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## NEWS CLIPPINGS –11-05-2018

**GSTR1, e-way bills data to be matched to curb tax evasion**

**Business Line**

<https://www.thehindubusinessline.com/economy/macro-economy/gstr1-e-way-bills-data-to-be-matched-to-curb-tax-evasion/article23841187.ece?homepage=true>

Move will also ensure supply of goods is done properly, says GSTN CEO

To curb tax evasion, authorities will start matching details given in the Goods and Services Tax Return (GSTR) Form Number 1 with those given in the e-way bill.

The matching will begin with returns to be filed for April as it is the first month when the tax authorities will have both GSTR1 and e-way bill data.

In the meantime, tax authorities have issued notices to over 8,000 assesseees for differences in sales figures of more than ₹50 lakh in their GSTR1 and GSTR3B forms. Notices have been served on the basis of returns filed during August and December, 2017. Based on their response, a decision will be taken on how much tax and penalty they need to pay.

“Matching process will ensure supply of goods have been done properly,” Prakash Kumar, CEO of GSTN, the IT backbone of unified indirect tax system, told BusinessLine.

The logic behind matching is to plug any possible loophole in filing of returns. All the GST assesseees are required to file GSTR 1 either on monthly or on quarterly basis while e-way bill is required for movement of goods of value exceeding ₹50,000.

Commenting on the development, Rakesh Nangia, Managing Partner, Nangia & Co LLP, said the matching of details mentioned in GSTR-1 with the e-way bills will help in curbing tax evading practices as the invoice matching mechanism will be a significant tool in ascertaining the transaction details while matching it with the details furnished by the taxpayer.

“However, the said mechanism will be partly effective/beneficial since only supply of goods can be traced by the matching concept. Further, e-way bill is required on movement of goods where consignment value exceeds ₹50,000,” he explained while adding that in cases where value of goods does not exceed ₹50,000, matching would not be possible.

Action for mismatch

Option has been given on the e-way bill portal to take reports for particular tax period from e-way bill portal and match with tax invoices for outward supply and inward supply/delivery challan. Information about e-way bills, along with the transactions captured in GSTR1, will make it easy to spot mismatches in certain cases where invoice has not been reported in GST return by the taxpayer or where taxpayer fails to file his returns or furnishes wrong details.

“In such cases, notice may be served by the authorities demanding clarifications for difference in tax amounts along with penalties. The said measures were adopted by the VAT authorities in the erstwhile regime also. Further in extreme cases, confiscation of goods, along with penalties may be imposed by the authorities,” Nangia said.

e-way bill was introduced from April 1. It is applicable for both inter-State and intra-States movement of goods, though the latter is being introduced on phases. So far, 18 States have adopted e-way system. Maharashtra and 7 Union Territories will start the new system for the intra state/UT movement of goods from May 25 while the others will do so by June 3.

#### e-way bill capacity

GSTN claims that there is capacity to generate e-way bill up to 70 lakh every day. At present, on an average 11-13 lakh e-way bills are being generated everyday. Nearly three-fourth of the e-way bills are related to inter-State trade while the remaining are for intra-State. However, once all the States start using e-way bill for internal movement, the ratio is expected to change to 50:50.

<b>Cotton Highlights from May WASDE Report</b>	<b>Cotton Grower</b> <a href="http://www.cottongrower.com/cotton-production/production-outlook-acreage/cotton-highlights-from-may-wasde-report-3/">http://www.cottongrower.com/cotton-production/production-outlook-acreage/cotton-highlights-from-may-wasde-report-3/</a>
<p>The U.S. cotton projections for 2018/19 include smaller production, unchanged exports and slightly higher ending stocks compared with 2017/18. Production is forecast at 19.5 million bales, based on 13.5 million planted acres as indicated in the March Prospective Plantings report. While planted area is expected higher in 2018/19, reduced precipitation to date in the Southwest suggests abandonment will likely rise from 2017/18's below-average level. With higher abandonment and the U.S. yield falling from the previous year's record-high, production is projected 7% lower than in 2017/18. Domestic mill use in 2018/19 is projected slightly higher at 3.4 million bales, while exports are expected to remain unchanged at 15.5 million. At 5.2 million bales, 2018/19 ending stocks are projected 500,000 bales higher than the year before, and equivalent to 28% of total use. The range for the marketing year average price received by producers is 55.0 to 75.0 cents per pound.</p>	
<p>For 2017/18, U.S. cotton production is reduced marginally from last month. The export forecast is increased 500,000 bales to 15.5 million bales as the expected U.S. share of world trade rises, with ending stocks lowered accordingly.</p>	
<p>The world 2018/19 cotton projections show a decline in stocks of 4.5 million bales, as consumption once again exceeds production. Global production is expected to fall marginally, as area declines 1%. Expected production in India – the world's largest producer – is unchanged from 2017/18. Lower production in the United States, Australia and China is nearly offset by higher expected crops in Pakistan, Turkey and Brazil. Global consumption is projected to rise 3.9% to a new record high, as a growing world economy drives mill use higher around the world. Projected world trade is raised from 2017/18, as import-oriented consumers such as Vietnam and Bangladesh are accounting for a</p>	

larger share of world consumption, and China's imports rise. Ending stocks are projected down 4.5 million bales year to year, at 83.8 million bales, 67% of world consumption. An even larger decline is expected in China's stocks, and stocks outside of China are expected to rise for the third consecutive year.

For 2017/18, both world production and consumption is increased about 300,000 bales from last month, leaving ending stocks virtually unchanged. Production is higher in Uzbekistan and Australia, and consumption is higher in Turkey and Uzbekistan. Australia's expected exports are 300,000 bales lower, while higher exports are now expected for the United States, Chad, Benin and Uzbekistan.

### Merchant exporters may receive Govt incentives

Economic Times

<https://economictimes.indiatimes.com/news/economy/foreign-trade/merchant-exporters-may-receive-govt-incentives/articleshow/64103249.cms>

Slow growth in India's exports has prompted the government to promote merchant exporters, who contribute almost a third of India's exports in value terms but can't avail of some incentives meant for manufacturer exporters.

Merchant exporters do not own manufacturing facilities but buy goods from manufacturers here and sell to overseas customers. They have the flexibility to procure goods from many sellers and sell them after negotiating the best prices to foreign buyers.

They are usually able to negotiate prices with buyers, sellers and shipping lines which are better than regular exporters. The department of commerce is mulling ways to reduce the cost of credit for them.

"It is crucial to promote merchant exporters and make use of their marketing and negotiating skills with global partners," said an official in the know of the development.

Merchant exporters indirectly help upgrade the production quality of manufacturers by making them export ready," said a Delhi-based expert on export-import matters.

Though India's exports crossed the \$300-billion mark after a gap of two years in 2017-18, exports contracted in March after four months with labour-intensive sectors such as gems & jewellery, readymade garments of all textiles, jute manufacturing including floor covering, carpets and agri products showing a dip in outward shipments.

According to Ajay Sahai, director general of Federation of Indian Export Organisations, manufacturer exporters are constrained by their capacity but merchant exporters are extremely competitive, which helps them bring in higher per unit realisation. "Japan and Korea too have adopted the approach of promoting merchant exporters as they follow the aggregator model and it has been successful there," Sahai said.

The plan to encourage merchant exporters has come at a time when the government is relooking at its export promotion schemes and making them compliant with global trade norms.

<p><b>No change in cotton seed price: Agriculture ministry</b></p>	<p><b>EconomicTimes</b>  <a href="https://economictimes.indiatimes.com/markets/commodities/news/no-change-in-cotton-seed-price-agriculture-ministry/articleshow/64105567.cms">https://economictimes.indiatimes.com/markets/commodities/news/no-change-in-cotton-seed-price-agriculture-ministry/articleshow/64105567.cms</a></p>
<p>NEW DELHI: The agriculture ministry has decided not to change cotton seed price after the Delhi High Court ruled that Monsanto Technologies' patents on a manmade gene used in Bt cotton seed variety Bollgard II were not valid. Officials said the government would wait for the judgement of the Supreme Court, where the matter is now being heard. The National Seed Association of India (NSAI) has urged the government to scrap the trait fee on Bollgard II cotton to benefit farmers.</p> <p>"There will be no change in cotton seed price for this season. Planting has already started in some parts of Punjab and will pick up in the coming days. The matter is now being heard in the Supreme Court and we will go by the final judgment," said an agriculture ministry official.</p> <p>The Supreme Court on Monday did not grant a stay on the HC judgement, but justices Rohinton Nariman and Abhay Manohar Sapre sought the response of Monsanto Technology, Nuziveedu Seeds and other seed companies. The matter has been posted for hearing on July 18.</p> <p>NSAI director general Kalyan Goswami had discussions with the Department of Agriculture to scrap the trait fee on Bt II cotton seeds. "We have conveyed to the government and it is up to them to take it forward," said Goswami .</p> <p>The government had in March revised Bt cotton seed prices, including trait value or tech fees, to support distressed farmers hit by frequent pink bollworm pest attacks. The price of Bollgard II was kept at Rs 740 per packet of 450 gm each, including trait value of Rs 39, which seed companies pay to the technology provider, Monsanto Mahyco Biotech (India).</p> <p>India is the world's biggest cotton producer with eight million farmers who buy 50 million such seed packets annually to plant on 12.26 million hectares. A Delhi High Court bench had said in an April 11 ruling that Monsanto's patent was not valid under Section 3(j) of the Patent Act, splitting opinion between those who said it would keep Indian farmers from getting the much-needed benefits of agricultural innovation and others who dismissed this concern as overblown.</p>	

<p><b>Walmart deal to hit retail sector: Traders</b></p>	<p><b>Tribune India</b>  <a href="http://www.tribuneindia.com/news/business/walmart-deal-to-hit-retail-sector-traders/587450.html">http://www.tribuneindia.com/news/business/walmart-deal-to-hit-retail-sector-traders/587450.html</a></p>
<p>Traders' body CAIT on Thursday said Walmart's \$16-billion acquisition of home-grown retailer Flipkart will affect India's retail sector "very badly" and demanded scanning and scrutinising the deal from "different angles" by the government.</p> <p>US retailer Walmart Inc on Wednesday announced the acquisition of 77% stake in Flipkart. The deal values the 11-year old Indian e-commerce firm at \$20.8 billion.</p> <p>"A regulatory authority should be constituted by the government which should scan the details of Walmart-Flipkart</p>	

deal and it should be scrutinised from different angles like competition and cyber security, predatory pricing, deep discounting and loss funding,” CAIT secretary general Praveen Khandelwal said.

“After assessing the deal, we will either represent to government or to the Competition Commission, or we will go to court,” he added.

#### US giant to open 50 new cash-and-carry stores

Walmart Inc on Thursday said it will continue to grow its wholesale cash-and-carry business, adding 50 new stores in the next 4-5 years.

“We currently have 21 stores and plan to open 50 stores in 4 to 5 years. Plans are on track,” Walmart India president and CEO Krish Iyer said at a select media roundtable called to explain the Flipkart deal.

Walmart chief executive Doug McMillon said Flipkart, in which the US retailer is acquiring 77% stake, would continue to operate as a separate board-managed company with co-founder Binny Bansal as the CEO. — PTI

#### e-comm firms violating FDI norms: Retailers

New Delhi: The Retailers Association of India (RAI) has taken exception to “some e-commerce companies” not following the FDI policy and indulging in discounting. The criticism from the retail industry follows a similar stand taken by traders after the mega deal was announced. The RAI said as representatives of the entire retail industry, it is RAI’s policy not to comment on any deals between individual companies. “Having said that, we would like to affirm our support to both online and offline channels of retail as well as Indian and international retail”, it said. The industry body of retailers, which includes leading Indian retail chains, said, “We believe some e-commerce companies in India have not been adhering to the guidelines issued under the Press Note 3 of the FDI Policy for marketplaces”.

#### Forecast for textile industry grim

#### Otago Daily Times

<https://www.odt.co.nz/news/national/forecast-textile-industry-grim>

The increasing preference for using offshore production could push the New Zealand textile industry to die off within two years, the founder of an outdoor apparel brand says.

Over 40 years to 2016, the number of jobs in textile, clothing and footwear plunged from 47,000 to just 9500.

Davey Hughes, who started Swazi in 1993, said New Zealand factories were being priced out of the market by cheaper overseas suppliers.

"It's chiselling away at the foundation of the apparel industry in New Zealand," he said.

"Each year we see more and more government departments taking all of their uniforms, their clothing, their safety equipment offshore to be manufactured simply because New Zealand manufacturers aren't as competitive as those

in the Far East."

Mr Hughes said the textile industry had been in a steep decline for some time and would probably die by 2020.

"I think it'll be incredibly sad ... People who sew garments, you know, they're craftspeople and it's a craft that once you lose it, you lose it forever," he said.

"I think we're so close to that actually happening."

"In Auckland, there is a woman and she is a genius at button-holing.

"Now, everyone who has ever judged iD has had a buttonhole made by her, and she is looking to retire and sell her business," he said.

"No-one is buying her business and when she retires I will stop making jackets with buttons and just put zips on them, because there won't be anyone to put buttons on my garments."

World owner Dame Denise L'Estrange-Corbet said this week her company had been selling T-shirts made in Bangladesh for "approximately seven years", after the factories with the machinery they needed to make their T-shirts all closed down.

Before the World controversy, designer Annah Stretton said she had to move production to China, because there were no machines left in New Zealand that could create the intricate detailing for which she is known.

"From our point of view, there's a lot of femininity, a lot of froufrou ... there's a lot of trimming, there's a lot of colour, there's a lot of print," she said.

"That is a lot harder to get here."

Statistics from the Ministry of Business, Innovation and Employment showed that in 2009, the export value of tapestries, trimmings and embroidery was \$5million, while its value in 2017 was just \$2million.

In addition to the struggles faced with production moving offshore, Mr Hughes said new costs such as the rise in the minimum wage meant keeping production local was only going to get harder.

"Everything that gets pushed against us is just making it so unsustainable," he said.

Mr Hughes said there should be more factories like his in regional towns to improve the economic sustainability of local and national economies.

Exports grew 7.11 percent year-on-year to \$2.95 billion in April riding on the higher shipment of garment items.

Although the receipt is 0.51 percent higher than the monthly target of \$2.94 billion, it was the lowest in six months.

Overall, exports rose 6.41 percent year-on-year to \$30.40 billion in the July-April period. The earnings narrowly missed the periodic target of \$30.49 billion, according to data from the Export Promotion Bureau.

Garments exports grew 9.37 percent year-on-year to \$25.30 billion in the first 10 months of the fiscal year.

Knitwear exports rose 11.43 percent to \$12.54 billion and woven garments exports were up 7.42 percent to \$12.76 billion.

The shipment of garments, which account for more than 80 percent of the national export, grew because of the increased sales of high-value items and the depreciation of the local currency against the US dollar, according to exporters.

“We will be able to achieve more than 10 percent garment export growth at the end of the fiscal year as the trend in the international market shows very bright prospects,” said Siddiquir Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

“At the end of the current fiscal year, we will be able to surpass the garment export of \$30 billion for the first time,” he said.

He said the country's garment factories are full of orders from international retailers and brands, thanks to the massive progress in workplace safety carried out by the Accord, the Alliance and the government.

The exporters also benefitted from the depreciated exchange value of the taka.

On Wednesday, the interbank exchange rate was Tk 83.10 per US dollar, up from Tk 80.50 a year earlier, according to central bank data.

Frozen and live fish exports grew 2.32 percent to \$434.97 million on the back of the higher demand in Europe.

Shipment of agricultural products such as fruits and spices was up 16.77 percent to \$543.18 million.

Cement, salt and stone fetched \$11.08 million, up 33.01 percent, and pharmaceuticals brought home \$85.96 million, an increase of 14.84 percent.

Cotton, cotton products, and yarn exports went up by 19.01 percent to \$108.22 million in the July-April period.

Jute and jute goods also fared well as the demand for the goods made in Bangladesh from the natural fibre is rising.

In July-April, jute and jute goods fetched \$889.74 million, up 7.66 percent.

Home textile export rose 13.07 percent to \$751.67 million, footwear 5.29 percent to \$205.30 million and furniture 21.86 percent to 51.68 million.

On the other hand, exports of plastic goods fell 19.92 percent to \$81.19 million in July-April.

Leather and leather goods sector, the second largest export earner after garments, fetched \$916.74 million in the 10-month period, down 10.02 percent.

The shipment of leather and leather goods was hit largely by the relocation of tanneries from Hazaribagh to Savar as production was hampered.

All the 155 tanneries have been relocated, but only 25 of them have so far been able to start production in their new location, industry people said.

**Cotton Prices Are Rising—Whose Fault Is It?**

**Apparel news**

<https://www.apparelnews.net/news/2018/may/10/cotton-prices-are-risingwhose-fault-it/>

Hovering at approximately 85 cents a pound this week, cotton has been selling at record highs not seen in four years. The causes vary, but there is one issue taking a lot of the blame—the looming trade war between the United States and China.

Since the Chinese government in April announced potential 25 percent retaliatory tariffs on U.S. goods, many in the cotton industry have wondered about the consequences. If implemented, the tariffs would affect approximately \$50 billion in goods—\$16.5 billion of which includes crops and food items the United States sends to China. China’s proposed tariffs are in response to the 25 percent tariff the United States has threatened to tack on to \$50 billion in Chinese goods imported into the U.S.

While talks of a tariff war go on, some in the U.S. cotton industry aren’t convinced this trade climate is the only culprit driving up prices. For Roger Isom, president and chief executive officer of the California Cotton Ginners and Growers Association, one of the largest threats to the state’s cotton industry has been a lack of water.

“The biggest difference would be water,” he said. “Because I can tell you, in December we were looking at a 10 to 15 percent increase, but it didn’t rain until March and guys already made planning decisions. It’s only been 20 percent water allocation.”

Despite 2017’s high rainfall, which yielded a precipitation index of 95 inches, according to the California Department of Water Resources, the agency couldn’t forecast the same wet weather for 2018. After an unimpressive storm season that ran from December 2017 through February 2018, this year’s water supply doesn’t look promising for California’s cotton crop.

This dry spell isn’t limited to California. Jon Devine, the senior economist at Cotton Inc., was concerned about other



regions of the country as well.

“A little bit more than half of our cotton acres are in Texas, located in the northwestern part of the state in Lubbock,” he explained. “They are in a pretty severe drought right now, which is feeding into concerns.”

With these dry conditions, farmers are cautious about growing and their lenders aren't as generous. As growers wait to see what the second half of 2018 brings, there is still a bit of hope for this cotton season. While 2018 hasn't delivered a lot of rain in certain regions, other threats from last year—such as insect infestations—seem to have been resolved.

“One thing that happened last year, even though we had more acres, was a big problem with lygus. People lost half a bale to a bale per acre,” Isom said. “We don't think we'll have the lygus pressure like last year. We might have fewer acres, but we hope yields are better. We want price, quality and yield, but we'll take two out of three.”

#### Tumult in the cotton trade

After stepping away last year from the Trans-Pacific Partnership free-trade accord, the United States' trade policies with Pacific Rim countries have been a hot topic since the beginning of 2018. While Devine agrees that China is an important trade partner for cotton, he emphasizes the Asian country's cotton imports from the United States have fallen over the years from approximately 40 percent to 15 percent to 20 percent. Chinese tariffs on U.S. cotton would be problematic, but they are not the only country importing this commodity.

“China is an important customer of U.S. cotton and has been for the past two or three decades, but the U.S. has been shipping more cotton to other locations over the last few years,” Devine said. “There is not as much of a concern as five or 10 years ago when [this tariff] would have been catastrophic.” With U.S. cotton exports expanding to other countries, the market has opened up more. Last year, Devine said, the U.S. saw its second-highest cotton export yield and would have been successful without China's business.

The cotton trade between the United States and China might be jeopardized if tariffs are implemented, but that doesn't mean all U.S. cotton products to China would incur tariffs. There is a roundabout way to get around this import tax. “Vietnam has seen tremendous growth. Growth in Vietnamese spinning has been fueled by China, too,” Devine explained. “If you take a look at Vietnam, more than half of its spun cotton is shipped to China. There is still a lot of U.S. cotton fiber being shipped to China through Vietnam, but it's spun into yarn first.”

In marketing year 2016/17, U.S. cotton exports to Vietnam totaled 644,229 metric tons, or 2.95 million bales, valued at \$1.07 billion. The United States comprises 53.7 percent of the market share for Vietnam's cotton imports—an increase from 42.1 percent in 2017, and China imports 75 percent of its cotton yarns from Vietnam, according to the U.S. Department of Agriculture. In this climate of unpredictable growing conditions and threatening tariff talks, the apparel industry should be concerned, but it's not all doom and gloom. Prices still haven't risen to the \$2-per-pound high seen in 2011.

<b>Garments gain 2nd-largest export value</b>	<p style="text-align: center;"><b>Vietnam News</b></p> <p style="text-align: center;"><a href="http://vietnamnews.vn/economy/427750/garments-gain-2nd-largest-export-value.html#MgIL8ROK00TAroYM.97">http://vietnamnews.vn/economy/427750/garments-gain-2nd-largest-export-value.html#MgIL8ROK00TAroYM.97</a></p>
<p>The textiles and garment industry gained the second-largest export value in the first four months of this year, after the export value of phones and their components, according to the Ministry of Industry and Trade.</p> <p>The export value of textiles and garments in the first four months was estimated at US\$8.6 billion, a year-on-year increase of 15.7 per cent.</p> <p>Regarding the export markets, the ministry said in the first three months of the year, the United States ranked first, with the export value of textiles and garments from Việt Nam reaching \$3.04 billion, a year-on-year surge of 11.6 per cent. This accounted for 47.3 per cent of the total garment export value.</p> <p>The export value of textiles and garments from Việt Nam to Japan reached \$855.44 million, 19.6 per cent higher than the same period last year, accounting for 13.3 per cent of the total export value.</p> <p>The export value of textiles and garments to South Korea stood at \$798.6 million and \$268.95 million to China, an increase of 14.8 per cent and 40.9 per cent, respectively, against the same period in 2017.</p> <p>Meanwhile, the value rose by 11.8 per cent to reach \$806.23 million worth of exports to the European Union and by 26 per cent to \$228.36 million worth of exports to the ASEAN market compared to the same period last year.</p> <p>To reach the target of \$35 billion in total textiles and garment export value for this year, the Việt Nam Textile and Apparel Association has asked enterprises to fully exploit the working capacity of their workers as well as restructure their management practices to improve labour productivity.</p> <p>Besides maintaining and developing export markets such as the United States, European Union, Japan and South Korea, the enterprises should focus on developing other markets such as ASEAN, Eurasian Economic Union, India and Latin American countries, including linkage with the distribution system in the local market.</p>	

<b>Uzbekistan keen in cotton output tech</b>	<p style="text-align: center;"><b>The News</b></p> <p style="text-align: center;"><a href="https://www.thenews.com.pk/print/315137-uzbekistan-keen-in-cotton-output-tech">https://www.thenews.com.pk/print/315137-uzbekistan-keen-in-cotton-output-tech</a></p>
<p>Uzbekistan is among countries producing the best quality cotton and talks are underway for cooperation with Pakistan on cotton production technology, Uzbek Embassy officials said on Thursday.</p> <p>Uzbekistan Embassy Visa Consular Shukhrat Zaripov and Commercial Attache Jasur Saydakhmedov in a meeting at the Multan Chamber of Commerce and Industry (MCCI) said Muhammad Nawaz Sharif University of Agriculture Multan was in contact with Uzbek authorities for cooperation in cotton production technology.</p> <p>They said numerous opportunities existed for joint ventures in medicines, agriculture and industrial products, and</p>	

Pakistan could export fruit and vegetables, particularly from south Punjab to Uzbekistan.

“Uzbekistan utilises 60 percent of the cotton production at home, while the rest is exported to other countries at comparatively lower price,” they said, and added that Uzbekistan was a big consumer market and products produced there carried European Union Certification.

Relations between the two countries were improving, and Pakistanis were being issued visas after five to seven days of filing applications. Tourism aspirants get one-month visa while those who apply for trade get six months to one year visa. Officials said efforts were afoot to remove hurdles in transportation, and to streamline cooperation in banking sector between the two countries.