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NEWS CLIPPINGS –31-08-2018

India's textile sales likely to rebound on retail growth in US	Live Mint https://www.livemint.com/Money/EoRWHRIKXmZvI8hg9W8VYJ/Indias-textile-sales-likely-to-rebound-on-retail-growth-in.html

The healthy quarterly results of US retailers Walmart and Target can have a bearing on India's Indo Count Industries and Welspun India

The US market for textiles is vital to the health of local textile exporters. After a turbulent time in FY18, the market is gradually improving. Walmart Inc. and Target Corp., large retailers in the US, reported their best quarterly performances in recent years. This has created hope that measures taken by traditional retailers to combat industry changes (such as a consumer shift to online retail) are beginning to yield results.

The US-based National Retail Federation (NRF) raised its retail sales forecast for the year, citing a strengthening economy. The trade association now expects 2018 retail sales to increase at a minimum of 4.5% over 2017 compared to the 3.8-4.4% range forecast earlier. "Higher wages, gains in disposable income, a strong job market and record-high household net worth have all set the stage for very robust growth in the nation's consumer-driven economy," said NRF in a statement.

Validating the commentary, a senior executive at a local textile exporter said the industry is returning to growth trajectory after several quarters of weak sales. The domestic exporters have alluded to the recovery during the June quarter results. But conviction among investors was low as financial performance remained unimpressive. Earnings of most companies trailed estimates even as firms such as Indo Count Industries Ltd and Welspun India Ltd reported healthy volume growth.

Motilal Oswal Securities Ltd, for instance, pegged its FY19 volume growth estimate for Indo Count Industries at around 5% compared to the management guidance of 7-11%. "We remain cautious on account of a slower-than-anticipated recovery," it said.

Perhaps the recovery needs more validation. US merchandise import data capturing the coming holiday season sales needs to show an increase. As market disruption took its toll, India's share in total home textile exports to the US fell by a percentage point in the first five months of this year, shows data compiled by JM Financial Institutional Securities Ltd. According to an analyst with a domestic broking firm, the market share losses began to subside with cotton sheets gaining a foothold from June.

The volume recovery should also translate into earnings. Despite healthy volume growth, Indo Count Industries and Welspun India's earnings remained weak as reduction in export incentives, high cotton costs and low realizations impacted performance. The depreciating rupee may provide some relief. But as an analyst with a domestic broking firm pointed out, obtaining quality cotton at benchmark rates can be a challenge given the pest attacks and reduced crop acreage.

Improving US retail sales have raised the prospects of a recovery in performance of home textile exporters. However, clarity on the pace of recovery and earnings improvement is what will determine if investors in these companies also benefit.

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
22565	47200	85.88
Domestic Futures (Ex-Gin) July		
Rs/Bale	Rs/Candy	USD Cent/lb
23190	48508	88.26
International Futures		
NY ICE USD Cents/lb. (Dec 2018)		82.76
ZCE Cotton: Yuan/MT (Jan 2019)		16145
ZCE Cotton: USD Cents/lb.		91.50
Cotlook A Index - Physical		92.15
B. Currency		
USD/INR	Close	Previous Close
Spot	70.105	70.160

Cotton Guide

Cotton futures settled lower in the active months for the second consecutive session, but prices still hold small gains for the week so far. Dec settled at 8226, down 50 points from previous close. It has a net gain of 63 points for the week as of Thursday's close. Trading volume was 15,707 contracts, the lightest volume in 3 and half weeks. Cleared yesterday were 18,774 contracts. For the last 10 sessions volume has roughly averaged 18,000 contracts.

The other markets US equities slipped slightly having settled at all-time highs in the S&P 500 and NASDAQ Indexes in the previous 4 sessions. Market was anxious to understand the ramped up threat of another $200 billion worth of tariffs on Chinese goods which would mean over 50 percent of Chinese imports would carry a tariff. In spite of the trade war USDA Weekly Export Report for the week ended August 24th was decent. It included 96,400 bales sold to China, bringing their 2018-19 total commitments to 1,943,200 bales; and 2019-20 to 516,600 bales. Of those, 67,200 bales have been shipped. Total 2018-19 and 2019-20 net sales combined for the week were 210,800 bales (upland

200,200; Pima 10,600). That included 4,300 bales in cancelations. Weekly shipments were 175,000 bales (upland 172,600/pima 2,400). Total shipments stand at 633,600 bales (upland 613,400/pima 20,200). 48-1/2 weeks remain in the season.

In the meanwhile, China's ZCE futures had a second day of losses and now sit lower for the week. Much like ICE, though, the ZCE has been contained in a sideways pattern over the last two-plus weeks. Chinese State Reserve cotton on Thursday's auction had a turnover rate of 59.48%, spinners only. Offered were 30,003.415 tons (137,806 bales); and sold were 17,847.244 tons (81,972 bales). The cumulative turnover rate is 57.73% (offered versus sold). This auction series started at 24.1 million bales and 14.52 million bales remain.

On the technical front, market continues to trade in the given range of 81 to 84 cents however, slowly forming an upward channel which can be also termed as bear flag pattern, any slippage below 81 cents would pull the price to 80 and then 79 cents. However, long term support is seen at 79 cents to keep the market overall positive.

On the domestic front the spot price continues to trade steady near Rs. 47700 per candy ex-gin, S-6 variety for the remaining 2017-18 crop which translates to 86 cents per pound given the currency price. However, rates for Punjab J-34 are also marginally lower at Rs. 4,813 per maund (82.70 cents per lb). The MCX cotton October future slipped to make an intraday low of Rs. 22840 and closed at Rs. 22920 down by Rs. 70 from previous close. The trading for the day would be Rs. 22700 to Rs. 23000 per bale.

.FX Update

Indian rupee has opened 0.3% lower to hit a new record low level of 71.035 against the US dollar. Rupee is pressurized by selling pressure across emerging market currencies amid financial crisis in Turkey and Argentina. Higher crude oil price is also weighing on Indian rupee. Brent crude trades above $77 per barrel supported by Iran supply concerns, decline in US crude stocks and optimism about US economy. Also weighing on rupee is weakness in equity markets amid persisting US-China trade conflict. As per reports, the US president wants to move ahead with a plan to impose tariffs on $200 billion in Chinese imports as soon as a public-comment period concludes next week. The US dollar is also supported by general optimism about US economy amid better than expected GDP data. Rupee may remain under pressure unless we see stability in emerging market currencies or correction in crude oil price. USDINR may trade in a range of 70.6-71.25 and bias may be on the upside.

Textile dept wants 150 acres land in Bhiwandi to build logistic hub	**Hindustan Times** https://www.hindustantimes.com/mumbai-news/textile-dept-wants-150-acres-land-in-bhiwandi-to-build-logistic-hub/story-QPCNf10I53Zbw8TWWXwBoK.html

In a boost for the mega powerloom cluster in Bhiwandi, the textile department has initiated steps for the project. It has demanded 150 acres of land for it.

If the government's plan materialises, the crumbling and neglected infrastructure in Bhiwandi would be upgraded.

In a boost for the mega powerloom cluster in Bhiwandi, the textile department has initiated steps for the project. It has demanded 150 acres of land for it.

District information officer Aniruddha Ashtaputre said, “The textile department will need at least 150-acre land, with a good connectivity to the upcoming Mumbai Nagpur Samruddhi Corridor, Jawaharlal Nehru Port Trust and Delhi Mumbai Freight Corridor to boost business to be set up in the cluster.”

The cluster, claimed the department, will ensure that the Bhiwandi looms do not have to depend on anyone for raw materials and to export finished goods.

Apart from proving employment to locals, the logistic hub will also bring about planned development in Bhiwandi with better roads, education and transport facilities.

The Comprehensive Powerloom Cluster Development Scheme was first proposed by the central government for Bhiwandi in November 2008. The detailed project report was approved in March 2009.

However, the project could not be implemented due to several constraints under the Comprehensive Powerloom Cluster Development Scheme. The idea was refloated last year when textile minister Smriti Irani inaugurated the PowerTex India Schemes in 43 cities through video-conferencing in Bhiwandi.

A meeting with the secretary of the state textile department, Atul Patane, district collector Rajesh Narvekar and other stakeholders was held recently to take the project ahead.

The cluster will have a common facility centre, powerloom processing unit, yarn market, workshop spaces and skill development centres.

Patane said the project should be implemented by making MIDC the special purpose vehicle. “The MIDC authorities will be responsible for coordinating between electricity board, pollution department, municipal corporation and revenue department among others. A special cell to encourage export of textiles from Bhiwandi will be formed under the district collector,” Ashtaputre added.

Former MLA Rashid Tahir Momin said the government should solve the electricity problems. “The loom industry is dependent on power, but the supply is irregular. Many looms are losing business as the issue is continuing for years.”

Maharashtra declares 115 tehsils as 'cotton growing' areas; officials say textile units to be set up based on production	**First Post** https://www.firstpost.com/india/maharashtra-declares-115-tehsils-as-cotton-growing-areas-officials-say-textile-units-to-be-set-up-based-on-production-5077431.html

The Maharashtra government has declared 115 tehsils as 'cotton growing' areas in the state, a decision aimed at boosting the textile industry, an official said on Thursday.

This will bring a focused attention on cotton cultivation and issues like the crop's growth, supply and processing, the government official said.

The state government announced earlier this week that 115 tehsils in 18 districts of Marathwada, North Maharashtra and Vidarbha regions have been identified as cotton growing

Following the identification of tehsils, the state will collect data on how much cotton is produced and locally used by textile units. If less than 50 percent of cotton produced in a tehsil is locally used, the government will promote setting up a textile unit there," the official said.

"This will benefit farmers, who would get a local buyer for their cotton produce. The cost of transportation will also be less as most of the cotton required by the textile unit would be available locally," he said.

An average textile mill needs around 4,896 tonnes of cotton per annum to sustain itself. This means a textile mill can be set up in a tehsil where around 9,600 tonne of cotton is produced in a year, the official said.

At present, the state's textile mills are not located in areas where cotton is grown. In such a situation, traders reap more benefits as farmers are unaware of buyers' demands, he said.

Traders buy cotton at a lower price but sell it at a higher rate to the mill, the official pointed out.

The cotton growing tehsils have been identified in Aurangabad, Jalna, Parbhani, Hingoli, Nanded, Beed, Buldhana, Amravati, Nagpur, Akola, Yavatmal, Wardha, Chandrapur, Nashik, Dhule, Nandurbar, Jalgaon and Ahmednagar districts of the state, he added.

MMF imports continue to rise, textile units worried	**Times of India** https://timesofindia.indiatimes.com/city/surat/mmf-imports-continue-to-rise-textile-units-worried/articleshow/65614235.cms

Surat: The country's largest man-made fabric (MMF) industry continues to suffer from the dumping of imported MMF textiles from countries like Vietnam, China and Bangladesh. During April-July this year, the import of MMF textile has increased by almost 26 per cent in value terms at $869 million compared to $711 million in the previous year. According to the latest provisional data released by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), the import of MMF yarn, fabrics and made-up together have gone up by 27 per cent and import of made-up staple fibres increased by 19 per cent during April-July, 2018.

The highest import growth was recorded in the remade garment (RMG) segment, which represented 47 per cent increase at $784 million during April-July, 2018 compared to $535 million in the same period in previous year.

The MMF sector has been demanding to increase the basic customs duty (BCD) on the import of MMF textiles in order to provide level-playing field to the indigenous manufacturers.

Talking to TOI, chairman of Synthetic and Rayon Export Promotion Council (SRTEPC) Narain Aggarwal said, "The substantial growth in imports of man-made staple fibres and MMF based textiles into India is not a good sign for the

Indian MMF textile segment. Government needs to act on this surge in imports with remedial and protectionist measures before it is too late."

Aggarwal has suggested that the government should immediately consider increasing the effective rates of BCDs on MMF, MMF yarns and all the left over tariff lines of MMF knitted fabrics falling under chapter 60. The effective rates of BCD on man-made fibres and MMF yarns such as polyester, viscose and others need to be increased to 10% from the existing 5% and on nylon fibres and yarns the effective rates of BCD need to be increased to 15% from current 7.5%. "With increased effective rates, the MMF textile segment will be safeguarded and it will also be in support of the government's 'Make in India' initiative," Aggarwal added.

Knitwear units seek simple process for GST filing, refund	**Deccan Chronicle** https://www.deccanchronicle.com/nation/current-affairs/310818/knitwear-units-seek-simple-process-for-gst-filing-refund.html

It is a tedious job for knitwear industries to fill the complicated forms and forces industrialists to undergo severe pressure every month.

Knitwear industries in the hosiery hub of Tirupur have demand further simplification of the Goods and Services Tax (GST) filing and refund procedures, since the existing system is still a tedious one for small scale units.

Speaking on the issues, general secretary of the South India collar shirts and Inner wear Small scale Manufacturers Association (SISMA), K S Babuji said, "even after repeated representations to the Centre on problems in adapting to the GST system, the knitwear industry is yet to get a solution. Following introduction of GST, industries have to submit three different forms for monthly procurement, sales and net tax.

It is a tedious job for knitwear industries to fill the complicated forms and forces industrialists to undergo severe pressure every month."

He requested that the three forms be welded into a single and simplified procedure to file tax on time. He also said, "the central government should consider providing such forms in Tamil too. It would be helpful for small scale manufacturers to understand it easily and also to file such forms properly."

Similarly, garment manufacturers and exporters are still experiencing inordinate delay for getting GST refund due to complex procedures. M P Muthu Rathinam, president of the Tirupur Exporters and Manufacturers Association (TEAMA), said, "though the state government has made a series of efforts to get GST refund for beneficiaries, crediting the refund to the beneficiaries bank account is getting delayed."

Mr. Muthu Rathinam rued that refund procedures are taking more than 30 days and many exporters have not received refunds even after getting refund orders. He also said, "the Tax department officials in Coimbatore have simplified the procedure without form 49 and also by coordinating with the treasury directly. A similar procedure should be implemented for the garment exporters in Tirupur also, as a solution to the issue."

Trump ready to ratchet up China trade war with more tariffs: report	Reuters https://www.reuters.com/article/us-usa-trade-china-tariffs/trump-eager-to-slap-tariffs-on-200-billion-of-china-imports-bloomberg-idUSKCN1LF2BP

U.S. President Donald Trump is prepared to quickly ramp up a trade war with China and has told aides he is ready to impose tariffs on $200 billion more in Chinese imports as soon as a public comment period on the plan ends next week, Bloomberg News reported on Thursday.

The White House declined comment on the Bloomberg report, which cited six unidentified sources, and deflated markets. The S&P hit session lows, and the U.S. dollar, Chinese yuan and U.S. Treasury yields also fell.

Trump has credited his electoral success to his hard line on trade, which he has argued hurts U.S. workers and favors foreign competitors. Washington is demanding Beijing improve market access and intellectual property protections for U.S. companies, cut industrial subsidies and slash a $375 billion trade gap.

The world's two largest economies have already applied tariffs to $50 billion of each other's goods in a tit-for-tat trade war. Talks aimed at easing tensions ended last week without major breakthroughs.

The new proposed 25 percent tariffs would affect consumer products including home building supplies, technology products, bicycles and apparel. A public comment period on the proposal is set to end on Sept. 6, and Trump plans to impose the tariffs after that deadline, Bloomberg said.

Some sources said Trump had not made his final decision, the Bloomberg report said. Trump administration officials have been divided over how hard to push Beijing. Trump, who has threatened to impose duties on virtually all of the more than $500 billion of Chinese goods exported to the United States each year, told Reuters in an interview earlier this month that resolving the trade war with China would "take time" and that he had "no time frame" for ending it.

The report on Trump's China stance coincides with U.S. negotiators pushing to hammer out a deal with Canadian counterparts to overhaul the North American Free Trade Agreement.

Vibrant Gujarat Summit to have conclave of Indian, foreign biz bodies	DNA India https://www.dnaindia.com/business/report-vibrant-gujarat-summit-to-have-conclave-of-indian-foreign-biz-bodies-2657215

Chamber of commerce of nearly 20 states and about 26 from abroad will participate in conclaves during the upcoming Vibrant Gujarat Summit in January 2019. The move is expected to result in the formation of a consortium of business bodies from across the country, to effectively represent their cases with state and central governments.

Chamber of Commerce from states will participate in a National Conclave while those from abroad will participate in a Global Conclave, being held as a part of MSME Conclave, said Jaimin Vasa, president of Gujarat Chamber of Commerce and Industry (GCCI), which is given the task of organizing MSME Conclave by the state government.

"The conclave will try to address three major challenges faced by the MSMEs across the country. These are upgrading the technology as well as bottlenecks in marketing and in getting finance," Vasa told media persons in the city.

The National Conclave may also result in the formation of a national consortium of all the apex chamber of commerce in respective states. "It will enable the exchange of ideas among businessmen of different states and even sharing of business opportunities," said Vasa.

The MSME Conclave will showcase capabilities of different sectors of Gujarat and enable businessmen to get orders from within the country and even export orders. It will have Buyer-Seller Meets, B2B meeting, opportunities for vendor development for MSMEs as well as interaction with academia of the premier institutes for higher education in and around Ahmedabad.

GCCI has entered into Memorandum of Understanding (MoU) with close to 40 business bodies abroad. It has invited all of them for the Global Conclave.

"We have received confirmation from 26 organizations and hope that all the 40-odd bodies will participate in the conclave," said Vasa. GCCI will also have at least one of its representative in all the delegation by the state government that will conduct roadshows in different states as well as in different countries as a part of Vibrant Gujarat Summit. A Vibrant Gujarat Shopping Festival is also being planned to showcase the expertise of players in textile as well as gems and jewelry sector.

3 lakh cotton farmers to get Rs 210 crore in compensation	**Krishijagran.Com** https://krishijagran.com/news/3-lakh-cotton-farmers-to-get-rs-210-crore-in-compensation/

Notices were issued by the Maharashtra Agriculture Department to seed companies in the state to pay Rs 210 crore in compensation to around 3 lakh cotton farmers affected by the Pink Bollworm attack.

At least 12 districts are reported to be affected by pink bollworm. Maharashtra is the first state to seek National Disaster Relief Fund assistance for crop loss due to pest infestation; till now it was only sought citing drought. The state has sought Rs 3,337 crore aid and relief for pest attack on 42.07 lakh hectares. After punchnamas and assessment of the loss of the cotton crop due to pink bollworm, the state government in December 2017, announced compensation for farmers at Rs 30,800 per hectare. Of this, Rs 6,800 a hectare was to be given from the National Disaster Relief Fund (NDRF), Rs 8,000 from the crop insurance cover and Rs 16,000 from the claims from the seed companies

The hearings in districts of Amravati divison and Beed were pending. Insurance companies, National Disaster Relief Fund and seed companies are all part of the compensation process under the Pink Bollworm attack.

Hearings are in progress at present and accordingly the State Agriculture Commissioner Sachendra Pratap Singh, Vijay Kumar Ingale, Director, Quality Control and other senior officials have been pursuing hearings on this issue.

Earlier, the department had directed seed companies to pay compensation worth Rs 93 crore to cotton farmers for the damage caused by the Pink Bollworm attack. Last season, some 34.35 lakh hectares had been affected by the

Pink Bollworm attack affecting some 13.59 lakh farmers.

cultivation on 55,000 hectares. Hearings for Akola, Buldhana, Amravati, Washim, and Yavatmal districts in Amravati division and Beed district are yet to be completed. According to officials, seed companies have been granted one month's time to file their replies. After this, they can appeal to the Commissioner of Agriculture.

Though the compensation from two components has to come from the respective companies, the third component has to be paid by the state government. The state government, in January, sent a memorandum to the Centre demanding Rs 2,425 crore and later revised the amount to Rs 3,373 crore in March demanding the assistance under NDRF.

The import menace	**Indian Express** http://www.newindianexpress.com/explainers/2018/aug/30/the-import-menace-1864970.html

While India has a vibrant export industry in the textiles sector, the last few years have seen a marked increase in imports even as exports stayed range-bound. According to ICRA, the trend is due to protectionist measures by the US and China. For instance, India's textile trade surplus has been consistently declining over the past few years as exports have remained range-bound with a slight negative bias, while imports have increased at a compounded annual growth rate (CAGR) of -7 per cent between FY2014 and FY2018. Here's a closer look:

India expected to become world's 5th largest economy in 2019: Jaitley	**The Hindu** https://www.thehindu.com/business/Economy/india-to-become-worlds-5th-largest-economy-in-2019-jaitley/article24817343.ece

This year, in terms of size, we have overtaken France. Next year we are likely to overtake Britain. Therefore, we will be the fifth largest [economy]," he said in New Delhi.

Union Finance Minister Arun Jaitley on Thursday said India was expected to surpass Britain next year to become world's fifth largest economy.

"This year, in terms of size, we have overtaken France. Next year we are likely to overtake Britain. Therefore, we will be the fifth largest [economy]," he said in New Delhi.

Other economies in the world were growing at much lesser rate but India had the potential to be among the top three economies of the world in the next 10-20 years, he said.

In an interview with The Hindu in July last ahead of Prime Minister Narendra Modi's visit to the U.K., Jules Chappell, OBE, managing director, business at London & Partners, the Mayor of London's economic development agency , said the Indian economy was growing very fast and Britain was making efforts to forge closer relations with India in very practical ways.

Companies may face higher penalties for not passing on GST rate cuts	Business Line https://www.thehindubusinessline.com/economy/companies-may-face-higher-penalties-for-not-passing-on-gst-rate-cuts/article24822940.ece

Finance and Law ministries discuss amendment to law

The Finance Ministry is considering an amendment in the law to raise penalties against companies that fail to pass on GST rate cuts to consumers.

At present, the penalty for such an act is ₹10,000 or the amount of tax evaded, whichever is higher.

“The proposal is to bring an amendment in the Finance Bill to raise the penalty from ₹10,000,” a senior government official told *BusinessLine.*

Earlier this week, officials from various ministries including Finance and Law discussed the proposal.

One of the key concerns behind this move is that companies often do not pass on the entire benefit of tax cuts.

“Sometime companies claim that the cost of manufacturing has gone up, which is why they are not able to pass on the tax cuts. In this process they make hundreds of crores of rupees unlawfully, which is not acceptable,” the official said.

There are also allegations that post rate reduction, companies sometimes lower prices selectively. For instance, they may cut the price of larger packs but not smaller ones, or cut the price of one brand but not the other.

“These practices have to be stopped and the required deterrents have to be created,” the official sad.

Valid excuses

However, experts feel that though not all the arguments of the companies are valid, some could be.

MS Mani, Partner at Deloitte India, said the steep tax rate cuts made recently will necessarily need to be passed on to customers in the form of lower prices. However, the increase in petroleum prices and the declining rupee are bound to impact the pricing decisions of businesses.

After the introduction of the new indirect tax regime in July 2017, the GST Council has lowered the duties on 384 goods and 68 services, including the latest round of rate reduction on nearly 100 products and services last month. The government feels there is a need to ensure that consumers get the benefit of tax cuts not only now but in the future as well.

Inflation fears

Another official said that not passing on the benefits also contributes to inflation as well as inflationary expectations. Though the retail inflation is below 5 per cent at the moment, the inflationary expectation is high because of higher fuel prices and declining rupee.

“Steps need to be taken to ensure that inflation is not due to reasons which can be controlled domestically,” the official said.

At present, there is a National Anti-profiteering Authority to check whether the reduction in tax rates or benefit of input tax credit is being passed on to the consumers. Till date, 32 screening committees have been set up — 29 is States and three in Union Territories (Delhi, Puducherry and Chandigarh). It has passed orders in some cases while hearing is going on in over 130 cases.

MSME in GST's focus: What's in store the coming months?	**Economics Times** https://economictimes.indiatimes.com/small-biz/sme-sector/msme-in-gsts-focus-whats-in-store-the-coming-months/articleshow/65588402.cms

With a contribution of as high as 45 per cent towards the country’s GDP, Micro, Small and Medium Enterprises (MSMEs) have a vital role to play in the Indian economy. The sector has faced many challenges both regarding the economies of scale, the lack of high-end technology and other benefits enjoyed by its larger counterparts.

Earlier, at the 28th GST Council meeting, it was pointed out that close to 93% of the total taxpayers filing GST returns, have turnover below Rs 5 crores and their contribution to total GST revenue is less as compared to large companies. This gives scope for Government to look into means for reducing the compliance burden in this sector. This will, in turn, reduce the administration cost incurred and will provide a level-playing opportunity for MSMEs.

The principal issues faced by the sector was adapting to the new regime of indirect tax, GST. The online submission of the GST returns has now been made simpler to suit the sector. To further reduce compliance efforts, quarterly SAHAJ and SUGAM returns have been proposed for those with turnover upto Rs 5 crores. Those with turnover upto Rs 1.5crores, will become eligible to opt for composition scheme, the earlier limit was Rs 1 crore.

Adding to this, the Income Tax Act was amended in the last fiscal where steps were taken to ease the MSME sectors’ tax burdens; through a change in the threshold of Section 44AD. Businessmen with turnover up to Rs 2 crore could opt for presumptive taxation. Businesses with turnover in excess of Rs 2 crore are mandated to maintain detailed accounting records.

Recently, amidst ample curiosity and anticipation, the 29th GST council on the 4th of August converged to address the issues and challenges surrounding the future of Micro, Small and Medium Enterprises. A special committee has been put in place to expedite the addressing of these concerns. With the setting up of this committee, further reforms in input tax credit claim, the limit for registrations, the reverse charge mechanism etc are expected to take place. With these changes, there will be more employment opportunities created in the sector, helping with overall economic growth.

The MSME sector has been particularly affected by GST filing due to complexity and newness of the structure of the tax regime. These businesses which were not paying excise duty in the earlier regime are severely impacted. The committee is likely to take up whether such units must be exempted from CGST collection and deposit. This will further relax the load caused to them due to GST.

Working capital issues have been one of the top issues. Availability of Input tax credit on time and in an unambiguous manner is very important for this sector as it will affect their working capital cycle. Since these businesses are small, free flow of ITC is critical to keep the working capital in rotation. Delay in filings or compliance by their own suppliers or delay in release of payments from their buyers, have severely impacted their day to day functioning.

Delayed GST Refunds is something that has always been a cause of concern for this sector. The government has taken measures to ensure that the pending sanctions are cleared to unclog the working capital plugs that sector is currently witnessing. Ensuring timely refund is of critical importance as the heart of their survival lies in operating with an effective working capital.

Another vital discussion was the suggestion for a one-time settlement scheme for legal and litigation issues pertaining to Central Excise and VAT. Implementing this will save resources for MSMEs by unlocking the disputed payments for the government.

New US policies helpful in some ways	**Fibre 2 Fashion** https://www.fibre2fashion.com/news/apparel-news/-new-us-policies-helpful-in-some-ways--244240-newsdetails.htm

The new US policies were helpful in some ways, but not in others, said the owner of Must Garment Corporation, which manufactures and supplies garments to brands in the US and EU. In the Middle East, there are no likely TPL extensions possible; hence, the duty-free status will go away in a lot of the countries that has impacted the firm in Bahrain and Oman.

“Now we are moving to Jordan which has a more stable FTA. On the other hand, pulling out of TPP perhaps put the brakes on the possible duty-free status in Vietnam, which might assist us in the long term,” said Sanjeev Mahatani, Must Garment Corporation owner, while talking about new US policies in an interview with Fibre2Fashion.

US is the biggest market of the company that supplies garments to major brands and retailers like JC Penney, Walmart, Macy's, Target, Ann Taylor and Amazon. Must Garment is looking at expanding in other markets like Japan and Europe.

Talking about the company’s business, he said, “Our business continues to expand at a very stable annual rate of 15-20 per cent per year. We believe in building the business brick by brick and step by step, and we do not believe in sacrificing quality or management by over-extending ourselves. We do not manufacture any goods outside of our own facilities.

Vietnam's garment export up in 8 months	Xinhuanet http://www.xinhuanet.com/english/asiapacific/2018-08/30/c_137430642.htm

Vietnam gained over 19.4 billion U.S. dollars from exporting garments and textiles in the first eight months of this year, up 14.9 percent on-year, the Vietnam Textile and Apparel Association said on Thursday.

In the eight-month period, the value of Vietnamese garments and textiles, including T-shirts, jackets, dresses and fabrics exported to China, surged 43.1 percent, to ASEAN up 33.9 percent, to Japan 21.9 percent, to South Korea 17.7 percent, and to the United States 10.4 percent.

Vietnam, which is among the world's five biggest exporters and producers of garments and textiles, may make garment and textile export turnovers of 35 billion U.S. dollars this year, 1 billion dollars higher than the target set for the year, partly due to the signing of new free trade agreements, the association predicted, adding that its turnovers were 31.2 billion U.S. dollars last year.

However, Vietnam had to spend over 8.5 billion U.S. dollars importing cloth in the first eight months of this year, up 16.1 percent, the association said, noting that most of local cloth has yet to satisfy quality requirements of the country's key garment export markets.

Slower China Economy? Not for Clothes-Mad Shoppers Buying More	Bloomberg https://www.bloomberg.com/news/articles/2018-08-30/slower-china-economy-not-for-clothes-mad-shoppers-buying-more

If China’s economy is slowing, it’s sparing shoppers of apparel and shoes for now, judging by prices of some raw materials.

Take polyester, the ubiquitous yarn used to make synthetic fabrics found in everything from Adidas shoes to H&M dresses and Under Armour leggings. Prices in China have risen this year to the highest level since at least 2014, official statistics show. The main reason is the “somewhat unexpected” garment-consumption growth in the world’s most populous nation, according to Salmon Aidan Lee, a consultant at Wood Mackenzie Ltd. in Singapore.

China’s consumer confidence index reached the highest level in more than two decades in February, according to the statistics bureau. Apparel companies that sell their products in the nation are seeing shoppers flocking to buy their merchandise this year and sales are strong, said Catherine Lim, a consumer analyst at Bloomberg Intelligence in Singapore.

The earliest indicators for China’s economy show that the pace of expansion slowed for a fourth month in August, highlighting the pressure for the government to push through pro-growth policies. While growth in demand could potentially slow due to uncertainty over the economy and equities market, one thing is clear --- shoppers are still purchasing their favorite clothes.

If you’re just looking at apparel and shoes, these are very basic items,” said Lim. “Consumption demand is basically still rising and so far July and August look good. Even if there is a slowdown, it’s not going to be severe. Of course, you can’t expect demand to grow hypothetically 20 percent year-on-year, but people still need to use them.”

Textile posts huge gain in Dhaka bourse	**The Daily Star** https://www.thedailystar.net/news/business/textile-posts-huge-gain-dhaka-bourse-1626862

The textile sector witnessed a session of immense gain in the stock market yesterday as investors rebalanced their portfolios in this sector after a good rally in the bank and power sectors.

Of the 50 textile stocks, 39 soared, seven declined and four remained unchanged yesterday.

According to LankaBangla Securities data, turnover in the textile sector soared 64.6 percent yesterday compared to the previous day. This sector's turnover was Tk 135 crore, which is 18.7 percent of the day's total turnover in the premier bourse.

“As the bank and fuel sectors have already seen a rise in the previous days, investors are now investing in other big sectors like textile,” said Mohammed Rahmat Pasha, CEO of UCB Capital Management.

He said there was no other reason for this sector to witness the increase. Since the total turnover in the market is almost the same, it means people are just rebalancing their portfolios. Of the major sectors, textile increased 1.92 percent, followed by ceramic 0.82 percent, fuel and power 0.42 percent and engineering 0.18 percent.

However, the benchmark index of the Dhaka bourse, DSEX, declined 2.61 points or 0.04 percent to finish the day at 5,600.64.

Turnover of Dhaka Stock Exchange (DSE) soared 14.05 percent to Tk 722.23 crore yesterday, with 20.83 crore shares and mutual fund units changing hands.

Of the traded issues, 117 advanced, 165 declined and 51 closed unchanged.

Khulna Power dominated the turnover chart with 54.26 lakh shares worth Tk 41.34 crore changing hands, followed by Saiham Textile, National Housing and Finance, IPDC Finance and United Power Generation.

The textile sector dominated the gainers list yesterday. Tosrifa Industries was the day's best performer with a 10 percent gain followed by Prime Textile Spinning Mills, Peninsula Chittagong, Saiham Textile Mills and Regent Textile Mills.

Saver Refractories was the worst loser, shedding 6.32 percent, followed by Shyampur Sugar Mills, Midas Financing, Provati Insurance and IPDC Finance.

Chittagong stocks soared yesterday with the bourse's benchmark index, CSCX, increasing 3.40 points or 0.03 percent to finish the day at 1,443.10.

Losers beat gainers as 101 advanced, 119 declined and 32 finished unchanged in the port city stock exchange.

Experts ring alarm bell as female participation in RMG sector dips	New Age http://www.newagebd.net/article/49459/experts-ring-alarm-bell-as-female-participation-in-rmg-sector-dips

The participation of female workers in the country's readymade garment industry has been decreasing in recent years with the share of women workforce in the sector coming down to 53.2 per cent in 2016, according to a study conducted by the Centre for Policy Dialogue.

Experts said that it was alarming that women participation in RMG sector jobs was declining as it would ultimately hit the development of the country.

Companies studied over two years since 2016 experienced a monthly employee turnover of 5.3 per cent with majority of the quitters being female workers, showed the study report released by the local think tank on Thursday. 'Worker composition has changed significantly over time with employers becoming increasingly interested in employing male workers,' said CPD research director and also the lead author of the study Khondaker Golam Moazzem.

According to the study, the falling trend in the number of female workers continued for a while as the share of female workers in the RMG sector stood at 53.2 per cent in 2016, down from 58.4 per cent in 2012. The CPD released the findings of the study titled 'transformation in the RMG sector in post-Rana Plaza period' at a daylong programme held at a hotel in the capital, Dhaka.

The study, however, did not link up the falling number of female workers with the Rana Plaza building disaster in which more than 1,100 people, mostly garment workers, were killed in 2013. 'The finding comes as a shock as female workers had an absolute dominance in the RMG sector not long before,' said BRAC Institute of Governance and Development research fellow Lopita Huq as she took part in a discussion after the study report was released.

'Women are losing the largest sector of their employment,' said Lopita. 'If it [the trend] continues, it will definitely impede Bangladesh's development,' she added. The study said that female RMG workers faced at their workplace different types of work-related verbal harassment including teasing and rough behaviour, and were confronted with sexually abusive slangs.

It also found wage discrimination on the basis of gender at some factories. The study also revealed that workers now did not wish to work more than 7.4 years. Bangladesh Institute of Development Studies senior research fellow Nazneen Ahmed said that only improving working condition in factories might not hold back female workers.

'There are issues women need to deal with outside factories while staying away from home for work. Women may decide to leave her place of work for many reasons,' said Nazneen.

CPD chairman Rehman Sobhan said the change Bangladesh and the world as well is seeking to bring in the RMG sector would remain unattainable if workers live in decrepit housing conditions and they lack safety on their way to workplace.

He also emphasised ensuring that workers get a proper share of margin.

The study said that there had been a significant improvement in terms of safe working condition, but technological improvement was slow.

CPD distinguished fellow Debapriya Bhattacharya said that the future of RMG industry depended on how fast it could accept technological advances.

Regarding minimum wage, the study said that it did not increase as required by the law, revised at the latest after the Rana Plaza collapse in 2013.

'Workers' average income covers only 49.9 per cent of their total family expenditure,' said the study. The fear of losing job is persistent among workers alongside their salary being so inadequate that it prevents married workers from having more than one child, said the study.

According to the study, 47 per cent of married workers have one child while another 27.8 per cent do not have any children at all.

Commenting on the findings on workers' rights, the study said 40 per cent of workers do not have service book, 25 per cent do not have their employment documents and only 4 per cent get their experience certificate after working at a factory.

The study said that worker organisations remained in either weak or non-functional state as 97.5 per cent of RMG factories did not have trade unions.

RMG factories are run by companies dominated by families, the study said, showing that two of the three directors of about 88 per cent of the companies were from the same family.

A sizable amount of the factories established after the Rana Plaza collapse are still housed in shared buildings, said the study.

Speaking at the programme as chief guest, lawmaker Saber Hossain Chowdhury said that the Rana-plaza disaster was a wake-up call for the RMG sector.

'But now we don't want a second wake-up call'.

He urged the garment owners and the government to be pro-active to achieve the $50 billion export target by 2021. FBCCI president Shafiul Islam admitted that there was lack of trade union activities in the RMG sector but said that workers welfare committees were working to protect workers' interests.

He said that factory owners remained under a perennial pressure to sustain in the business as brands and buyers take away 70 per cent of the profit.

He said that factory owners were committed to ensure safe working condition. He said that 1,200 factories were closed since Rana Plaza collapse as they failed to improve the condition.

Garment Workers' Trade Union Centre president Montu Ghosh alleged that factory owners were not willing to improve the working and social conditions of workers.

He called for the owners to train up its management to enable it deal with workers humanly. He criticised the government for failing to regularly review minimum wage.

CPD executive director Fahmida Khatun, its distinguished fellow Mustafizur Rahman, World Bank economist Zahid Hussain, Bangladesh Garment Manufacturers and Exporters Association vice-president Faruque and Mohammadi Group managing director Rubana Huq also participated in the discussion on the findings of the study.