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NEWS CLIPPINGS –09-08-2018

Union Minister Suresh Prabhu launches Niryat Mitra – mobile App	Times of India https://timesofindia.indiatimes.com/city/chandigarh/exporters-hail-launch-of-niryat-mitra-app/articleshow/65328535.cms

Union Minister of Commerce & Industry and Aviation Suresh Prabhu launched Niryat Mitra – mobile App in New Delhi on Wednesday. The app developed by the Federation of Indian Export Organisations (FIEO) is available both on Android and on IOS platforms.

It provides wide range of information required to undertake international trade right from the policy provisions for export and import, applicable GST rate, available export incentives, tariff, preferential tariff, market access requirements – SPS and TBT measures.

The most interesting part is that all the information is available at tariff line. The app works internally to map the ITC HS code of other countries with that of India and provides all the required data without the users bothering about the HS code of any country. Presently the app comes with the data of 87 countries.

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
22828	47550	88.67
Domestic Futures (Ex-Gin) July		
Rs/Bale	Rs/Candy	USD Cent/lb
23990	50181	93.19
International Futures		
NY ICE USD Cents/lb. (Dec 2018)		87.18
ZCE Cotton: Yuan/MT (Jan 2019)		16390
ZCE Cotton: USD Cents/lb.		92.50
Cotlook A Index - Physical		99.50
B. Currency		
USD/INR	Close	Previous Close
Spot	68.685	68890

Cotton Guide

Cotton futures slipped to the lowest settlements in two weeks across the board. December future settled at 8718, down 72 points. The contract has settled lower in 3 of the last 4 sessions for a net loss of 165 points. The other months also settled from 32 to 83 points lower. Broadly market was bearish on Wednesday as it failed to break and hold above 90 cents. Profit booking as part of long liquidation and millers hesitation in buying near 90 cents dragged cotton price lower.

The market really hasn’t done too much in the last 4 weeks as prices have treaded in limited sideways ranges. Over the last 19 sessions Dec has had a 388 point range, from 8610 to 8998.

China released in list of US commodities where tariff of 25% is implemented which include waste of cotton yarn, cotton recycled fiber and other waste cotton. However we don't see major reaction on the market but broad sentiment may have pulled price lower.

However, at the top of cotton’s discussion list remains: (1) The China/US Trade War; (2)Friday’s upcoming USDA Supply/Demand Report; and the forecast for rain over the next week for Texas. There wasn’t anything particularly new to these discussions. We believe the USDA report will be very important to watch for.

A reminder on Friday’s USDA Supply/Demand reports: The media will no longer receive an early copy of the reports. It was always puzzling how the market could immediately react the minute the report were released, when it wasn’t humanly possible to download, much less read them and enter orders. It will be interesting to see what the level playing field looks like.

On the technical front since market has declined so much we expect it to have immediate support of 86.50 and then 86 cents per pound. For the day the trading range would be 86.50 to 88.50 cents.

The decline in US cotton has pulled Indian futures lower. The October has ended the session at Rs. 23970 and we think it may continue to remain sideways to lower. The trading range would be Rs. 23750 to Rs.24080 per bale.

Currency Guide:

Indian rupee has appreciated by 0.17% to trade near 68.51 levels against the US dollar. Rupee has benefitted from sharp decline in crude oil price. Brent crude slumped over 3% yesterday as China announced import tariffs on US goods which includes energy products. Stability in yuan and Chinese equity markets has also increased appeal for emerging markets. However, weighing on rupee is deepening US-China trade conflict, Fed’s monetary tightening and downbeat monsoon progress. Rupee has opened on a firm note in reaction to crude oil’s slide but may shed the gains as Fed’s stance and US optimism will continue to support US dollar. USDINR may trade in a range of 68.4-68.7 and bias may be on the upside.

Import duty on textiles products won't hurt B'desh shipments	**Times of India** https://timesofindia.indiatimes.com/business/india-business/import-duty-on-textiles-products-wont-hurt-bdesh-shipments/articleshow/65329349.cms

Coimbatore: Though the union government's decision to double import duty on 328 textile products has brought relief to the textile industry, the move would not impact shipments from Bangladesh, the primary source for the increase in garment imports into the country, industry officials said. "The decision does not positively impact the issue of imports from Bangladesh since there is a full exemption of 'Basic Customs Duty'," said Sanjay Jain, chairman, Confederation of Indian Textile Industry (CITI). Chinese fabric is easily coming to India 'duty free' through Bangladesh in the form of garments, he said. "Until and unless the government intervenes and puts a 'Rule of Origin' clause, imports from Bangladesh will keep coming in the same pace and would affect the fabric as well as other segments of the value chain," Jain stated.

There has been a continuous rise in imports of textile products, especially after the implementation of GST (Goods and Services Tax) last July. Imports of apparel from Bangladesh has surged 44% year-on-year (y-o-y) to $201 million in 2017-18. India imported textile and apparel products valued at about $7 billion in 2017-18, a 16% year on-year increase.

Industry officials said that Bangladesh imports Chinese fabric, converts them into garments using its cheap labour and exports them to India without paying any duties. Since import of 'Made in China' fabrics is meant for exports, Bangladesh doesn't impose any import duties either. Some specified garment items imported into India from Bangladesh are exempted under the SAFTA South Asian Free Trade Area.

India should have a made in country of origin clause and same should be put mandatory on the wash care labels on apoarel. Indian export to USA has this procedure.Yogesh Acharekar In the pre-GST era, import of garments from Bangladesh was attracting Rs 77 per piece (where MRP is Rs 999 per piece) in duties and Rs 116/pc (where MRP is Rs 1,500/pc) in the shape of CVD (countervailing duty) plus education cess and thereon. However, in the post-GST scenario, there was no cost for import of garments from Bangladesh. Several industry associations have been continuously making representations to the government citing the vulnerability of the Indian textile industry and the serious threat to employment caused by imports. The government should consider imposition of safeguard measures including yarn forwarding rules and fabric forwarding rules on countries that have FTAs (free trade agreements) with India to prevent cheaper fabrics produced from countries like China routed through these countries, CITI said.

China slaps 25% tariffs on $16 billion worth of US goods	**CNBC News** https://www.cnbc.com/2018/08/08/china-announces-25percent-tariffs-on-16-billion-worth-of-us-goods-including.html

The Chinese Ministry of Commerce announces a 25 percent charge on $16 billion worth of U.S. goods, including vehicles such as large passenger cars and motorcycles.

China's announcement comes after the U.S. Trade Representative's office released a finalized list of $16 billion worth in Chinese goods that will be hit with tariffs.

China said Wednesday it will retaliate against the latest round of U.S. tariffs on Chinese imports.

The Chinese Ministry of Commerce announced a 25 percent charge on $16 billion worth of U.S. goods. The 333 goods being targeted by China include vehicles such as large passenger cars and motorcycles. Various fuels are on the list, as well as fiber optical cables.

China is also going after coal, grease, Vaseline, asphalt and plastic products, and recyclables.

China's announcement comes after the U.S. Trade Representative's office released a finalized list of $16 billion worth in Chinese goods that will be hit with tariffs. The U.S. charges will take effect on Aug. 23. The latest U.S. list brings the total worth of Chinese goods facing a 25 percent tariff to $50 billion. "This is tit-for-tat exactly," said Art Hogan, chief market strategist at B. Riley FBR. "Our $16 billion comes at a scheduled time, which comes up on the 23rd. China said we see your $16 billion and we'll match your $16 billion."

"They'll pretty much match what we do until they have no more levers to pull. The bad news is the trade war fears in China are escalating. The major concern right now in trade is China," Hogan said. Tensions between the U.S. and China have been simmering in recent months as the Trump administration takes a more protectionist stance when it comes to trade. Just last month, tariffs on $34 billion worth of Chinese goods came into effect. Chinese state media has hit back at the U.S. in light of the levies that have been threatened, saying the Asian nation would retaliate. On July 25, President Donald Trump said China is "being vicious" on trade, noting it is targeting U.S. farmers on purpose. Meanwhile, the Chinese Ministry of Commerce said it must retaliate against the U.S. tariffs "to defend the nation's dignity."

Hike in import duty on textile not good for garment exporters: Expert	**Knn India** https://knnindia.co.in/news/newsdetails/sectors/hike-in-import-duty-on-textile-not-good-for-garment-exporters-expert

The government of India has doubled the import duty on more than 300 textile products for the second time this month, which is not good especially for garment export industry, said Animesh Saxena, Managing Director, Neetee Clothing, Gurgaon cum Executive Member of Apparel Exporters and Manufacturers Association.

Talking to KNN India, he said “Our export growth is stagnant because our fabric basket is mainly restricted to cotton fabrics.” Calling it an unhealthy move taken by the government, Saxena said, "Indian polyester fabrics are of not good quality and are expensive too. By taking this step, government is trying to protect Indian polyester fabric makers but also restricting the growth of apparel export in this category." The government expects that the higher duty will help India's domestic industry, which employs nearly 10.5 crore people and has been facing stiff competition from cheaper imports.

India doubled the import tax from the existing rate of 10% to 20% to boost the ailing textile sector, promote local manufacturing and create employment opportunities. The move came after the recommendation from the textile ministry, which had said that local manufacturing is suffering due to cheaper imports from China and other neighboring countries. This is for the second time government increased the import duty. Last month, the government had doubled import duty on over 50 textile products including jackets, suits and carpets to 20 per cent.

However, the 20 percent duty will not be applicable to products sourced from Bangladesh, Vietnam and Cambodia countries due to the FTA.

Pink Bollworm attack: Maharashtra farmers stare at missing 12 lakh bales	**Financial Express** https://www.financialexpress.com/market/commodities/pink-bollworm-attack-maharashtra-farmers-stare-at-missing-12-lakh-bales/1274444/

Maharashtra's cotton crop is likely to be hit this year, thanks to the Pink Bollworm attack again. From a crop size of 82 lakh bales last season, the crop is likely to reduce to 70 lakh bales if the farmers remove cotton after 2 pickings.

Maharashtra’s cotton crop is likely to be hit this year, thanks to the Pink Bollworm attack again. From a crop size of 82 lakh bales last season, the crop is likely to reduce to 70 lakh bales if the farmers remove cotton after 2 pickings. According to a survey by director of Cotton Association of India Manish Daga, that the third and fourth pickings by farmers could go into a complete loss. The survey suggests that the pink bollworm attack has been witnessed in the last 15 days this Kharif season and could cause damage to farmers resulting in a sharp drop in this year’s crop.

According to Atul Ganatra, president, CAI, in Khandesh region- one of the major cotton growing belts, the association has identified 3 diseases — Pink bolworm, White Burshi and Thrisp. He said, the plant height is reduced to 3-4 feet with barely 15 flowers per plant. “Due to non-irrigated areas sowing in June end, the plants have become very weak in absence of rains,” he said.

Scanty rain, pest attack seen impacting cotton yield	**Business Line** https://www.thehindubusinessline.com/economy/agri-business/scanty-rain-pest-attack-seen-impacting-cotton-yield/article24635752.ece

Though the acreage under the fibre has gone up in Gujarat, delayed rains are set to hit productivity

Even as cotton acreage has increased in Gujarat, the State may witness a decline in yield following deficient and delayed rains. Cotton sowing in the State — the largest grower of the fibre crop — reached 26.5 lakh hectares as on August 6, which is about 10,000 ha more than last year. But a decline in yield will cap the crop size, leading to a further spike in prices.

According to experts, lower yield is also becoming a major concern in other growing regions, such as Maharashtra, where the pink bollworm has surfaced in cotton plants.

“There is definitely going to be an impact on yield due to delay in rains in parts of Gujarat. We are also seeing yields being impacted in States such as Maharashtra due to pink bollworm,” said Atul Ganatra, President of the Cotton Association of India (CAI). He said that India’s average yield is about 550 kg/ha. “This year, we see yields to be even lower than that, because there is no growth of plants and the crop is suffering because of the lack of rain,” he added.

Looming rain deficit

Cotton growers in Saurashtra and North Gujarat — two key cotton growing regions in the State — have raised an alarm with most of the districts facing deficient rains in the range of 62-88 per cent of the normal rainfall. The scenario last year around the same time was completely different with most of the North Gujarat districts witnessing heavy rains.

Gujarat had received 662 mm rainfall (or 82 per cent of normal) till August 8 last year, while till Wednesday rainfall stood at 454 mm (or 55 per cent) of the season's normal 831 mm.

"Farmers have not given up hope, but even if it rains now, already about 40 per cent of the season is lost. Delayed rainfall will only brighten prospects for the rabi crop. It won't help much for kharif," said Ramesh Bhorania, a farm expert from Rajkot. "There will be a big loss in the cotton crop if it doesn't rain within a week. There are fears of a lower yield even in other places," he added.

Cotton balance sheet

For the 10 months (October 2017 to July 2018), CAI has estimated cotton consumption at 270 lakh bales, while exports are seen at 67 lakh bales. The stock at the end of July 2018 is estimated at 63.45 lakh bales. For the entire season ending September 30, 2018, CAI puts the supply at 416 lakh bales. The cotton body has estimated domestic consumption at 324 lakh bales, while the exports are estimated to be at 70 lakh bales. The carry-over stock at the end of the 2017-18 season is projected at 22 lakh bales.

"Prices may remain firm going forward. With the MSP fixed at ₹5,450/quintal, it will come to around ₹47,000-48,000 per candy (of 356 kg). So, if the private players need to purchase, they will have to pay this higher price," said Ganatra.

Chinese demand

What will further fuel the price rise is Chinese purchases, which are expected to be at about 25-35 lakh bales in November, December and January.

"China's buying is fuelled by the 25 per cent tax on cotton coming from the US. For India, there will also be demand for about 40 lakh bales from Bangladesh and Vietnam," he added.

GST: CGST Act Amendment May Lead To Reversal Of Credit Availed On Cess Paid	**Bloomberquint** https://www.bloombergquint.com/business/2018/08/08/gst-amendment-may-lead-to-reversal-of-credit-availed-on-cess-paid#gs.2nQrYmM

Taxpayers may have to pay extra tax or reverse the credit they availed for the cess paid before the Goods and Services Tax was rolled out. The government has excluded the credit that taxpayers could avail at the time of transitioning to GST for the cess paid in the previous indirect tax regime, according to amendments in the Central Goods and Services Tax Act moved in the Lok Sabha. The change in the amendment bill has been made effective from from July 1, 2017 ie retroactively. Prior to the amendment, Section 140 (1) didn't place a bar on transition of various cesses which were part of the Central Value Added Tax credit ledger of companies, said Badri Narayanan, partner at law firm Lakshmikumaran & Sridharan. Krishi Kalyan Cess and Swachh Bharat Cess were included in the CENVAT credit ledger of companies.

The retroactive amendment made in the proposed law seeks to limit the credit available for transition only to "eligible duties" defined in the section. They are:

Additional duty of excise leviable under section 3 of the Additional Duties of Excise (Goods of Special Importance)

Act, 1957.

Additional duty leviable under sub-section (1) of section 3 of the Customs Tariff Act, 1975.

Additional duty leviable under sub-section (5) of section 3 of the Customs Tariff Act, 1975.

Additional duty of excise leviable under section 3 of the Additional Duties of Excise (Textile and Textile Articles) Act, 1978.

Excise Duty specified in the first schedule of the Central Excise Tariff Act, 1985.

Excise duty specified in the second schedule of the Central Excise Tariff Act, 1985.

National Calamity Contingent Duty leviable under section 136 of the Finance Act, 2001.

The government had made its stand clear in a frequently-asked-questions document by stating that credit on cess paid cannot be transitioned in the GST regime, Abhishek Jain, an indirect tax partner at EY India, told BloombergQuint. However, as there was no specific restriction for transition of this credit under GST, many taxpayers took a view that the cess paid can be carried forward in the GST regime, Jain said.

The Impact

Since businesses or taxpayers aren’t eligible to transfer the credit of various cesses, they may be required to reverse the credit they have availed, said Narayanan. “This will be a major point of scrutiny by the tax department in their audits.” Taxpayers may question the retroactive applicability of the proposed amendment and this may lead to litigation, Jain said.

Bigger Problem?

Amendment to Section 140 (1) may have greater ramifications if the tax department takes a narrow view of the term “eligible duties”, Narayanan said. Section 140 (1) was amended to include the term “eligible duties”, covered in the explanation of the CGST Act.

The term was used in the context of inputs used by a taxpayer and doesn’t include service tax as one of the components, Narayanan said. He said the move creates ambiguity over eligibility of credit transitioned for service tax paid in the pre-GST regime. The amendment creates ambiguity over whether the transition credit for service tax paid in the pre-GST regime also requires a review, he said.

India Development Debate: Signs of rising protectionism?	**Times now News** https://www.timesnownews.com/business-economy/economy/video/india-development-debate-signs-of-rising-protectionism/266233

The Modi government on Tuesday doubled the import tariffs on almost 330 textile products in a bid to give a fillip to the desi manufacturers

Call it Swadeshi Movement 2.0. The Modi government on Tuesday doubled the import tariffs on almost 330 textile products in a bid to give a fillip to the desi manufacturers. The move, which is in line with Prime Minister Narendra Modi's Make In India push, is expected to work as an antidote against cheap imports.

It will also boost job opportunities in the textiles sector, a highly labour-intensive industry. Remember, last week the import duty on 50 textile products, including jackets, suits and carpets, was hiked to curb cheap imports from China. Interestingly, poorer neighbours like Bangladesh have been exempted from the new tariffs.

Trade experts say that although these tariffs compatible with WTO guidelines, it could be seen as a protectionist move by the international community. There is also a belief that it is a classic case of the NDA government once again surrendering to the likes of the Swadeshi Jagaron Manch. On the flip side, it is a raw deal for consumers, who will have to shell out more for their clothing requirements.

Make in India push it may be, but how long will this hand-holding help? Isn't it time to think of long-term solutions like tech upgradation and higher competitiveness? On ET NOW's India Development Debate, experts discussed the impact on the local industry and consumers.

Hike in import duty has given confidence to industry: CITI	**Fashion Network** http://in.fashionnetwork.com/news/Hike-in-import-duty-has-given-confidence-to-industry-CITI,1004256.html#.W2vMr1UzbIU

The Indian government’s decision to increase the basic customs duty on 328 textile products has come at a right time and would certainly boost the ‘Make in India’ initiative of the Government of India, the Confederation of Indian Textile Industry (CITI) has said. The decision has added immense confidence to the industry, and help generate employment.

The government has understood the “gravity of the situation and immediately addressed the issue by doubling the import duty on textile products where imports have increased many-folds, post GST,” CITI chairman Sanjay K Jain said.

CITI had been continuously representing to the various ministries of the government on the issue of rise in imports of yarn, fabric, madeups and garments made out of man-made fibres and filaments with a request to increase basic customs duty on imports of such products as they are being manufactured in the country by a large number of factories in MSME and organised mill sector, Jain said in a press release.

He noted that the major part of employment creation happens in the downstream industry like knitting, weaving, apparel making and madeups.

“These measures along with those announced in July in relation to import duty and GST by the government will certainly motivate the industry to achieve ambitious targets set for the textile and clothing sector," he said.

"The responsiveness of the government to our various problems has added immense confidence to the industry and hoping very soon export promotion measures will also come to build both domestic and export industry strongly and fulfil the ambitious targets set by our government," Jain said.

He, however, pointed out that the present decision does not positively impact the issue of imports from Bangladesh where there is a full exemption of basic customs duty and hence Chinese fabric is easily coming to India duty free through Bangladesh in the form of garments.

"Until and unless government intervenes and puts a Rule of Origin clause, imports from Bangladesh will keep coming in the same pace and would affect the fabric as well as other segments of the value chain," said Jain.

India's apparel imports from Bangladesh have increased by 44 per cent from $140 million in 2016-17 to $201 million in 2017-18.

CITI has urged the government to consider imposition of safeguard measures such as Rules of Origin, Yarn Forwarding Rules and Fabric Forwarding Rules on the countries that have FTAs with India to prevent cheaper fabrics produced from countries like China routed through these countries.

India needs to simplify GST, cut debts: IMF	**Indian Express** https://indianexpress.com/article/business/economy/india-needs-to-simplify-gst-cut-debts-imf-5298384/

In its annual country report, the IMF said the government's decision to ensure a 50 per cent premium over cost of farm production "could skew farmers' production decisions, add to inflation, and enlarge the fiscal burden"

The $2.6-trillion Indian economy is like an "elephant starting to run" and will remain one of the world's fastest-growing economies, aided by structural reforms, the International Monetary Fund (IMF) said on Wednesday. However, it needs to simplify the goods and services tax (GST) structure and take advantage of strong growth to trim debt more aggressively than planned.

In its annual country report, the IMF said the government's decision to ensure a 50 per cent premium over cost of farm production "could skew farmers' production decisions, add to inflation, and enlarge the fiscal burden", so "their use (backed by assured procurement) should only be temporary and limited to correcting market failures".

It cautioned that India's debt (at 70.4 per cent of the GDP in FY18) is "close to the thresholds that raise the likelihood of debt distress among emerging market economies". So, a more ambitious medium-term fiscal consolidation path is required that is consistent with the FRBM review committee's target of trimming the government debt to 60 per cent of the GDP by FY23. The government wants to achieve this target by 2025.

Fabric makers oppose recommendation impose anti-dumping duty on nylon yarn	**Times of India** https://timesofindia.indiatimes.com/city/surat/fabric-makers-oppose-recommendation-impose-anti-dumping-duty-on-nylon-yarn/articleshow/65314196.cms

Surat: Manufacturers of nylon fabrics in the country's largest man-made fibre (MMF) sector in the city have opposed the recommendation by the commerce ministry's investigation arm, Directorate General of Trade Remedies (DGAD), for imposing antidumping duty up to $719 per tonne on import of nylon filament yarn from European Union and Vietnam.

The nylon fabric manufacturers feel that the increase in anti-dumping duty on nylon filament yarn will allow indigenous yarn manufacturers to monopolize prices of nylon yarn, thereby creating problems for nylon fabric makers in Surat and other parts of the country.

The unprecedented increase in yarn prices has cast a dark shadow on the city's weaving sector, which is totally dependent on various types of synthetic yarns. City's textile industry, which contributes to nation's 40 per cent of the man-made fibre demand, has more than 6.5 lakh powerloom machines weaving about 3 crore metres of cloth per day with the annual consumption of 6 lakh metric tonnes of different types of yarns and fibres.

Market sources said yarns and fibres, including nylon filament yarn (NFY), polyester filament yarn (PFY), polyester yarn (POY), viscose filament yarn (VFY) etc. manufactured in Vietnam and EU is 20 per cent cheaper than the ones made by domestic players. Following imposition of anti-dumping duty, the domestic manufacturers of yarns and fibres will get a free hand to increase the prices, especially when the demand increases from local market.

"The domestic spinners are taking advantage of anti-dumping duty, as they know that import of yarn from Vietnam, China and other countries has become a costly affair. They want to earn as much profit as possible from the weavers," said a yarn dealer Mayur Golwala, leader of powerloom weaving industry, said, "We urge the central government not to accept the recommendation of DGAD for anti-dumping duty on nylon yarn. The government should not think of only five to six nylon yarn manufacturers in the country, but thousands of weavers and workers who are attached with the industry."

Andhra Pradesh CM N Chandrababu Naidu announces sops for handloom weavers	**New Indian Express** http://www.newindianexpress.com/states/andhra-pradesh/2018/aug/08/andhra-pradesh-cm-n-chandrababu-naidu-announces-sops-for-handloom-weavers-1854851.html

Chief Minister N Chandrababu Naidu announced several sops for the weavers' community at Vetapalem in Prakasam district on Tuesday on the occasion of National Handloom Day.

Chief Minister N Chandrababu Naidu announced several sops for the weavers' community at Vetapalem in Prakasam district on Tuesday on the occasion of National Handloom Day. Addressing the weavers at a public meeting in Tallareddypalem of Vetapalem mandal, he said he will take care of all the problems of weavers. "Despite Centre's objection, my government has waived Rs 114 crore worth weavers' loans. Now, I am thinking of waiving individual loans of weavers instead of the societies," he said.

Promising to speed up the setting up of NIFT in the region, he said 20 acres of land will be allocated for a textile park in Amaravati. He promised 100 units of free power to weavers for the work sheds and said it will put an additional burden of Rs 29 crore on the State exchequer. When he agreed to provide Rs 8,000 as financial aid to the weavers' families for two months during the lean period of rainy season, when the loom pits are flooded, the entire area echoed with huge applause from the weavers. He also promised to enhance input subsidy and market rebate. Naidu also agreed to clear Rs 49 crore dues to APCO from the State government at the earliest.

Serifed centre at Chirala, weavers park in 20 acres with 10 acres for residential localities and 10 acres for work sheds, G+3 housing for weavers, were other sops announced by him. Earlier in the day, he laid the foundation stone for Dr APJ Abdul Kalam IIIT at Dubagunta village of Pamur mandal. Speaking on the occasion, he said the State government is determined to ensure development of the backward regions educationally. "My only aim is to see the State become number one in every aspect," he averred.

Hike in Custom Duty on Textile Products in direction to encourage domestic manufacturing: FICCI	**Business Standard** https://www.business-standard.com/article/news-cm/hike-in-custom-duty-on-textile-products-in-direction-to-encourage-domestic-manufacturing-ficci-118080800409_1.html

FICCI welcomes the increase in basic custom duty on several textile items. The move is very much in the direction to encourage domestic manufacturing.Increase in import duty on over 300 textile items to 20% will give a further relief to domestic textile and carpet manufacturers, said Mr. Shishir Jaipuria, Chairman, FICCI Textile Committee. Mr. Jaipuria added, "The measures taken by the Government in last few months for the textiles sector have been very encouraging and given confidence to the domestic textile industry that has been reeling under the pressure of growing competition and rising cost." "This has also given us the hope that the Government will address the issue of rising garment imports from Bangladesh, which remains an area of concern for the industry, due to full exemption of basic custom duty from Bangladesh," noted Mr. Jaipuria. Mr. Jaipuria stated that the garment & carpet industry was under immense pressure after implementation of GST. After GST, substantial drop in import duty was observed which has encouraged cheaper imports.

Centre to bring final draft of e-commerce policy within next 10 days	**Business Standard** https://www.business-standard.com/article/economy-policy/centre-to-bring-final-draft-of-e-commerce-policy-within-next-10-days-118080801151_1.html

The government has also come under fire from retailer bodies for lax implementation of existing FDI norms

The government will be bringing out the final draft of a policy on e-commerce policy within the next 10 days, amid opposition to the proposed foreign direct investment (FDI) clause in it.

The final draft is being considered by a national think tank chaired by Commerce and Industry Minister Suresh Prabhu, a senior ministry official confirmed on Wednesday, at a discussion on the proposed policy by the Confederation of All India Traders (CAIT).

Major retailer associations, trade bodies, and even online seller associations have opposed most of the proposals in the draft policy, alleging these favour some of the major e-commerce players such as Ola and Paytm. They are also critical of the proposal to introduce FDI in the inventory-based model of e-commerce, up to 49 per cent for Indian-owned businesses that procure exclusively from within India. Current norms allow foreign capital in e-commerce only when the entity acts as a marketplace, facilitating other businesses and not selling directly to consumers.

“The proposal to push FDI in the inventory model should be scrapped, as it threatens the livelihood of millions of small traders. Online and offline businesses are considered separate by the Competition Commission of India itself and should be kept so. Despite the commerce ministry announcing Press Note 3, which bans all such FDI, major e-commerce players have managed to channel into India millions of dollars,” says Ashwini Mahajan, co-convenor of the Swadeshi Jagran Manch, a Rashtriya Swayamsevak Sangh-supported entity.

The first draft of the proposed policy prepared by the national task force on e-commerce had argued that allowing domestic e-tailers to access foreign investment would boost growth. “The recommendations of the task force have pointed out that smaller firms, artisans, and businesses in rural areas need access to crucial capital to grow and take advantage of the e-commerce boom,” says the official mentioned earlier. The government has also come under fire from retailer bodies for lax implementation of existing FDI norms, whereby major players such as Amazon and Flipkart have been accused of raising front companies to circumvent the rules.

“The government doesn’t know how many e-commerce companies are functioning in India. None of our proposals has been taken up and we have received no response from the commerce ministry despite multiple pleas,” complains the All India Online Vendors Association. Retailers have also raised the issue of a rising number of complaints regarding product quality and services against e-commerce players. While the Enforcement Directorate under the finance ministry is currently tasked with handling violations of FDI norms, most complaints about e-commerce products are forwarded to the consumer affairs Ministry. CAIT contends most product-related complaints are not properly addressed and it is compiling data in this regard.

A national regulator for the e-commerce sector, with which all digital businesses will be legally bound to register, has been recommended by the e-commerce task force.

Labour reforms: The cost of optimising Indian economy	**The Week** https://www.theweek.in/news/biz-tech/2018/08/06/labour-reforms-cost-optimising-india-economy.html

The Modi government is presently in the process of introducing labour law reforms. Over the years, several administrative and e-governance initiatives have been undertaken by both the Centre and state governments to generate employment and facilitate the ease of doing business. But outdated labour laws have remained a deterrent to economic growth in the country and the government seeks to change this.

The reform will see the repealing of 38 of the existing labour laws, and replace them with four new labour codes with the stated objective of streamlining labour law and making it more efficient. These are the Industrial Relations Code (replacing three labour laws), the Code on Wages (replacing four labour laws), the Code on Social Security (replacing 15 laws) and the Code on Occupational Safety and Health and Working conditions (replacing 16 laws).

The government aims to restructure the employment sector by bringing in administrative ease and making the sector more employer-friendly through the four central codes. Making it, in effect, easier for businesses and corporate biggies.

The informal sector engages 94 per cent of the workforce of the country. Some of these workers in the informal sector have found their way into the workers' schedule, which makes them recognised by the government. However, like the domestic workers who fall into the informal sector, there are several other sections of workers that remain informal. The trade unions are struggling for greater recognition of these workers and regulation of the conditions of employment.

According to labour law expert Govind Yadav, the new codes are “outright unconstitutional”. He claims it is clear when one takes a closer look at Part IV of the Directive Principles in the Constitution, which states that it is the state’s duty to provide “equal pay for equal work for both men and women”.

The Code of Wages Bill, 2017 states that the overall minimum wages will be fixed nationally based on which each states can fix wages, thus promoting migration from low wage states to high wage states. The struggle of equal pay for equal work has, therefore, been diluted and will impinge consequently on the rights of women. The struggle for the “aam aadmi” in the country will only get worse.

Yadav further emphasised that the Contract Labour Amendment Bill, 2017 reduces a man to a slave, “sabko saman adhikar hai jeene ka, kisi ko bandhu mazdoor banana ha haq nahi diya hai constitution mein” (everyone has an equal right to live, the Constitution does not give the government any right to create slave labour). He claims that such a reform would only increase labour exploitation in the country, especially with the easing of clauses such as hiring and firing, and that the state is ignoring its duty to apply the Directive Principles when forming a crucial policy.

At the base of the problem, there remains an absence of uniformly applicable and comprehensive set of laws that guarantee fair terms of employment and decent working conditions. Although labour law reform is welcome, many activists and experts say the new codes seem to be initiated from a perspective of globalisation and ease of doing business. They claim that in the name of universalisation, many important protective provisions will be withdrawn and social security privatised. Hence, central trade unions have raised their joint protest to these codes, which would strengthen the hands of the employers and weaken the hands of workers.

The rights to collective bargaining and to strike have been made complicated and easily deemed illegal along with the tripartite character of negotiations removed and the government taking a back seat. Moreover, the threshold of the workers in the factories will be increased to 300, which means that all small factories will be out of the control of labour law. This also means that without permission from the government, lay-offs and closures can easily take place in companies employing up to 300 workers.

Furthermore, no non-workers or retired workers will be permitted to take leadership positions in trade unions, especially in the unorganised sector. There will no longer be any labour schedules and minimum wage will no more be sector-specific.

The campaign for a nationally applicable and effective labour law for domestic servants in India has resurged recently. In light of this, the National Platform of Domestic Workers held a press meeting and national rally of domestic workers on August 2 in New Delhi from Mandi House to Parliament and presented a petition to Union labour minister Santosh Gangwar as well as to the Petitions' Committee of the Lok Sabha.

The national rally was organised to demand withdrawal of the central codes and enactment of Comprehensive Legislation for Domestic workers. “It is essential to fight for a separate legislation for domestic workers as a policy such as the one the government proposes does not give any support to the domestic workers,” says Sr Kalaiselvi, one of the individuals who led the rally on Thursday. Various legislations like the Unorganized Social Security Act, 2008, Sexual Harassment against Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and Minimum Wages Schedules notified in various states refer to domestic workers. While informal workers are mentioned in the new codes, these do not seem to take serious measures to improve on their needs. Laws like the Contract Labour (Regulation and Abolition) Act, 1970 and Unorganised Workers’ Social Security Act, 2008 have been far from being effectively implemented.

There are over five crores domestic workers and they are a growing number in India. According to the NPDW for the past five years, they have been voicing the demand for a comprehensive legislation on domestic workers, including ‘decent conditions of work’ and regulation of work, wages and placement agencies and social security through tripartite boards as well as ratification of ILO Convention 189 on domestic workers. The government, meanwhile, is pushing for a bill that will create central codes to ease the contracts of employment for the employers and scrap existing labour laws for small labour-oriented communities and small-time labourers.

There seems to be a growing fear that even privatisation of social security in India could result in millions of rupees being collected by private companies, which will do so under the direction of the central government. The fear essentially lies in accessing such welfare accounts, especially by those living on the margins. There needs to be an inclusion of clauses that would help support people if they are unable to provide certain documents to access their welfare accounts, and for necessary spaces to appeal if there is any wrong-doing.

Under the code of Universal Social Security, workers are divided into four categories, with no clarity on who will belong to which category. The Code III envisages repealing of various labour laws, including the Employees’ State Insurance Act, a self-financing social security and health insurance scheme for workers and the Employees’ Provident Fund Act. One welfare board is to be created for organised and unorganised workers wherein the unorganised workers will have to pay 12 per cent of wages towards the fund (similar to organised workers) and the employers 17 per cent of wages.

The provision of pension, sickness benefit, medical benefit, and gratuity will be provided, but the quantum of benefits has not been stated. The unorganised workers have negligible representation within the proportion of workers' representation in welfare boards not even being one-third. All informal workers are to be brought under the universal ‘poor’ category in the name of universalising social security. The trade unions and workers complain that there is negation of workers’ rights and regulation of work, which is being masked under the garb of universal social security coverage.

According to the Code on Social Security, the central government would make no contribution towards social protection, but it will have majority representation and control of the social security organisations, national social security council, central board and state boards. Moreover, workers would have to register again as various groups of unorganised workers will not exist. Social security measures in terms of registration of workers, management of contribution, record keeping, services and provision of benefits will be privatised; hence, the Employees' State Insurance Corporation (ESIC) and Employees' Provident Fund Organization (EPFO) will be either privatised or completely demolished with all the unorganised labour boards being wiped out.

The case for insurance scams among various another infamous scams is well-known and being suffered by one too many in India. It can only be hoped that the social security scheme does not end up the same by helping businesses grow at the cost of the nation's citizens. The government's ambitious labour reform needs more work to be done in terms of inclusion and representation.

US finalizes next China tariff list targeting $16 billion in imports	**CNBC News** https://www.cnbc.com/2018/08/07/us-finalizes-next-china-tariff-list-targeting-16-billion-in-imports.html

The U.S. Trade Representative's office published its final tariff list targeting 279 import product lines.

Only five product lines were deleted from the list that was initially proposed on June 15, according to USTR. The new tariffs will go into effect on $16 billion in Chinese goods on Aug. 23. The United States will begin collecting tariffs on another $16 billion in Chinese goods on Aug. 23, the U.S. Trade Representative's office said on Tuesday as it published a final tariff list targeting 279 import product lines.

USTR said that only five product lines were deleted from a list initially proposed on June 15, but semiconductors, among the largest categories, remained on the list.

The latest list brings to about $50 billion in goods that now face a 25 percent tariff that U.S. President Donald Trump has imposed on Chinese imports in an escalating trade war over China's intellectual property practices and industrial subsidy policies. China has vowed to match Washington's tariff moves with duties on an equivalent worth of U.S. products.

India doubles apparel import duty eying China; B'desh exporters see opportunity	**Newagebd** http://www.newagebd.net/article/47879/india-doubles-apparel-import-duty-eying-china-bdesh-exporters-see-opportunity

Bangladeshi readymade garment exporters, already enjoying duty-free access, see further opportunity in Indian market as the country (India) has doubled the import tax on 328 textile products to 20 per cent, mainly to reduce its imports from China.

India on Tuesday hiked the tax hoping to bring down textile imports to $6 billion in current fiscal year 2018-19 from $7 billion in last fiscal year, according to a Reuters report on Tuesday.

'The decision of India for doubling import tax on more than 300 textile products will benefit Bangladesh as we have duty-free market access to the country,' Faruque Hassan, senior vice-president of Bangladesh Garment Manufacturers and Exporters Association, told New Age on Tuesday.

It was obvious that India's import of textile products from China would decrease due to the tax hike and Bangladesh would be benefited as the next nearest import source, he noted.

Faruque also said that the decision of India would create opportunity for increasing bilateral trade and business between Bangladesh and India.

‘If India increases its import of RMG product from Bangladesh, Bangladesh will also increase its import of yearn, febrics and dies chemicals from India,’ he added.

Reuters reports that India has doubled the import tax on more than 300 textile products as the world’s biggest producer of cotton tries to curb rising imports from China.

It was the second tax hike on textiles in many months after an increase of tax on other products including fibre and apparels last month.

The moves are expected to provide relief to the domestic textile industry, which has been hit by cheaper imports. Total textile import of India jumped by 16 per cent to a record $7 billion in the fiscal year to March 2018. Of this, about $3 billion were from China, according to Reuters.

The Indian government did not disclose details of the 328 textile products that will be subject to the duty increase announced on Tuesday.

‘It is logical that if India’s textile products import from China decreases, Bangladesh can grab the space. But it is not confirm whether India would meet their demand through import or local production,’ former Bangladesh Knitwear Manufacturers and Exporters Association president Fazlul Haque said.

Bangladesh’s RMG export to India in the financial year 2017-18 increased by 114.68 per cent to $278.67 million, according to the data of Bangladesh Export Promotion Bureau.

Reuters reports that rising imports sent India’s trade deficit with China in textile products to a record high $1.54 billion in 2017/18, alarming industry officials as India had been until recently a net exporter of textile products to China.

Sanjay Jain, president of the Confederation of Indian Textile Industry, told Reuters he did not expect China to retaliate to the Indian duty increases as it still had a trade surplus with India.
He said India’s textile product imports could fall to $6 billion in 2018/19 as a result of the tax hike to 20 per cent.

India’s imports of textile products from Bangladesh, Vietnam and Cambodia also jumped in the last few years as they are not subject to any duty under free trade agreements signed by India with these countries.
The 20 per cent duty will not be applicable to products sourced from those countries due to the FTA, Jain said.
Industry officials say in the last few months Chinese fibre has been shipped to Bangladesh and processed and exported to India with zero duty.

‘Rules of origin need to be implemented for textile products. Otherwise Chinese products will land from other countries,’ said a Mumbai-based garment exporter, who declined to be named.

Jain said India's textile and garment exports could rise 8 per cent to $40 billion in 2018/19 due to a weak rupee and as the government was expected to introduce incentives to boost overseas sales.

India's trade differences with the United States have also been rising since president Donald Trump took office. India, the world's biggest buyer of US almonds, in June decided to raise import duties on almonds and some other US imports by 20 per cent, joining the European Union and China in retaliating against Trump's tariff hikes on steel and aluminum. The increased tariff on US goods will be applicable from September 18.

Withdrawal from RCEP may not be conducive to India's economy: expert	**Global Times** http://www.globaltimes.cn/content/1114300.shtml

The Indian government reportedly plans to discuss whether to withdraw from the 16-member Regional Comprehensive Economic Partnership (RCEP) negotiations, which an expert said is quite "immature" and may not be good for India's future economic development.

The Indian government will establish a group of ministers to look into issues related to RCEP, and the first meeting of this group is expected to be held on Friday, Indian news site livemint.com reported on Monday.

Pressure on India has been rising in relation to the RCEP deal, as it would mean more market access to its adversary China, the report said.

As protectionism trends become stronger in the global market, the RCEP can become a new discussion area, said Zhao Gancheng, director of the Shanghai Institute for the International Studies Center for Asia-Pacific Studies.

Zhao told the Global Times on Tuesday that the ultimate goal of the RCEP is to establish a free trade zone (FTZ), but based on India's current power in economy, technology and finance, the country is not that able to jointly establish an FTZ with the other 15 members.

If the RCEP framework would give some favorable policies to India, such as in its agricultural and manufacturing sectors, India would welcome it, according to Zhao. "If India withdraws from it, the other 15 members could discuss the partnership as usual."

If India could integrate into the economic cooperation system in the Asia-Pacific region, it would bring close ties to countries and regions in the Indian Ocean area and the Asian-Pacific region and would also be a good thing for India, Zhao said. The partnership comprises 10 group members of the Association of Southeast Asian Nations and their six free trade agreement partners including China, India, Japan, South Korea, Australia and New Zealand.

$44b export target set Cash incentives to nine new products	**The Daily News** http://m.thedailynewnation.com/news/184698/cash-incentives-to-nine-new-products

The government has approved cash incentive for nine new export products with a view to promote their sales in overseas market. These products are frozen soft-shell crab, pharmaceutical products and its raw materials, ceramics, galvanizing sheets, photovoltaic module, razor and razor blade, chlorine, hydrochloric acid, Sodium Hydroxide (caustic soda)(NaOH) and Hydrogen peroxide (H_2O_2).

The government policymakers at a meeting on Wednesday brought these products under its cash incentive programme. High officials of the Ministry of Finance and Commerce, Bangladesh Bank (BB) and concerned divisions and agencies attend the meeting held in the Bangladesh Secretariat.

"Cash incentive has been approved for nine new products considering their export potentials in global market," a senior government official told The New Nation yesterday on condition of anonymity. He said the products will receive 10 per cent cash incentives on their exports from the current fiscal year. Besides, export of readymade garments to new markets will enjoy 4 per cent cash incentive from this fiscal instead of 3 per cent earlier.

"The government has expanded the list of the export subsidy eligible products in line with its goal to reach the country's export earnings to US$60 billion by 2021," he added. A total of 27 categories of goods and products got cash incentive ranging from two per cent to 20 per cent in the immediate past fiscal year 2017-18(2017-18) fiscal year when the government extended Tk 4,500 crore cash subsidy against their exports. Meanwhile, the government has set an export target of US$44 billion for fiscal 2018-19 (FY19), projecting a 6.4 per cent growth.

Of the target, US$39 billion has been projected from merchandise export while US$5 billion from services. Export target for readymade garments fixed at US$39.69 billion. Commerce Minister Tofail Ahmed announced the target in a media briefing held in the conference room of the ministry yesterday. He said the government has decided to provide cash incentive to nine new products along with the existing 27 items in the current fiscal to boost export. Bangladesh's export income stood US$36.67 billion US dollars in fiscal year 2017-18 with ready-made garments accounted for 82 per cent of its total export.