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NEWS CLIPPINGS –28-05-2018

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| Study GST impact on textile sector: Traders urge PM | Times of India https://timesofindia.indiatimes.com/city/surat/study-gst-impact-on-textile-sector-traders-urge-pm/articleshow/64336747.cms |
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SURAT: The Federation of Surat Textile Traders' Association (FOSTTA) has urged Prime Minister Narendra Modi to form a special task force to study the impact of GST on the textile sector.

In a letter to Modi, the FOSTTA office-bearers have stated that the production of man-made fabric has reduced from four crore meters per day to less than two crore meters, the sale of polyester fabric including saris and dress material has decreased by almost 40% and that the export of finished fabrics has reduced by almost 28% in the last 10 months post-GST implementation.

The FOSTTA stated that more than 60,000 embroidery machines have been shut and that over 90,000 powerloom machines have been sold in scrap in the last 10 months. Thousands of women employed doing hand embroidery work have been rendered jobless due to the closure of the embroidery machines.

FOSTTA secretary Champalal Bothra said, "Many weavers and embroidery owners were investing in modern machines pre-GST, but the rate of investment has almost come down to 70% in the last 10 months due to the implementation of GST. Post-GST, the fabrics imported from other countries including China has become cheap and that the Indian fabrics have become costlier. The benefits of duty drawback scheme to the exporters has been stopped completely."

Bothra added, "We have urged the PM to re-consider the government's decision on including textile sector in the GST. We want the government to remove the traders and weavers from the ambit of the GST, while the GST should be charged at the yarn stage only."

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| GST To Be Levied On Goods Stored In Customs Warehouse Only On Final Clearance: CBIC | Bloomberg Quint https://www.bloombergquint.com/gst/2018/05/27/gst-to-be-levied-on-goods-stored-in-customs-warehouse-only-on-final-clearance-cbic |
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The Central Board of Indirect Taxes and Customs has asked its field offices to levy goods and services tax on goods in customs warehouse only at the time of final clearance. The move is aimed at ensuring ease of doing business for importers, experts said.

In a circular to principal chief commissioners and chief commissioners, the GST policy wing of the CBIC said "transfer/sale of goods while being deposited in a customs-bonded warehouse" is a common trade practice whereby an importer files an 'into-bond' bill for entry and stores the goods in a customs-bonded warehouse.

The importer then supplies such goods to another person, who then files an 'ex-bond' bill of entry for clearing the said goods from the customs-bonded warehouse for home consumption.

The CBIC said the Customs Tariff Act has been amended with effect from March 31 to state that the valuation for the purpose of levy of integrated GST on warehoused imported goods at the time of clearance for home consumption would be either the transaction value or valuation done at the time of filing the 'into-bond' bill of entry, whichever is higher.

The circular said integrated tax shall be levied and collected at the time of final clearance of the warehoused goods for home consumption, which means at the time of filing the 'ex-bond' bill of entry.

However, the value addition accruing at each stage of supply would be accounted for, on which GST would be payable at the time of clearance of the warehoused goods.

The supply of goods before their clearance from the warehouse would not be subject to the levy of integrated tax and the same would be levied and collected only when the warehoused goods are cleared for home consumption from the customs-bonded warehouse.

Central Board of Indirect Taxes and Customs

This circular would be applicable for supply of warehoused goods, while being deposited in a customs-bonded warehouse, on or after April 1, it said.

AMRG & Associates Partner Rajat Mohan said the tax authorities has finally given in to the demands of importer lobby by rectifying a major anomaly on account of supply of warehoused goods, which was loaded with a double tax since July, 2017. "This course correction is a laudable effort and would go a long way in easing the liquidity crunch of importers," Mohan said.

EY India Tax Partner Abhishek Jain said "this clarification brings a sigh of relief for various businesses. However, given its applicability from April 1, there still remains ambiguity on supplies made prior to April."

Ahmedabad-based textile traders to get in-house legal advice

DNA India

<http://www.dnaindia.com/business/report-ahmedabad-based-textile-traders-to-get-in-house-legal-advice-2619500>

Textile traders in Ahmedabad will get in-house legal advice as over a-century-year-old textile body Maskati Market Kapad Mahajan has recently hired two advocates to guide textile traders in business disputes. The appointments will improve the accessibility of legal course of action at nominal expenses, encouraging them to resort to legal course of action, say players.

"Two advocates will work from 11:00 am to 8:00 pm from the office of Maskati Mahajan. We have created a dedicated space of 400 square feet for them to operate," said Gaurang Bhagat, president of Maskati Market Kapad Mahajan.

The move will give a fillip to the arbitration activities being facilitated by the Mahajan. It gets close to 400 complaints pertaining to disputes between traders. In absence of the arbitration activity by the Mahajan, these need to be routed through conventional legal and judicial channels, which are time-consuming and costlier.

The advocates will also provide the traders end-to-end legal services including stamp papers and services of a Notary

among others. Traders will no longer require stepping into a court to resolve legal matters. Mahajan also resolves cases of returns of cheques, disputes of traders with their employees and any complaints that is brought by their members.

Sustained growth is possible only with export of higher value-added goods'

Daily Times

<https://dailytimes.com.pk/245306/sustained-growth-is-possible-only-with-export-of-higher-value-added-goods/>

“Sustained growth of Pakistan economy is possible only with export of higher value-added goods”, says a policy brief issued today by the Institute for Policy Reforms. To achieve this, Pakistan must increase its focus on science and technology. IPR’s Brief written by the renowned Dr. Attaur Rahman former federal minister and Chairman HEC, recommends that the country must commit in earnest to a Science and Technology strategy. This is critical for the country’s future or else “Pakistan risks being left behind permanently”.

Pakistan’s main export product is textiles. While textile constitutes 60% of Pakistan’s exports, it has a mere 6% share in world exports. Overall, manufactured goods are 67% of world trade. Resultantly, Pakistan’s role in world trade is limited because it does not have the value-added products to participate in bulk of the world market. That is the main reason that its exports do not increase.

Also, no economy grows on a long-term basis without a dynamic and continually modernizing manufacturing sector. The share of manufacturing in Pakistan’s GDP is under 14%, whereas it ranges between 37% to 43% of GDP in middle income East Asian economies. India and Bangladesh have a share of 30 and 28% of GDP respectively.

To boost manufacturing and economic growth, the S&T strategy must integrate into all aspects of the economy: industry, agriculture, SDGs as well as government.

For effective implementation, it must be led at the highest government level, by the Prime Minister. Support through S&T is the only way for the private sector to productively use the external and internal knowledge needed to manufacture and export value added goods.

Centre to work out reimbursement scheme for textile industry

The Hindu

<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/centre-to-work-out-reimbursement-scheme-for-textile-industry/article24009261.ece>

The Union Government has assured the textile and clothing industry that it will identify Central and State embedded taxes and work out a reimbursement scheme soon.

HKL Magu, chairman of Apparel Export Promotion Council, has said in a press release that representatives from apparel, made up, and textile segments met the Union Finance and Textile Ministers and officials of the two ministries on Sunday.

In the two-hour meeting, the industry explained the issues of concern, pending GST refunds and slow disbursement of rebate of State levies (ROSL). The embedded and inverted taxes were not considered for refund and there was a delay in receiving the GST refunds, they said. Over 90 % of the textile and clothing industry was in the MSME sector and these delays had affected the financial capability of the units. The exporters were unable to book orders during the peak season.

The industry had seen reduction in drawback and ROSL by over 5 % of FOB since the pre-GST period. Further, Indian textile and clothing exporters did not have preferential access in countries markets such as the European Union which countries such as Bangladesh and Vietnam had. These had an impact on the exports.

Mr. Magu said the Finance Minister had instructed the officials to immediately identify the Central and State embedded taxes and work out a reimbursement mechanism. The Ministry would also expedite refund of GST and ROSL in a time-bound manner, the release said.

Though annual apparel exports are at 17 billion \$ now, the industry is confident of 20 % growth this financial year if there a level-playing field.

Differently-abled women trained in sewing machine operation

The Hindu

<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/differently-abled-women-trained-in-sewing-machine-operation/article24009263.ece>

Differently-abled women, who had successfully completed training in sewing machine operation, were handed over certificates at the Women Technology Park (WTP) at Sona College of Technology here.

The park is funded by the Department of Science and Technology's Science for Equity, Empowerment and Development (SEED) Division for training of rural women in industrial technologies like solar food processing, pulse plating for silver anklet, sewing machine for differently-abled women, development of paver blocks and waste paper recycling. The trained women will be supported by the WTP to establish and manage their production units. The first batch of training in sewing machine was completed recently. D. Raja, co-investigator of the project, has designed a device to modify the sewing machine in such a way that persons devoid of lower limbs also can operate the powered sewing machine without the need for pedalling.

At the end of the training, C. Valliappa, Chairman of the college, distributed the certificates to those who had successfully completed the programme.

S.R.R. Senthil Kumar, Principal of the college, and Prakash, Professor, Anna University, felicitated the beneficiaries.

Apparel exporters raise GST refund, RoSL issues with FM Goyal

Business Today

<https://www.businesstoday.in/pti-feed/apparel-exporters-raise-gst-refund-rosl-issues-with-fm-goyal/story/277811.html>

New Delhi, May 27 (PTI) Representatives from Apparel Export Promotion Council today raised issues related to blockage of GST refunds and delay in disbursement of Rebate on State Levies (RoSL) dues in a meeting with Finance Minister Piyush Goyal and Textiles Minister Smriti Irani here.

The country's textile and apparel exports have witnessed a down slide in the last eight months.

A statement issued by the AEPC said that in the two-hour long meeting, the finance minister noted the concerns of the apparel industry with regard to the huge blockages in GST refunds and the slow disbursements in RoSL.

Finance minister has instructed his team to urgently identify central and state embedded taxes and work out a

reimbursement mechanism. Also, Ministry will expedite GST and RoSL refunds in a time bound manner,? AEPC claimed.

The body further said that Goyal assured all possible support from his ministry to enable growth in exports and job creation by the employment intensive apparel, made ups and textile industries.

According to Apparel Export Promotion Council (AEPC), due to the blockages of working capital ? arising because of the blocked GST refunds and slow disbursements in RoSL - the industry has not been able to book orders in the peak season and hence is losing out to its competitors in a big way.

Industry apprised finance minister about the crisis faced across industry ? in embedded and inverted taxes not being considered for refund as well as the huge delays in receiving GST/ROSL claims. Since over 90 per cent of apparel manufacturers are in the MSME sector with limited financial capability, this has created crippling pressure,? said HKL Magu, Chairman, AEPC.

AEPC claimed that the apparel industry has witnessed a reduction in the drawback and RoSL benefits by over 5 per cent of (Freight on Board) FoB since the pre-GST period.

This, coupled with the disadvantage of around 10 per cent faced by the industry vis-a-vis its competitors in the major markets like EU, due to lack of preferential access, had led to India losing out to Bangladesh and Vietnam in a big way, it said.

| Now, foreign ships can move commodities on local routes | Business Line https://www.thehindubusinessline.com/news/now-foreign-ships-can-move-commodities-on-local-routes/article23971760.ece |
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| <p>Items must form at least 50% of all cargo</p> <p>Foreign-flagged ships will be allowed to transport agriculture, horticulture, fisheries and animal husbandry commodities between Indian ports without a licence, the Shipping Ministry said in an order issued on Tuesday in a second round of cabotage relaxation.</p> <p>On Monday, the Ministry had eased cabotage rules by allowing foreign-flagged container ships to carry export-import (Exim) containers for transshipment and empty containers on local routes without a licence.</p> <p>Local route access</p> <p>Only Indian registered ships are allowed to ply on local routes for carrying cargo, according to India's cabotage law. Foreign ships can operate along the coast only when Indian ships are not available, after taking a licence from the Director-General of Shipping, according to the rule that was designed to protect local ship owners. The cabotage relaxation granted to foreign flagged ships for carrying agriculture, horticulture, fisheries and animal husbandry commodities specified in the Indian Trade Classification (ITC), Harmonised System (HS) of the Director-General of Foreign Trade, Union Ministry of Commerce and Industry, is conditional on such commodities contributing to at least</p> | |

50 per cent of the total cargo on board the ship, PK Sharma, Under Secretary in the Shipping Ministry, said in the

Commodities

These commodities are meat and edible meat offal, fish and crustaceans, molluscs and other aquatic invertebrates, dairy produce, bird's eggs, natural honey, edible products of animal origin (not elsewhere included), vegetables and certain roots and tubers-edible, fruits and nuts- edible, peel of citrus fruits or melons, coffee, tea, mate and spices, cereals, products of the milling industry, malt, starch, inulin, wheat gluten, oil seeds and oleaginous fruits, miscellaneous grains, seeds and fruit, industrial or medicinal plants, straw and fodder, vegetable plaiting materials (not elsewhere specified or included), animal or vegetable fats and oils and their cleavage products, wool prior to yarn formation, cotton, prior to yarn/thread formation, vegetable textile fibres such as flax, hemp and jute.

Water-borne transportation modes, including coastal shipping, being comparatively cheaper modes of transport would enable farmers to access a larger market profitably, widen the range of goods which can be marketed, and lengthen the distances over which domestic trade can be conducted, according to the ministry.

The national perspective plan of Sagarmala programme estimates a potential of more than 9 million tonnes a year for coastal movement of food grains and processed food.

New govt. faces another demand, this time from garment workers

The Hindu

<http://www.thehindu.com/news/national/karnataka/new-govt-faces-another-demand-this-time-from-garment-workers/article24002941.ece>

The new Chief Minister, who claimed his government will pre-empt protests with talks, seems to be facing several challenges already. It's not just farmers who are disgruntled, so are garment workers.

Garment workers are all set to launch an agitation demanding that the new government implement the revision of minimum wages that the Siddaramaiah-led government attempted by issuing a draft notification in February 2018, but withdrew in March 2018. The industry employs around 4.5 lakh people in the State, mostly women, with nearly 3.5 lakh workers in Bengaluru alone.

The Labour Department issued a draft notification on Feb. 22, 2018, proposing to double minimum wages in the tailoring industry. The wages were proposed to be revised to ₹445 a day for an unskilled worker in the tailoring industry in Bengaluru, more than double what is presently paid at ₹220 a day. The highest wages proposed was for highly skilled workers in Bengaluru at ₹593/day and the least for unskilled workers in taluks and panchayats at ₹385/day.

But the garment workers' hopes were dashed when the Labour Department issued an order withdrawing the draft notification. The department said the industry management objected to the revision on the grounds that minimum wages in Karnataka were higher than in other States and it would have an adverse impact on an industry that is already facing tough international competition.

"This is a false argument. Minimum wages in China, which dominates the garments industry across the world, pays

almost double the wages paid here. Industrialists have held up minimum wage revisions earlier as well,” said K.R. Jayaram, secretary, Garments and Textile Workers’ Union (GATWU). The last revision in 2009 was implemented in 2014 only after labour unions won a case in the High Court.

But the justification for the withdrawal of the draft notification was that it was to ensure pay parity between the tailoring industry, spinning mill industry, silk industry, and dyeing and printing industry. A tripartite committee of the government, industry, and labour unions has also been formed to ensure pay parity. A copy of the order is available with The Hindu.

GATWU argues this is only a fig leaf and a deliberate obfuscation of facts by the government.

“The same Labour Department had even issued final notification revising minimum wages for spinning mill, silk and dyeing, and printing industries on December 30, 2017, and the new wages that have come into force are exactly the same as proposed in the draft notification for tailoring industry. Pay parity will be achieved if wages are revised for tailoring industry as well,” said Pratibha R., president, GATWU.

“We demand that the new government scrap the Labour Department’s order withdrawing the draft notification and implement the revised wages with immediate effect. If they don’t, we will hold a large agitation in Mandya on June 12,” Ms. Pratibha said.

| Vietnam's export can face difficulties in US, says trade minister | Devdiscourse https://www.devdiscourse.a/Article/9048-vietnams-export-can-face-difficulties-in-us-says-trade-minister |
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| <p>According to the General Department of Customs (GDC), the US remained Vietnam’s biggest export market in the first four months of the year which consumed USD 13.8 billion worth of Vietnam’s exports, an increase of 11.4 percent over the same period last year.</p> <p>Vietnam-US bilateral trade turnover, which was USD 1.4 billion only in 2001, has been increasing steadily since the Bilateral Trade Agreement (BTA) took effect, reaching USD 50.8 billion last year.</p> <p>The big challenge for Vietnam is the strict regulations that export products have to observe. In addition to the federal law, each US state has different rules and regulations of its own.</p> <p>Deputy Minister of Industry and Trade Do Thang Hai warned that the US tends to tighten imports by setting up new requirements on product quality, food hygiene and product traceability. “The US’s big changes in its trade policies will have a big impact on the export of many Vietnam’s key items,” Hai said.</p> <p>The businesspeople present at the Vietnam-US Trade Forum held in HCMC several days ago confirmed that more Vietnam’s export products now bear anti-dumping duties or have to satisfy higher technical requirements.</p> <p>Any export product, from shrimp, fish to steel nails and any business could be subject to anti-dumping or anti-subsidy</p> | |

lawsuits.

The US policy to protect local production had tightened recently, which means the high possibility of Vietnamese exporters becoming defendants in lawsuits.

Currently, Vietnam exports 60,000 tons of shrimp to the US or just 10 percent of total shrimp products the US imports a year. Vietnam's capacity is twice as much as the figure.

According to Ministry of Industry and Trade (MOIT), Vietnam's major export products to the US are footwear, textile & garments, wooden furniture and electronics which have low added value.

Pakistan: Cotton output under threat as non-Bt varieties found contaminated

The News

<https://www.thenews.com.pk/print/321785-cotton-output-under-threat-as-non-bt-varieties-found-contaminated>

LAHORE: The official comprehensive tests of cotton seeds have revealed that all non-Bt varieties, including standard elite lines, have been contaminated with Bt genes, leading to productivity losses due to growing resistance against the toxic protein, The News learnt on Saturday.

The Bt cotton has been genetically modified by the insertion of one or more genes from a common soil bacterium, *Bacillus thuringiensis* (Bt). These genes encode for the production of insecticidal proteins, and thus, genetically transformed plants produce one or more toxins as they grow.

Pakistan Central Cotton Committee, in a meeting held in Multan, learnt that all the widely cultivated fifteen non-Bt cotton varieties, developed by public and private sector institutions, included in the biochemical test (BCT) under the National Coordinated Varietal Trials (NCVT) 2018 have emerged as contaminated.

According to the BCT results, compiled in accordance with the lab examination of four leading institutions, the standard elite varieties of CIM-620 and CRIS-129 developed by Central Cotton Research Institutes (CCRIs) located at Multan and Sakrand respectively, are also no more conventional seed types.

The standard seed varieties are elite lines of cotton and their different characteristics also act as a benchmark for comparing it with new competing varieties.

Monsanto, the multinational agrochemical and agricultural biotechnology corporation, first developed a cotton variety, containing a gene derived from the Bt bacterium. This gene is inserted into cotton plants that produce a toxic protein which eventually kills the bollworm.

The successful functioning of Bt cotton also depends on cultivation of non-Bt varieties on the same field to avoid development of resistance in pests against the toxic protein.

With the disclosure that many non-Bt cotton varieties have been contaminated with Bt gene, one of the main reasons hindering cotton output may have been discovered. Many believe that it is a tip of an iceberg associated with our ailing cotton economy.

The growing pest resistance against Bt cotton seed that produces proteins in the plant for killing bollworms has been termed as one of the main reasons for dwindling cotton production in the country. This is alarming as it leads to increasing resistance in pests as it has happened without any gene transformation technique, backcrossing or breeding process, but probably due to various gene flows.

Ibrahim Mughal, chairman Agri-Forum Pakistan, said the bollworm had emerged as the biggest threat to cotton in the country as they inflicted the biggest dent to the national output. The damages done by bollworms have been estimated at as high as 3.8 million bales of cotton annually, which is huge if compared with maximum production of about 14 million bales, Mughal said.

Dr Khalid Abdullah, the federal cotton commissioner, termed carelessness on the part of department concerned as the main reason of contamination of non-Bt cotton varieties. He, however, did not agree that this unwelcoming development was due to contamination of cotton seed. "You can call it mixing of Bt seeds in the non-Bt varieties that takes place during ginning process," Abdullah claimed and said, "We need to gin Bt and non-Bt cotton varieties separately."

As far as resistance management is concerned against the Bt cotton varieties, he acknowledged that cotton production could be adversely affected due to non-practice of refuge as it was found that many non-Bt cotton varieties had been lost.

"I totally agree with the point that resistance in bollworms would definitely increase, which is not a good omen. We have asked the department concerned to take immediate measures for eliminating cotton contamination from non-cotton varieties," Abdullah said.

Hadyat Ullah Bhutto, senior scientific officer CCRI Sakrand, said there was no consistency in the results of labs about presence of Bt genes in the non-Bt cotton varieties. "The varied results are also not dependable in the sense that we cannot properly do scientific work," Bhutto said.

To a question, he said there was a possibility of contamination of non-Bt varieties due to cross pollination even during propagation level.

The contamination of non-Bt cotton would invite onslaught of bollworms on greater extent due to altering of gene expression, he observed.

The genetic contamination of cotton varieties points to a messy situation of our seed research and development chain that has been laced with flawed agronomic practices.

Dil Baugh Muhammad, principal scientific officer at CCRI Multan, said cross pollination could be a reason of this contamination. He agreed that there was a likelihood of increase in resistance in bollworm due to sowing of non-Bt varieties as refuge that in fact had become Bt, having a varied gene expression.

Dr Neil Forrester, a leading Australian scientist who closely monitored cotton related developments during research and development work in Pakistan was very much clear about negative impact of such worrying developments.

Forrester observed that continuation of these high levels of Bollgard gene contamination would ultimately lead to resistance to the insecticidal Bt genes and thus loss of the utility of this key set of genes for control of lepidopteran pests in cotton (and other hosts crops).

"Impurity of herbicide resistance genes in a field of cotton sprayed with that herbicide (eg roundup glyphosate) will lead to death of the non-glyphosate tolerant plants in the sprayed crop," the Australian expert said.

About remedy for dealing this complex situation, Forrester said the government regulation of all transgenic genes in all crops is needed. Help from governments in countries who have successfully already done this should be sought, he added.

A spokesman of Punjab Agriculture Department said the provincial government always stressed on planting non-Bt

crop with Bt cotton, but the important point here was that Bt cotton planted in Pakistan is Bollgard-I technology, which had become obsolete and lost effectiveness against Pink bollworm and less effective against Heliothis. "Being old technology, there are issues of purity and gene expression," the spokesman said.

It is very imperative to mention here that India switched to Bollgard-II Bt technology in 2006. In Australia, 100 percent GMO cotton is Bollgard-III which is the latest version of Bt and glyphosate resistance.

The spokesman added that Punjab government was now transforming cotton research system to align it with advanced technologies. "In this context, a Punjab Cotton Mission 2025 has been drafted for increasing Punjab cotton productivity from 8 million bales to 15 million bales," the provincial agriculture department official said.