in the long term, Sanjeev Sanyal, Principal Economic Adviser, Union Finance Ministry, has said.

According to him, there could be three major slabs which include a "low 5 per cent", a 15 per cent slab covering most goods and services, and finally another with a rate of 25 per cent. Apart from these, there will be items included under a zero tax rate or exempted list, under GST.

Long-term possibility

"This is a tax structure that could be a possibility in the long term. I am not saying that this will happen tomorrow," he said on the sidelines of an interactive session organised by the Bharat Chamber of Commerce.

The current GST rate structure has four tax slabs – 5 per cent, 12 per cent, 18 per cent and 28 per cent. Then there is a list of exempted category goods and services (which have no tax on it). There is also a set of luxury goods and services that carry a cess over and above the 28 per cent tax rate.

Since Vajpayee’s approval of Bt cotton, India has gained from exports and import savings to the tune of $67 bn	Financial Express https://www.financialexpress.com/opinion/since-vajpayees-approval-of-bt-cotton-india-has-gained-from-exports-and-import-savings-to-the-tune-of-67-bn/1270538/

The Field Inspection and Scientific Evaluation Committee (FISEC), set up at the instance of the prime minister’s office (PMO), has submitted its report saying that the planting of unauthorised Herbicide Tolerant (HT) Bt cotton has soared to 15% of the total cotton area in Andhra Pradesh, Gujarat, Maharashtra, Telangana and 5% in Punjab during the 2017 kharif season.

So, now it is almost official that there is a thriving business in new cotton technology, the Bollgard-II with Herbicide Tolerant (HT) traits, a technology that is not yet officially approved by the government! The Field Inspection and Scientific Evaluation Committee (FISEC), set up at the instance of the prime minister’s office (PMO), has submitted its report saying that the planting of unauthorised Herbicide Tolerant (HT) Bt cotton has soared to 15% of the total cotton area in Andhra Pradesh, Gujarat, Maharashtra, Telangana and 5% in Punjab during the 2017 kharif season. Also, that farmers have been paying Rs 1000 to Rs 1500 per packet of 450 grams of seeds, despite an official cap on Bollgard-II seeds pricing at Rs 800/packet. Further, the FISEC findings also reveal that it has not been smuggled from outside the country, but has been manipulated with original varieties of Mahyco Monsanto Biotech Limited (MMBL), that were under trial through the official route, but were later withdrawn due to uncertainties over the trait fees with some licensee companies What all this indicates is the following: (a) on a good note, farmers want to have access to new technologies provided they benefit from them, and that they are ready to take risks to procure these seeds even through unscrupulous dealers at a substantially higher price than fixed by the government; (b) on a flip side, it shows the utter failure of the government’s regulatory mechanism and puts the government in poor light.

Now that the PMO is well aware of this, what is the action? Not surprisingly, as a knee-jerk reaction and to show the might of the Modi government, the premises of several breeding companies were raided. One may also see some temporary arrests and/or fines imposed on these unscrupulous players. All this is fine, but, will it solve the issues confronting cotton farmers? Instead of showing the might of the government, it is time to think coolly and rationally in the interest of cotton farmers. And, it is here that the Modi government can learn a lesson from the Vajpayee government. What is this lesson?

The Vajpayee government was faced with a somewhat similar situation in 2001, when they came to know that some farmers in Gujarat had planted Bt cotton without government approval. The natural bureaucratic reaction was to confiscate and burn the cotton crop of these farmers. But, the political maturity of Vajpayee averted that bureaucratic jingoism. He sensed an opportunity for India to emerge as a leader in biotech. He not only approved Bt cotton on March 26, 2002, the first GMO crop in the country, despite opposition from several quarters, but gave the nation a new slogan, “Jai Jawan, Jai Kissan, Jai Vigyan”, extending the original slogan of Lal Bahadur Shastri to incorporate salutation to science. He was very clear that Indian agriculture should be based on science, and that India should lead in biotechnologies to fight hunger and malnutrition.

What have been the results of that bold decision? India officially released its first Bt cotton (Bollgard-I) in 2002, patented by MMBL and multiplied by several Indian companies under their private pact of license fees, etc. This ensured the protection of the intellectual property rights (IPR) of MMBL. In 2006, MMBL introduced Bollgard-II with additional traits. As a result of this bold and wise decision, India, today, has emerged as the largest producer of cotton and the second largest exporter in the world. The attached figure shows that, as against the business-as-usual scenario, India gained from extra exports of raw cotton, yarn, and also from import savings, to the tune of $67 billion, cumulatively, during the period 2003-04 to 2016-17. The farmers gained in terms of extra income and the nation gained in additional foreign exchange earned. And, today, more than 95% of the cotton area is under Bt cotton. All a result of the political maturity, wisdom and boldness of Atal Bihari Vajpayee to take a call on Bt cotton. Alas, since then, neither the UPA, nor the Modi government, has had the courage and wisdom to approve other GMO crops, such as Bt brinjal and mustard, despite the scientific body (GEAC) having given the green signal after due safety checks. This is sheer timidity killing India's chance to be a global leader in GM technology!

We all know that it is investment and continuous innovations that can ensure India emerging as a global leader in biotechnology. Bollgard-I (BG-I) was the first Bt variety launched by MMBL with a single gene, cry1Ac, that fought against American bollworm (Heliothis Armigera) infestations. The last official approvals for BG-II, with double genes, cry1Ac and cry2Ab, for enhanced protection came in 2006. But, now after 12 years of BG-II, these benefits seem to be fading away. The outbreak of pink bollworm in Maharashtra, last year, may be an indication of that. Alongside better farm practices for BG-II, it maybe time to have BG-III with additional pest resistant proteins (cry1Ac, cry2Ab and Vip3A), along with HT (Roundup Ready Flex (RRF)) traits. This will enhance pest resistance and save on labour costs for weed management with some Glyphosate spraying. Globally, Australia, Brazil and US have gone ahead with this, but India has lagged behind, and very soon, all the gains of the Vajpayee government may be frittered away, if the Modi government does not take the right decision that puts farmers and their right to access the best technologies in the world first. It would also require protecting the IPR of suppliers of genuine innovations. One needs innovators, and not pirates, for genuine products for the long haul. Can the Modi government fix this and give the green signal to not only BG-III, but also Bt brinjal and GM mustard? Only then can it fulfil the dream of Vajpayee wanting to make Indian agriculture science-based, and it will hopefully propel India towards global leadership in biotech.

'Govt. will consider establishing trade fair centre in Tirupur'	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/govt-will-consider-establishing-trade-fair-centre-in-tirupur/article24610861.ece

The State government will consider establishing a permanent trade fair centre in Tirupur like the CODISSIA Trade Fair Complex in Coimbatore, said Minister for Animal Husbandry Udumalai K. Radhakrishnan here on Sunday.

Inaugurating a three-day knit show, the Minister said that the knitwear industry and textile machinery companies were in need of a permanent centre to conduct exhibitions and trade fairs in Tirupur. He said the grievances of the textile industry will be taken to the notice of the Chief Minister and a textile policy will be brought out by the Government. A. Sakthivel, vice-president of the Apparel Export Promotion Council, said the garment industry faced slump in business. To give a boost, the Union Government has enhanced the export incentive package. Tirupur Exporters Association president Raja M. Shanmugam said that the exhibitions and trade fairs brought new businesses to industries in Tirupur.