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NEWS CLIPPINGS –13-08-2018

GST returns: New tweaks pose challenges for SMEs	Business Line https://www.thehindubusinessline.com/news/gst-returns-new-tweaks-pose-challenges-for-smes/article24672203.ece

Changes could be cumbersome and expensive

Complicated returns, technical glitches in the GST Network and increased compliance burden due to multiple monthly returns had turned returns filing a chaotic experience for taxpayers in the first year of the GST regime. To address these concerns, the GST Council has approved a single monthly return for all taxpayers and given leeway to smaller taxpayers to file quarterly returns through simplified forms. While the new returns and the modified method to claim input tax credit — that may be implemented in early 2019 — will reduce the compliance burden and check tax evasion over the longer term, smaller businesses are likely to face hardships in the changeover phase.

Small businesses have already sunk money in modifying their accounting systems to adapt to GST from the earlier indirect tax regime that consisted of excise duty, sales tax, VAT etc. With the proposed merger of the three monthly GST returns — GSTR 1, 2 and 3 — into a single return, they will have to incur additional expense in tweaking the software. "There will be additional expenses in reconfiguring the ERP system as per the new GST return format...reconfiguring the fields in the ERP and ensuring there is a mechanism in place to capture the data required as per the new format," says Abhishek A Rastogi, Partner, Khaitan & Co.

Also, given that the new returns are more complicated than the earlier ones, companies will have to spend more to adapt, says Himanshu Relan, Partner - GST, Nangia Advisors LLP. Besides tweaks to the systems, training afresh of accounting personnel will also lead to cash outgo. The compliance burden is also expected to increase, especially for smaller businesses, due to the new method proposed for taking input tax credit. The GST Council has proposed that invoices be uploaded by the supplier on a real-time basis and the buyer accepts (locks) the uploaded invoice to claim input tax credit. This can make larger companies pressure their smaller suppliers to upload the invoices immediately, and error-free. But this is likely to create an enormous burden for the smaller suppliers.

"Many smaller businesses do not employ full-time accountants. But if the invoices have to be uploaded in real time, they may have to hire full-time accountants, which they cannot afford," says Pritam Mahure, a Pune-based tax consultant. According to the new system, only invoices that are uploaded by the 10th of the next month can be selected by the recipient to get the input tax credit. After that date, it can be claimed only in the subsequent month. This can create cash flow problems.

Under the original structure, a buyer could upload additional invoices if they had not been uploaded by the supplier. But the new regime proposes that only invoices uploaded by the supplier would be considered. Any missing invoices may lead to delays in getting the input credit, leading to more cash flow problems.

Pilot run

Sound planning and adequate pilot runs before the transition are essential, as small businesses can ill afford any further changes. "The GST Council should ensure that testing, preferably on five large and five MSME GST payers from each State is carried out before the system goes live. Also, the results of this testing should be made public so that other taxpayers can understand the challenges/errors and avoid them," says tax consultant Mahure. "The implementation of the matching mechanism has to be backed by a robust technology framework. Also, timelines will have to be adhered to religiously," says Khaitan & Co's Rastogi.

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
22780	47650	87.40
Domestic Futures (Ex-Gin) July		
Rs/Bale	Rs/Candy	USD Cent/lb
24180	50579	92.77
International Futures		
NY ICE USD Cents/lb. (Dec 2018)		85.23
ZCE Cotton: Yuan/MT (Jan 2019)		16365
ZCE Cotton: USD Cents/lb.		91.74
Cotlook A Index - Physical		98.25
B. Currency		
USD/INR	Close	Previous Close
Spot	69.540	68.835

USDA Update: Weaker for the price,

The USDA monthly supply-demand report turned out to be completely bearish for cotton price. As per the report, US output this year may be 19.2m bales, up from the July forecast of 18.5m and topping the average estimate by analysts in a Bloomberg survey at 18.4m, USDA WASDE data showed Friday.

While West Texas is a huge concern to the market, it goes to show that the remaining U.S. states will likely reap the benefits of good growing conditions and strong yield potential.

The number is keep fluctuating on a monthly basis and keeping the commodity highly volatile. The ending stock also increased to 4.60 million bales vs. 4 previous month and the export rose marginally to 15.50 million bales. Overall from the US front the data turned out to be bearish for cotton.

On the global front, world cotton production estimates rose to 121 million bales and the ending stocks also increased indicating global supplies are to increase considerably.

We think the August report is very important as the trend has changed from the perspective of supply. The cotton market might remain under stress and by which price may also remain lower.

The ICE cotton has reacted sharply on last Friday to end the session at 85.23 and the same is seen trading lower at 84.92 cent. We think the market might remain weak in the near term and the trading range would be 84 to 86.50 cents per pound.

At the domestic market spot price continued to trade sideways however, we think market might see downward correction on today's trading session. The MCX cotton future for October posted a weekly close at Rs. 24180 up by Rs. 400 from previous week's close and the same is seen trading marginally lower this morning.

We think although there is a clear divergence between ICE and Indian cotton price trend but on today's trading session the bias may be weak on both the platform.

For the near term we expect ICE cotton to trade in the range of 83.50 to 86.50 cents per pound and in India the MCX cotton future for October contract may trade in the range of 23800 to Rs. 24300 per bale.

FX Guide:

Indian rupee has depreciated more than 1% to trade near 69.5 levels against the US dollar. Rupee plunged today as part of sell-off seen in emerging market currencies. Financial crisis in Turkey pushed Turkish lira to record low levels against the US dollar. Sell-off in lira fuelled contagion fears resulting in a sell-off in emerging market currencies.

Turkey financial crisis and increased geopolitical tensions relating to Russia and Iran has also resulted in sell-off in equity market putting additional pressure on rupee. Rupee may remain under pressure unless we see stability in lira and Chinese Yuan. Focus today will also be on Indian inflation data. USDINR may trade in a range of 69.1-69.7 and bias may be on the upside.

Bring in 'rule of origin': Textiles body	**The Hindu** https://www.thehindu.com/business/Industry/bring-in-rule-of-origin-textiles-body/article24667123.ece

The textile industry has welcomed the doubling of import duty on 328 textile items and urged the Centre to introduce the 'rules of origin' clause for imports from Bangladesh.

The Clothing Manufacturers Association of India said in the last five years, there had been a close to 100% rise in import of apparel products. While customs duty had been raised, specific duties have seen no change. About 70% of apparel imports are from Bangladesh and China.

As the former has zero duty access for all apparel products, the customs duty hike will not impact those imports. In the case of Chinese garments, it is the Specific Duties that apply and not the Ad Valorem duty. The Confederation of Indian Textile Industry said that Chinese fabric is entering India duty free through Bangladesh.

Odisha to produce textile, handloom products worth Rs 223 crore	**Indian Express** http://www.newindianexpress.com/states/odisha/2018/aug/13/odisha-to-produce-textile-handloom-products-worth-rs-223-crore-1857075.html

The State Government has set a target to produce 113.19 lakh square metre of textile and handloom products worth `223 crore in the current fiscal with a jump of nearly 25 per cent from the previous year

The State Government has set a target to produce 113.19 lakh square metre of textile and handloom products worth `223 crore in the current fiscal with a jump of nearly 25 per cent from the previous year.

Keeping in mind the flow of tourists during the upcoming Hockey Men's World Cup Bhubaneswar 2018, the production target has been enhanced from 90.55 lakh sq metre set for 2017-18 financial year. While 16 districts are producing textile and handloom products, the State has 40,164 looms of which 34,086 are active.

Since only 21,760 looms were operating during last year, the Directorate of Textiles has asked all zonal officers to activate 3,000 more looms to achieve the target for the year. The target for Bargarh has been set at highest 20.4 lakh sq metre, followed by Cuttack 18.36 lakh sq metre and Athagarh 15.5 lakh sq metre. Other producing zones include Khurda (6.14 lakh sq metre), Sonepur (5.42 lakh sq metre), Nayagarh (4.99 lakh sq metre), Patnagarh (4.78 lakh sq metre), Balasore (3.07 lakh sq metre), Baripada (2.5 lakh sq metre), Keonjhar (2.52 lakh sq metre) and Berhampur (3.86 lakh sq metre).

Of 90.55 lakh sq metre of target set for last year, the achievement was nearly 71.54 per cent. The Directorate was displeased over the performance of many zones as the number of working looms came down from 22,824 in 2016-17 to 21,760 in 2017-18. None of the zones had made 100 per cent achievements except Baripada while Bargarh and Balasore zones achieved more than 90 per cent of the target.

An official of the Directorate said Athagarh, Khurda, Patnagarh, Dhenkanal, Sundargarh, Kalahandi and Koraput could produce less than 60 per cent of the target which is not desirable. While several welfare schemes have been formulated for socio-economic development of weavers, he said, zonal officials have been asked to give focused attention to chalk out strategies to strengthen the production system and provide regular employment to the weavers working under cooperative fold.

Boudh zone has been asked to activate 400 looms and Athagarh, Bargarh and Sonepur zones have been directed to operate 300 looms more to help achieve the overall target.

Opinion | Don't dilute Insolvency and Bankruptcy Code	**Live Mint** https://www.livemint.com/Opinion/JxuVVSel0UPoUwf5cmFnVI/Opinion--Dont-dilute-Insolvency-and-Bankruptcy-Code.html

Any attempt to bypass Insolvency and Bankruptcy Code (IBC) will open the floodgates for special interest lobbying, as far as power sector NPAs are concerned

Policy entropy is usually a slow process. The sheer scale of the bad loans problem has ensured that attempts to chip away at the landmark Insolvency and Bankruptcy Code (IBC) have begun just 15 months after it was written into law. The Reserve Bank of India (RBI) is under pressure to dilute its 12 February circular that abolished the previous alphabet soup of regulatory forbearance. The Indian central bank has asked lenders to consider even those with one day of missed interest payments as defaulters, and take all companies in default for over 180 days to bankruptcy court. It is interesting that the euphoric reaction to the resolution of steel loans with minimal haircuts has quickly been replaced by criticism, as the IBC process has moved to more tricky areas.

The core of the problem: the massive bad loans in the power sector. Independent power producers have dragged RBI to court, even as there is pressure from the government to treat power sector defaults as a special case. The central bank should not buckle under. The argument is that many power producers are in trouble because of factors beyond their control such as bankrupt state electricity boards, the cancellation of coal licences and broken transmission grids. As Ashwini Mehra, a former deputy managing director of the State Bank of India, has noted in this newspaper last week, power sector loans are the unstated focus of the new Project Sashakt launched by the finance ministry. Bankers are also worried about the steep haircuts that they face in power loans, especially if the defaulting companies are liquidated rather than sold, unlike the steel loans where was aggressive bidding.

Regulatory forbearance for power sector defaulters is riddled with problems. The legalistic argument is that making a special case for power producers will be against the spirit of Article 14 of the Indian Constitution, which guarantees equal treatment for everybody under law. There is no reason to create a special dispensation for any one sector. The more practical worry is that regulatory forbearance is a slippery slope. Companies with political heft in other sectors will begin to ask for similar special treatment. For example, textile companies could argue that millions of jobs are at stake or infrastructure companies that too many national projects will get stuck in a rut. Any attempt to bypass the IBC will open the floodgates for special interest lobbying.

The government need not be a passive spectator if it is so worried about the woes of the power producers. It has the ability use instruments in its fiscal or quasi-fiscal armoury to help them, but only within the IBC system rather than outside it. It should be possible to float a special purpose vehicle (SPV) to buy power assets that are in default in bankruptcy court. Or it can ask cash-rich power companies in the public sector to step in. A government that uses the Life Insurance Corp. to buy IDBI Bank is surely open to financial engineering of this sort. These are not optimal solutions, but can be considered in case the government is deeply concerned. All that this newspaper argues is that the purchase of power assets in default by such an SPV should be done within the IBC system.

The weak credit culture that is now hardwired into Indian political economy has led to cycles of defaults that have hurt tax payers rather than large industrial groups. The origins of the current banking stress lies in the credit bubble inflated during the boom years before the global financial crisis, and the short burst of recovery after it. Banks were goaded to lend to politically favoured groups. The IBC seeks to break this bad equilibrium by shifting power from borrowers to creditors. It bolsters the sanctity of the debt contract. The Narendra Modi government deserves credit for pushing through the IBC. It should defend what it has achieved rather than fall prey to myopic tinkering.

All deep reforms make their impact over a time period that is longer than the immediate economic or political cycle. The IBC is one such reform, as are the goods and services tax (GST) and the flexible inflation targeting regime. These have to be defended, and nurtured. The current pressure on the RBI to ease bankruptcy norms for select sectors is thus unfortunate.

Shift in policy of two decades in last 2 yrs: Apples to mobiles, sweeping duty hikes cover more than 400 items	Indian Express https://indianexpress.com/article/business/shift-in-policy-of-two-decades-in-last-2-yrs-apples-to-mobiles-sweeping-duty-hikes-cover-more-than-400-items-5303606/

Officials that The Indian Express spoke to conceded that there was a considered shift in the tariff responses subsequent to this meeting "in line with new global realities".

FROM ALMONDS and apples to cellphone parts and solar panels, there have been nearly a dozen instances of hikes in customs duty covering over 400 items during the last 24 months, marking a "calibrated departure" from the underlying policy of reducing import duty that was consistently followed by successive governments over the last two decades.

The increase in duties across both agricultural items and manufactured products is also in contravention with a proposal debated by the government's policy think-tank Niti Aayog in the run-up to last year's Budget to effectively bring tariffs down in line with corresponding duties in the ASEAN bloc.

Prior to the large-scale hikes, India's peak customs duty — the highest of the normal rates — on non-agriculture products had come down steeply from 150 per cent in 1991-92 to 40 per cent in 1997-98 and subsequently, to 20 per cent in 2004-05 and 10 per cent in 2007-08.

The Union Ministry of Commerce has consistently denied these duty increases as "protectionist" in nature. But analysts caution that customs duty hike proposed on 29 US products on June 20 this year on items including almonds, apples and phosphoric acid worth $10.6 billion, which was to be effective from August 4 but has since been postponed by 45 days, could effectively cross the WTO-mandated "bound rates".

Bound rates are the customs duty rates committed by a country to all other members under the most favoured nation principle and breaching these rates could effectively put a country at risk of being branded as "protectionist" as per the WTO norms, which prohibit discrimination by use of tariffs by its 164 members.

Some of the tariff hikes initiated over the last two years, incidentally, have come despite protests from the industry and even within sections of the government itself.

For instance, the withdrawal of concessional customs duties on 76 specified drugs in January 2016 had to be partly withdrawn as the Ministry of Health and Family Welfare cited an adverse impact of the move on the prices and availability of these drugs. The concession of customs duties on three drugs – Octreotide, Somatropin, and Anti-Haemophilic factor concentrate VIII & IX — were subsequently restored through another notification on February 17, 2016.

The implementation of the duty hike on solar panels from September 2017 was opposed by both the New and Renewable Energy Ministry and solar project developers.

The withdrawal of the exemption from basic customs duty on cashew nuts in shell in the Budget 2016-17 resulted in representations from various trade and industry associations such as the Andhra Pradesh Cashew Manufacturers

Association, the Karnataka Cashew Manufacturers Association, Kerala Cashew Processors and Exporters Association, the Cashew Factory Owners Development Association of Tamil Nadu and the Cashew Export Council of India. They sought a withdrawal of the imposition of the duty of 5 per cent on cashew nuts in shell.

There seems to have been a decisive shift in the policies on customs duties from the middle of 2017. In fact, at the Niti Aayog pre-Budget meeting on December 28, 2016, that was attended by Prime Minister Narendra Modi, a proposal to further harmonise the peak customs duty at 7 per cent was discussed, with the aim of both bringing the import tariffs in line with ASEAN duties and addressing the issue of "duty inversion" — when the tariffs on finished goods are lower than that on components and raw materials — that hurts domestic manufacturing.

Officials that The Indian Express spoke to conceded that there was a considered shift in the tariff responses subsequent to this meeting "in line with new global realities".

Analysts predict that breaching the WTO-bound rates could have serious repercussions. The WTO requires member countries to notify bound tariffs on products as per the commitments resulting from negotiations. Country-wise bound tariff commitments are listed in the documents called the Schedule of Commitments and are an integral part of the WTO Agreement.

WTO member countries have the flexibility to increase or decrease their tariffs so long as they do not raise them above their bound levels. If one WTO member raises applied tariffs above their bound level, other WTO members can take the country to the WTO's dispute settlement for resolving the issue.

An official in the Ministry of Commerce and Industry said that negotiations are currently underway between India and the US on the issue of tariffs and that India would "stay compliant with all its commitments under the WTO".

Officials also pointed out that alongside hiking duties, India has also reduced import duties on some items. These include a cut in the import duties on palm oil with effect from September 23, 2016, from 12.5 per cent to 7.5 per cent for crude palm oil of edible grade, and from 20 per cent to 15 per cent for refined palm oil of edible grade. Import duty on wheat was reduced from 10 per cent to Nil with effect from December 8, 2016, but this was subsequently increased to 10 per cent in a little over three months.

Customs duty hikes:

Jan 2016: Concessional customs duties on 76 specified drugs withdrawn "to eliminate the disadvantage to the domestic manufacturers of such drugs". With the Ministry of Health and Family Welfare citing an adverse impact of the move, the concession of customs duties on 3 drugs was restored through another notification on February 17, 2016.

Feb 2016: In the Budget 2016-17, exemption from basic customs duty on cashew nuts in shell was withdrawn and a basic customs duty of 5% was imposed, with effect from March 1, 2016. Representations were made by various trade and industry associations against the move.

June 2017: Notification issued to slap basic customs duty on smartphones of 10 per cent effective from July 1, making imported devices more expensive than locally made ones. Covered cellular mobile phones and specified parts like charger, battery, wire headset, microphone and receiver, keypad, USB cable, etc.

Sept 2017: Duty on solar panels proposed in September 2016, under which solar panels and modules generating power classified alongside “electrical motors and generators” under the Customs Act, thereby attracting a 7.5 per cent duty. They were earlier listed with “diodes, transistors and similar semiconductor devices, photosensitive semiconductor devices, including photovoltaic cells, whether or not assembled in modules or made up into panels,” where imports were duty free. The implementation of this levy began a year later in September 2017 at some ports.

Dec 2017: Notification issued to raise customs duty on imported mobile phones, television sets, digital cameras, microwave ovens, LED bulbs and a number of other electronics goods. The duty on push-button phones and mobile handsets was raised to 15 per cent from 10 per cent and that on TV sets to 20 per cent from 15 per cent.

Feb 28, 2018: Hike on customs duties across 46 items spanning imported branded goods and those involving technological value-addition — duties were mostly raised from the 10 per cent bracket to 15 per cent and 20 per cent, with one segment seeing a five-fold increase in duty to 50 per cent. Items ranged from fruit juices to mobile phones.

May 24, 2018: The government raised import duties up to 100 per cent on five products, including wheat, shelled almond, walnut, and protein concentrate, imported from the US and other developed nations. The Finance Ministry invoked “emergency powers” to increase import duties under Section 8A of the Customs Act.

June 20, 2018: Customs duty hiked on 29 US products, including almonds, apples and phosphoric acid worth $10.6 billion imports in retaliation to the steel and aluminium tariff hikes by the US. The import duty hike, which was to be effective from August 4, has subsequently been postponed by 45 days.

Aug 2018: Customs duties on 328 textiles products more that doubled to 20 per cent. Covers imported innerwear, baby garments, track suits, carpets, woollen items and shawls.

A new way to cut water use in textile industry	**Times of India** https://timesofindia.indiatimes.com/city/kozhikode/a-new-way-to-cut-water-use-in-textile-industry/articleshow/65371713.cms

KOZHIKODE: In a major research finding that would go a long way in conserving water in the water-intensive textile industry, researchers at Calicut University have come up with an eco-friendly process for manufacturing yarns.

Researchers say that the novel approach for 'sizing' and 'desizing' cotton and polyester yarns through a dry process using liquid and super critical carbon dioxide (scCO2) and inexpensive sugar acetates will help the textile industry do away with huge amount of water currently used in the conventional process.

Sizing is the process of applying a protective adhesive coating upon the yarn to strengthen it to decrease breakages on the loom and attain maximum weaving efficiency. Conventional method of sizing involves drawing the yarn through a concentrated sizing solution- mostly starch and polyvinyl alcohol- and then drying it.

After the weaving process the yarn has to be 'desized' by washing it with water which requires upto 2,500-2,1000 litres for 1,000kg of cotton yarn and drying it involves an energy intensive process.

Under the study, CU researchers investigated the possibility of utilizing liquid and super critical CO2 as an alternative medium for sizing and desizing of yarns using CO2 soluble compounds like Sucrose Octaacetate (SOA) and two other compounds as sizing agents.

In the study, the tensile strength of the yarn was found to have almost doubled for the cotton yarn when sized with SOA while it increased 60% for the polyester yarn. The study also found out that SOA can be completely washed off during the desizing process using scCO2.

The study was carried out by a team comprising Prof P Ravendran of the Department of Chemistry, University of Calicut along with researchers Anu Antony, Anila Raj, Jyothi P Ramachandran of the department along with Resmi M Ramakrishnan of the Department of Chemistry, SNGS College, Pattambi and Scott L Wallen of the Division of Science, Arts & Mathematics, Florida Polytechnic University, USA.

The study has been published in the prestigious international scientific journal ACS Sustainable Chemistry & Engineering. "SOA was found to be the most ideal candidate as a size material in the CO2-based process. Sizing of both cotton and polyester yarns with SOA resulted in a smooth, uniform, and glassy coating and improved mechanical properties of the yarn as required for weaving," the study said.

Raveendran said that as the textile industry is increasingly under pressure to reduce consumption of water due the sustainability and environmental issues involved, the CO2- based sizing and desizing has the potential to be developed into an ideal zeropollution technology for the industry with the additional advantage that the materials used are inexpensive and can be completely recycled.

India rules-of-origin move to hit Bangladesh RMG export	**New Age Business** http://www.newagebd.net/article/48268/india-rules-of-origin-move-to-hit-bangladesh-rmg-export

A recent Indian government's move to introduce rules of origin in the name of protecting its local garment manufacturers might severely hurt Bangladesh's export growth to its neighbour. India has started discussions with stakeholders on a proposed 'Fabric Forward Policy' with the aim of introducing the rules of origin for duty-free garment imports.

Although India doubled the import tax on more than 300 textile products to 20 per cent on August 7 to reduce its cheap imports from China, Indian textile industry people claimed that their efforts were being hindered due to duty-free facility offered by India to Bangladesh as China was exporting textiles to India through Bangladesh. International news agency Reuters reported that the Confederation of Indian Textile Industry had requested the government to introduce the rules of origin for duty-free imports.

Competition from China is forcing some Indian businesses, such as polyester production facilities, to run idle, leading to job losses, the trade body said.

Kavita Gupta, India's textile commissioner, told Reuters that the textile ministry had proposed a Fabric Forward

Policy, where duty-free access to garments would be provided if the fabric was sourced from India. The policy is in discussion stage, she said.

Bangladeshi experts and exporters said that if India introduced such condition, Bangladesh's export to the market would be hurt. They, however, said that it would not be easy for India to impose any condition on duty-free facility as Bangladesh enjoys the trade benefit in India under the South Asian Free Trade Agreement. 'If India imposes such trade barrier in the name of introducing rule of origin, it would harm Bangladesh's exports,' said Anwar-Ul Alam Chowdhury Parvez, former president of the Bangladesh Garment Manufacturers and Exporters Association.

He, however, said that it would not easy for India to impose such restriction as Bangladesh enjoys duty-free market access in India under the SAFTA pact.

If India imposes condition on duty-free market access on Bangladeshi products, Indian products would also have to face same restriction in Bangladesh, Parvez said.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said that there was no scope for India for imposing such restriction on Bangladeshi products as the export products of both the countries enjoy duty-free market access under the SAFTA agreement not under any bilateral agreement. 'Now we have to see what India is going to do,' he said.

Reuters reported that India doubled the import tax on more than 300 textile products to 20 per cent, marking the second tax increase on textiles in as many months.

This is aimed at providing relief to the country's domestic textile industry, which has been hit by cheaper imports, the Reuters' report said.

India's total textile imports jumped by 16 per cent to a record $7 billion in the fiscal year to March, 2018. Of the amount, about $3 billion were from China.

India's industry officials said textile raw materials from China were coming into India via Bangladesh, which has a free-trade agreement with India giving it access to the country's $100 billion textile market, Reuters reported.

'Duty-free fabric from China is coming to Bangladesh, getting converted and landing into India at zero duty,' Sanjay Jain, president of the Confederation of Indian Textile Industry, told Reuters.

Industry bodies argue that India's latest action is not enough to protect domestic garment manufacturers who are facing fierce competition from China and Bangladesh.

Imports of clothing accessories and apparel from Bangladesh — the world's second largest exporter of readymade garments — rose over 43 per cent to $200.9 million during the year ended March, 2018, according to Indian government data.

'Under the SAFTA agreement and trade agreement with Bangladesh, only those goods should be exempted from customs duty, whose raw material is also manufactured by one of the SAFTA countries,' Dilip Chenoy, head of The Federation of Indian Chambers of Commerce and Industry, said in a letter dated July 25 to a senior official in the Indian government's textile ministry.

Rising imports sent India's trade deficit with China in textile products (finished garments) 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, Reuters reported. There is a 10-per cent price difference on average between textile products made in India and those made in China, according to the FICCI. The unit value of some Chinese products such as stockings, blouses and baby garments cost far less than produced in India. 'Import trend suggests 40 to 50 per cent of the garments were made with Chinese fibre,' said an Indian analyst who did not want to be named.

It is difficult to estimate exactly how many garments imported in India were produced with fibre sourced from China, he told Reuters.

Cotton flag industry booming in Coimbatore after plastic ban	**Deccan Chronicle** https://deccanchronicle.com/videos/cotton-flag-industry-booming-in-coimbatore-after-plastic-ban.html

Coimbatore's cotton flag industry is experiencing a surge in its market. This is after Centre's warning to all states asking them to not use plastic flags ahead of Independence Day celebrations on August 15. These tricolour cotton flags are designed in various sizes ranging from 8 inches to 12 feet long. The cotton flag industry was experiencing a drop in sales, because of the easy price of plastic flags. Kerala was the biggest industry for cotton flags as the state had already imposed partial plastic ban. Supply of tricolour cotton flags is on the rise in Karnataka, Kerala, Andhra Pradesh and Tamil Nadu. One of the cotton flag shop owners said that more than one lakh flags are ready now. Synthetic paper flags are also an eco-friendly alternative to plastic flags

Exporters approach various courts over restrictions under GST regime	**Business Standard** https://www.business-standard.com/article/economy-policy/exporters-approach-various-courts-over-restrictions-under-gst-regime-118080901800_1.html

Earlier, imports under advance authorisation were subjected to IGST

Exporters have approached various courts over restrictions imposed for availing advance authorisation licences under the goods and services tax (GST) regime. The change in condition has led to directorate of revenue intelligence (DRI) issuing notices to exporters.

One such case on a petition filed by an exporter came up for hearing in the Delhi High Court, which issued notices to the Central Board of Indirect Taxes and Customs (CBIC) and the Directorate General of Foreign Trade and posted the matter for hearing in January.

The gist of the case is that the CBIC had inserted a clause of "pre-import" for exempting imports done on advance authorisation licences from integrated goods and services tax (IGST). These licences are issued to allow duty free import of inputs, which are physically incorporated in export product. The clause meant that imports done after exports would not be allowed to avail exemptions from IGST.

However, advance authorisation is generally used for importing goods after exports are made, as against the pre-import condition imposed by the CBIC, argued Abhishek Rastogi, counsel for the petitioner in Delhi HC and partner at Khaitan & Co. The clause was introduced after exemption was granted to imports under advance authorisation from paying IGST. Earlier, imports under advance authorisation were subjected to IGST. This prompted exporters to move courts. Though IGST is refundable, cash flow of exporters was hampered.

RCEP trade ministers to meet on Aug 30-31 in Singapore	**Money Control** https://www.moneycontrol.com/news/trade-2/rcep-trade-ministers-to-meet-on-aug-30-31-in-singapore-2834361.html

The meeting is important as the 16-member bloc now needs specific political guidance to move the negotiations further.

Trade ministers of Regional Comprehensive Economic Partnership (RCEP) member countries, including India and China, will hold a crucial meeting in Singapore on August 30-31, an official said.

The meeting is important as the 16-member bloc now needs specific political guidance to move the negotiations further, the official added.

RCEP mega trade pact aims to cover goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

RCEP bloc comprises 10 Asean members (Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam) and their six FTA partners - India, China, Japan, South Korea, Australia and New Zealand. The meeting also assumes significance as the member countries are not moving at a healthy pace even as the negotiation for the deal started in November 2012.

The 23rd round of the negotiation was recently concluded without much progress in Bangkok.

India is also holding comprehensive stakeholder consultations with industry as well as different ministries and departments on the pact as the grouping includes China, with which India has a huge trade deficit.

Sectors including textiles, steel and food processing have raised serious objections over removal or significant reduction of customs duties on these items under the pact. They want these segments to be out of the purview of RCEP.

They have apprehensions that removal of duties would led to flooding of Chinese goods in the Indian market. But without any free trade agreement, India has a trade deficit of $63.12 billion in 2017-18 with China as compared to $51.11 billion in the previous year.

An informal group of ministers, headed by Commerce and Industry Minister Suresh Prabhu, is also holding deliberations on the concerns of the industry.

Pressure is mounting on India for early conclusion of the negotiation despite the fact that no member is showing flexibility in its stand.

Former Commerce Secretary Rita Teaotia has recently said the mega trade deal would be incomplete if the norms to promote services sector are not sufficiently liberalised by the member countries.

RCEP members want India to eliminate or significantly reduce customs duties on maximum number of goods it traded globally. India's huge domestic market provides immense opportunity of exports for RCEP countries.

But lower level of ambitions in services and investments, a key area of interest for India, does not augur well for the agreement that seeks to be comprehensive in nature.

Of the RCEP nations, India has trade deficit with as many as 10 countries, including China, South Korea and Australia, among others.

Some experts have warned over the impact of RCEP agreement on India's trade.

Biswajit Dhar, a professor at Jawaharlal Nehru University is of the view that India should be very cautious about this pact.

He believes that with the kind of market access and tariff cuts RCEP countries are demanding including in agriculture sector, it would be difficult for India to sustain in the long run.

India wants certain deviations for such countries. Under deviations, India may propose a longer duration for either reduction or elimination of import duties for such countries.

Under services, India wants greater market access for its professionals in the proposed agreement.

India wants to have a balanced RECP trade agreement as it would cover 40 percent of the global GDP and over 42 percent of the world's population.

India already has a free trade pact with Association of South East Asian Nations (Asean), Japan and South Korea. It is also negotiating a similar agreement with Australia and New Zealand but has no such plans for China.

Plea for Kovai-Middle East direct flight service	**Deccan Chronicle** https://www.deccanchronicle.com/nation/current-affairs/120818/plea-for-kovai-middle-east-direct-flight-service.html

They had also sought for an early morning flight to Delhi and various amenities pertaining to Coimbatore airpor The Tamil Nadu BJP has urged Union Commerce & Industry and Civil Aviation Minister Suresh Prabhu to take steps to introduce direct flight services from Coimbatore to the Middle East at the earliest.

Union Minister of State for Finance and Shipping Pon Radhakrishnan and Coir Board chairman and former president of Tamil Nadu BJP, C. P. Radhakrishnan who had called on Mr Suresh Prabhu in Delhi, stressed the need for operating the direct service from the textile city. Mr Prabhu was said to have assured his full support.

They had also sought for an early morning flight to Delhi and various amenities pertaining to Coimbatore airport.

At present, Mangaluru is domestically connected to Bengaluru, Mumbai, Hyderabad, Chennai and Delhi with either direct or hop on hop off flights and internationally to almost all major destinations in the Middle East.

The Civil Aviation Minister has recently directed the Air India to restart its Mumbai-Mangaluru-Mumbai flights from October 1. Air India had cancelled IC 1680 Mangaluru-Mumbai and IC 1679 Mumbai Mangaluru flights from July 12 upto September 30, ostensibly for Haj operations.

The Minister directed the national carrier officials to restart the service immediately once the schedule drawn for Haj operations – a period of 81-days ended on September 30. Incidentally, this move by Air India to shut operations on a vital sector for nearly three-months did not go down well with the commuting public who had booked tickets in advance for the annual affair.

Textile sector gets Rs25.5b under PM trade package	**The Nation** https://nation.com.pk/12-Aug-2018/textile-sector-gets-rs25-5b-under-pm-trade-package

The Ministry of Commerce and Textile has revealed that Rs 25.5 billion has been given to the textile sector in first phase under the prime minister's trade enhancement package by June 30, 2018.

Rs2.6 billion was disbursed to the textile sector in first two months during Phase II from July 1 to August 07 2018, a senior official of Ministry of Commerce and Textile told APP on Saturday. The Ministry of Commerce and Textile had assured payments through Prime Minister "Trade Enhancement Package" to the textile sector by February 2019 to enhance the country's exports.

Replying to a question, he said the government had planned to expand coverage areas under the Trade Enhancement Package" to remaining industrial sectors including pharmaceuticals. "We are committed to providing an enabling environment for the industrial sector," he said.

The government, he said, had also given relaxation on the import of textile machinery for the modernization of industry and to enhance the capacity of the sector. The official said that through this package cost of doing business would come down in the country. He said the government gave priority to facilitating the textile sector and helping it gain competitiveness in order to enhance the country's exports. "We want to revive confidence of the textile sector through the trade enhancement package.", he remarked. While talking to APP, General Secretary of All Pakistan Textile Mills Association (APTMA) Anis-ul- Haq stressed the need for providing competitive business environment for textile sector to boost the country's trade.

He emphasized on structural balance and viability of industry to compete with regional competitors including India, Bangladesh and Vietnam. General Secretary APTMA said that pragmatic and export led policies were required for industrial growth and increase in the country's exports.

US-China trade war good for Cambodian firms: GMAC	**Khmer Times** https://www.khmertimeskh.com/50521748/us-china-trade-war-good-for-cambodian-firms-gmac/

Cambodia stands to benefit from the ongoing trade spat between the United States and China, with exports of Cambodian travel goods particularly likely to increase as a result of the dispute, according to the Garment Manufacturers Association of Cambodia.

The US and China have been involved in a tit-for-tat trade war since early last month, with the latest move from Washington being to impose 25 percent duties on $16 billion worth of Chinese imports.

Affected products include car tires, furniture, wood products, as well as handbags and suitcases.

Kaing Monika, GMAC's deputy secretary general, said the hike in tariffs will impact investor's confidence in China as a manufacturing base, arguing that many firms will relocate to other countries in the region with cheap labour forces, including Cambodia.

"You should see even further interest in sourcing travel goods from Cambodia now. I predict that more and more companies that produce travel goods will choose to exit China, which could, of course, mean a boost for our industry," Mr Monika said, adding that China still exports almost $5 billion to the US in travel goods.

"There is now huge potential for our travel goods manufacturing industry. With the trade war between the US and China in full swing, Cambodia-made goods are set to benefit further when orders move away from China to avoid heavy duties by the Trump administration," he said.

Mr Monika said the rising cost of labour and a more stringent enforcement of environmental laws will continue to prompt companies now based in China to relocate elsewhere, and that "Cambodia stands to benefit from this."

"The question is whether Cambodia would be the first choice, the second, or the next in line… Peace and stability is important but other factors also count when it come to the issue of national competitiveness," he added.

Mr Monika said the US has always been one of Cambodia's biggest export markets for garments and shoes, second only to the combined economies of the countries that make up the European Union.

Cambodian garments and shoes — the Kingdom's major exports — are not yet included into the US's Generalised System of Preferences (GSP), a scheme that since 1974 grants least developed nations duty-free access to the US market.

Mr Monika said GMAC is lobbying the American government to include footwear products into the GSP scheme.

"With the support of our legal firm in Washington, we are lobbying the US Congress to give us GSP for footwear," he said, explaining that 60 of GMAC's members manufacture shoes. "The extension of GSP to footwear won't happen very soon, but there are some reasons to hope for it in the next round of reviews by the US Congress," he added. On July 2016, Cambodia-made travel goods were included in the US's GSP scheme, an achievement that Mr Monika said followed months of hard work from GMAC and the Cambodian government. Since then "investors in the sector and orders have been pouring in," he said.

According to the Ministry of Commerce, exports of garment and footwear products increased by 9.3 percent during the first half of the year, reaching $3.7 billion. Shipments to the US rose by nearly 11 percent and were worth $858 million. The US and the EU together accounted for 72 percent of the country's total garments and footwear exports.

Garments sector eyes 20% export growth	**Manila standard** http://www.manilastandard.net/business/biz-plus/272843/garments-sector-eyes-20-export-growth.html

The textile, garments and other wearable industries predicted a combined export growth of 20 percent this year to $1.22 billion from $1.02 billion in 2017.

The Confederation of Wearables Exporters of the Philippines said it was anticipating a surge in wearable exports, currently dominated by China, as the trade war between the US and China would likely escalate.

"We're hoping there will be a surge, even just for a little bit [in exports] from the tariff imposed by America in the ongoing trade war," said CONWEP executive director Maritess Agoncillo.

She said the difficulty of China penetrating the US market at this point might prove to be an advantage for other trading partners of the US such as the Philippines.

A number of garment manufacturers are preparing to close shop in China with their sights set on the Philippines as an alternative manufacturing site in Asia, said Agoncillo.

"If this happens, exports from the Philippines will increase with expectations of a surge in the US demand for more wearables as it closes its doors from imports direct from China," she said.

Chinese manufacturers are still assessing the current labor situation and the taxation policies in the Philippines. These are two major points the Chinese companies consider when locating out of China, she said.

She said Philippine labor was just as competitive. The Philippines moved on from producing cheap, colorless shirts to more meticulous products, mostly for top-of-the-line and expensive brands.

Wearable exports from the Philippines hit $2.9 to $3 billion in 2005, before it gradually declined to a third of its value over the succeeding years.

Agoncillo said other industry groups were proactively promoting the Philippines as a safe and secure destination for manufacturing industries.

Among these groups as the Textile Producers Association of the Philippines, Marikina Shoe Industry Development Office and the Garment Manufacturers Association of the Philippines.

These groups are supporting an upcoming promotional event called the 1st Philippine Garment, Leather Goods

Industries and Fabric Expo on Aug. 23 to 26 at the SMX Convention Center in Pasay City.

Participating countries such as China, Hong Kong, Taiwan, Singapore, Korea, India, Pakistan and Malaysia are seen to contribute to boosting the potential of the local garments, leather, goods and fabric for export.

Egypt, Tunisia agree on boosting trade, investment ties	**Egypt Today** http://www.egypttoday.com/Article/3/55832/Egypt-Tunisia-agree-on-boosting-trade-investment-ties

Egypt and Tunisia agreed on boosting trade relations and removing all challenges facing the flow of trade and investment to achieve a quantum leap in the level of trade ties for the interest of both countries.

This came during a meeting of the 5th round of talks of the Egyptian-Tunisian trade and industrial committee which concluded on Saturday.

Egyptian Minister of Trade Amr Nassar and his Tunisian counterpart Omar al Bahi co-chaired the committee.

In a press statement on Sunday, Nassar said that the meeting targeted coordinating between the governments of both countries to facilitate trade movement and activate the role of the private sector and benefit from the resources of both countries to achieve integrated and effective economic partnerships.

Relations between Egypt and Tunisia witnessed big progress as the trade exchange reached $214 million during the first half of 2018, Nassar said.

Both sides agreed on activating the role of the Egyptian-Tunisian business council and intensifying exchanged meetings of their businessmen, he said.

An agreement was reached on inking a cooperation protocol between the Egyptian technological center and Tunisian technical centers in the food, agriculture, leather, shoe, textile, construction material, chemical and engineering industries and in the furniture, packing and packaging sectors, Nassar said.

The meeting asserted the importance of boosting Egyptian and Tunisian cooperation in diversified domains, he added.

On the other hand, Bahi said that his visit to Egypt reflects the keenness of the Tunisian government on furthering trade and economic ties with Egypt.

Bahi lauded the coordination between officials of the Egyptian and Tunisian trade ministries to handle any obstacles facing the trade flow between both countries.

Bahi said that the Tunisian government is working on increasing Tunisian exports to the Egyptian market.