JOURNAL OF INDIAN LEATHER TECHNOLOGISTS' ASSOCIATION (JILTA)

NOVEMBER, 2018 VOL.: LXVIII NO.: 11 RNI NO.: 2839/57 REGD.NO.: ISSN 0019-5738

Contents

Hony. Editor : Dr. Goutam Mukherjee

Communications to Editor through E-mail :
jiltaeditor@gmail.com; admin@iltaonleather.org

Cover Designed & Printed by :
M/s TAS Associate
11, Priya Nath Dey Lane, Kolkata - 700 036

Published & Printed by :
S. D. Set, on behalf of Indian Leather Technologists' Association

Published from :
Regd. Office : 'Sanjoy Bhavan', 3rd Floor,
44, Shanti Pally, Kasba, Kolkata - 700 107

Printed at :
M/s TAS Associate
11, Priya Nath Dey Lane, Kolkata - 700 036

Subscription :

Annual	Rs.(INR)	400.00
Foreign	**$** (USD)	45.00
Single Copy	Rs.(INR)	50.00
Foreign	**$** (USD)	4.00

All other business communications should be sent to :

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Kasba, Kolkata - 700 107, WB, India
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JOURNAL OF INDIAN LEATHER TECHNOLOGISTS' ASSOCIATION (JILTA)

Indian Leather Technologists' Association is a premier organisation of its kind in India was established in 1950 by Late Prof. B.M.Das. It is a Member Society of International Union of Leather Technologists & Chemists Societies (IULTCS).

The Journal of Indian Leather Technologists' Association (JILTA) is a monthly publication which encapsulates latest state of the art in processing technology of leather and its products, commerce and economics, research & development, news & views of the industry etc. It reaches to the Leather / Footwear Technologists and the decision makers all over the country and overseas.

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Black & White	Rs. 5,000.00/-
Colour (full page)	Rs. 10,000.00/-
Colour Insert (One side) (Provided by the Advertisers)	Rs. 5,000.00/-

Full Page / per anum

Front inside (2nd Cover)	Rs. 96,000/-
3rd Cover	Rs. 84,000/-
Back Cover	Rs. 1,20,000/-

Mechanical Specification

Overall size	:	27 cm X 21 cm
Print area	:	25 cm X17 cm

Payment should be made by A/c. Payee Cheque to be drawn in favour of :

Indian Leather Technologists' Association
and Payable at **Kolkata**

Send your enquiries to :

Indian Leather Technologists' Association
'SANJOY BHAVAN'
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US - China Trade War : The Reality

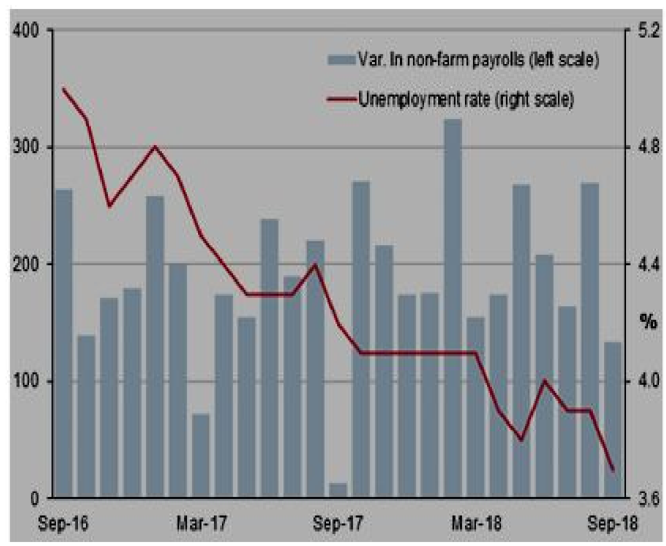
The September employment report showed the U.S. economy adding jobs at a solid pace, although much slower than in previous months. Non-farm payrolls increased by 1,34,000 in September, markedly under market analysts' expectations of 180,000. However, the report indicates that August payroll numbers were revised significantly upwards, from an already robust 201,000 to a very strong print of 270,000. September represents the 96th consecutive month of job creation, the longest streak on record in the U.S. economy. Although September payrolls could suggest the economy is cooling somewhat, these preliminary numbers can be subject to significant revisions.

Looking at the sectoral payroll data, it appears that job growth in September was solid in the industrial sector, with manufacturing, mining and construction all posting significant gains. Manufacturing, particularly, performed above expectations after a disappointing print in August. Meanwhile in the service sector, job growth continued to be notably strong—albeit slightly softening—in professional and business services. On the other hand, payroll gains markedly slowed in September for education and health services, following a good print in August. Additionally, both retail trade, and leisure and hospitality shed jobs in the month. The unemployment rate meanwhile fell from 3.9% in August to 3.7% in September, the lowest level recorded since 1969. This was largely due to the revision of the month of August data, as well as a sharp increase in the number of persons not in the labor force in recent months—more than 750,000 between July and September. Regarding earnings, the data shows wage pressures seem to remain quite steady. Average hourly earnings increased 0.3% month-on-month, matching both the month of revised print of August and analysts' expectations. In year-on-year terms, average hourly earnings increased 2.8% in September, slightly under expectations as well as August's print, both at 2.9%.

Overall, the implications of the September payroll data for monetary policy give credence to the scenario of steady rate hikes from the Fed in coming quarters. Indeed, wage pressures do not show signs of spiraling out of control, while employment gains remain broadly steady and the number of people looking for work continues to fall month after month.

Focus Economics Consensus Forecast panelist, Joffrey Simonet, Economistdoes expect the unemployment rate to average 3.9% in 2018. For 2019, the panel sees the unemployment rate dropping to 3.6%, which is unchanged from last month's forecast.

United States Unemployment Chart



Note: Month-on-month variation of non-farm payrolls in thousands and unemployment rate, seasonally adjusted in %.

Source: Bureau of Labor Statistics

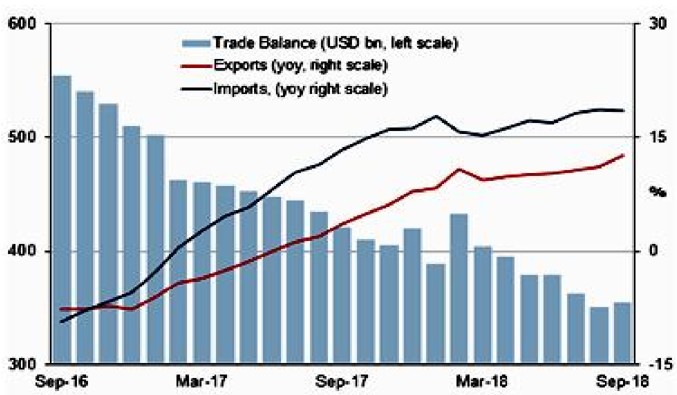
In the contrast we do find growth in export from China does surge in September despite escalating U.S.-China trade tensions

Export growth accelerated from 9.8% in August to 14.5% in September. The reading surprised market analysts as they had expected a slowdown to an 8.9% rise. The surge in export growth likely reflected a hike of the export tax rebate rates for selected products effective 15 September as well as front-loading shipments to the United States before the implementation of additional tariffs on USD 200 billion of Chinese products by the United States on 25 September. Although imports expanded at double-digit figures for the seventh consecutive month, import growth softened from 20.0% in August to 14.3% in September. The print was below the 15.0% rise that market analysts had expected and reflected weaker domestic demand.

The trade surplus consequently rose from USD 28.5 billion in September 2017 to USD 31.7 billion in September 2018 (August 2018: USD 27.9 billion). The 12-month moving sum of the trade surplus increased from USD 350 billion in August to USD 355 billion in September.

Focus Economics panelists do expect exports to expand 8.7% in 2018 and imports to rise 13.5%, bringing the trade surplus to USD 367 billion. In 2019, exports are expected to increase 6.0% and imports to increase 7.8%, with a trade surplus of USD 350.0 billion.

China Trade Balance Chart



Note: 12-month sum of trade balance in USD billion and annual variation of the 12-month sum of exports and imports in %.

Source: General Administration of Customs of the People's Republic of China and Focus Economics calculations.

Therefore, Indian policy makers must take note from the above statistics how to bully off the unwarranted international pressure as India has got the best potency in the globe in every respect. We have to get self introspected only and feel proud of that dignity rather than succumbing to external tactics. Friends in disguise may not be real friends but seeking safe shelter in distressed state in the form of India.

Goutam Mukherjee

Dr. Goutam Mukherjee
Hony. Editor, JILTA

From the desk of General Secretary

Seminar at Chennai during IILF – 2019

As you may recall, up to Feb, 2018 we, jointly with ILTA Southern Regional Committee organized seminars on the second day of IILF in the last four consecutive years. It has been decided that with effect from 2019, this seminar at Chennai will be termed “Prof. Sasanka Sekhar Dutta Memorial Lecture”. Late Prof. Dutta was Professor of Leather Chemistry at the then College of Leather Technology, Kolkata from 1967 till retirement in 1994. He was a Life Member of ILTA and passed away on 14th January, 2018.

The book titled “An Introduction to the Principles of Leather Manufacture” authored by Late Professor Dutta was first published in 1973, the 2nd edition in 1980, the 3rd in 1985 and the 4th in 1999. The book continues to be in great demand from both inside and outside the country and the fourth edition was reprinted in 2009 and again in 2015.

Apart from the very first Sasanka Sekhar Dutta Memorial Lecture, the programme during 2nd day of IILF-2019 will include valued presentations of distinguished personalities and felicitation of some eminent personalities / companies for their outstanding contribution to the industry.

LEXPO Siliguri – XXV

Above is scheduled to be organized at Kanchanjungha Krirangan adjacent ground, Siliguri from Saturday 22nd December, 2018 to Sunday 6th January, 2019.

Detailed discussions on LEXPO Siliguri – XXV took place at the 513th Executive Committee Meeting held on Thursday the 25th October, 2018. Actions to be initiated immediately in respect of various activities connected with the LEXPO such as fixing of rates with the Decorators, Electrical Contractor, Finalization of Stall Rent and other conditions in the Contract Paper, travel plan of office staff & ILTA officials to the fair, submission of applications to various authorities for permission etc. Mr. Susanta Mallick, General Secretary and Mr. Asit Baran Kanungo, Vice President will directly control LEXPO Siliguri – XXV besides the Executive Committee Members who will visit Siliguri during fair period.

11th AICLST

Above was held at Xi’an, China during 16th to 18th October, 2018. Dr. S. Rajamani, Chairman, IUE Commission was requested to attend above to represent ILTA & India which he did. His report has been published under commentary section in this issue.

(Susanta Mallick)
General Secretary

JILTA

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JILTA

Executive Committee Members meet every Thursday at 18-30 hrs. at ILTA Office.
Members willing to participate are most welcome.

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Emerging Markets Scenario of 2019

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Emerging Markets have suffered in recent years due to low commodities prices and slower global demand. With signs that emerging markets were on the comeback trail in 2017, many analysts earlier this year believed that 2018 would be much brighter for Emerging Markets, however, there are signs that tailwinds are fading. The IMF said in its latest World Economic Outlook that this year and next, "growth in emerging market and developing economies will rise before leveling off."

Economists believe that there is a growing divergence between developed and developing economies. Among developing nations with economies with relatively solid fundamentals and driven by commodity exports—especially oil—growth is accelerating this year going into next. However, higher yields in the United States, the rise in energy prices and large exposure to foreign debt are putting pressure on some oil-importing countries and those with persistent macroeconomic imbalances. This mostly results in heightened volatility in their financial and equity markets, as well as sizeable currency depreciations.

Let us take a closer look at what's expected for some of these countries in the coming year. The detailed discussion is getting followed by graphical chart.

China

Global and domestic headwinds are expected to impact growth in H2 and beyond. The brewing full-blown trade war between China and the United States is the main downside risk to the country's economic outlook. Domestic threats, however, including a cooling property market and financial deleveraging, are also building. Focus Economics panelists forecast the economy will grow 6.5% in 2018, which is unchanged from last month's forecast. In 2019, the economy is seen expanding 6.3%. Authorities' efforts to curb shadow banking and support financial deleveraging weighed on growth in Q2 amid rising trade tensions with the United States. On 6 July, the United States imposed tariffs on USD 34 billion worth of Chinese imports. China immediately retaliated with corresponding tariffs. On 11 July, President Trump's administration released a list of 10% tariffs on an additional USD 200 billion of Chinese goods likely to be enforced in two months. Chinese officials stated that the country will take unspecified measures to counter this threat, which could include non-tariff barriers, as China imports only around 150 billion from the U.S. The actual impact of ongoing trade disputes with the United States will start to be seen this month, especially in manufacturing activities and logistics.

India

Normalization in cash conditions following the demonetization of late 2016 and the fading of disruptions from last year's launch of the Goods and Services Tax should facilitate the economic recovery in FY 2018. Nonetheless, risks of fiscal slippage in the run-up to elections next year, concerns over the banking sector in India, increasing global trade tensions and higher oil prices all cloud prospects. Our panel expects GDP growth of 7.3% in FY 2018, which is unchanged from last month's estimate, and 7.5% in FY 2019. The economy appears well positioned for FY 2018, which started in April, after the highest GDP growth in

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seven quarters was recorded in the January–March period. In June, business activity in the private sector increased for the fourth consecutive month and at the fastest pace since October 2016. The manufacturing and service sectors both benefited from a substantial increase in output thanks to broad-based demand. Moreover, in May, industrial production expanded at a healthy pace. On 4 July, the government approved an increase in the minimum support prices paid to farmers growing summer-sown crops this year. The increase should provide farmers with a profit of 50% over the cost of crop production. This should come as welcome news to farmers, after rainfall was below-average in June, the first month of the important June–September monsoon season.

Russia

Growth in Russia is expected to pick up this year, thanks to strengthening private consumption and firmer oil prices. An improving labor market and low inflation should buoy household spending, while higher commodity prices will support export growth. That said, high geopolitical uncertainty and the possibility of further economic sanctions remain key risks to the outlook. Focus Economics Consensus Forecast panelists see GDP expanding 1.7% in 2018, which is unchanged from last month's forecast. In 2019, growth is seen steady at 1.7%. Incoming data suggests that economic momentum held up in the second quarter, after GDP growth accelerated at the start of the year. Higher oil prices are buttressing the all-important energy sector, and export growth was firm in April and May. In addition, the unemployment rate remained at a multi-year low in June and retail sales growth picked up in the same month, buoyed by World Cup-related spending. On the political front, President Vladimir Putin stated on 20 July that a planned increase in the retirement age would be reviewed. The legislation had provoked widespread protests earlier in the month, although analysts argue it is necessary to combat the effects of an ageing workforce and improve the sustainability of the pension system.

Brazil

Brazil's growth forecast was chopped for a third consecutive month as the truckers' strike, a less supportive global backdrop and higher oil prices dent the country's outlook. Focus Economics panelists now see the Brazilian economy growing 1.7% this year, down 0.2 percentage points from last month's forecast. A market-friendly outcome to October's election remains critical to ensuring a sustainable recovery; however, this is far from certain. Next year, GDP is seen growing 2.5%. Weak economic data continues to roll in for the second quarter, confirming that the nationwide truckers' strike derailed the recovery. Economic activity recorded the largest contraction on record in May, retail sales plunged in the same month and the manufacturing PMI fell into contractionary territory in June. However, the shock should be temporary seeing as the strike ended in early June, and leading data for after the strike has shown some improvement. In the political arena, five centrist parties declared in July that they would back center-right Brazilian Social Democracy party candidate Geraldo Alckmin in the October election, which should boost his chances. Moreover, the combination of parties supporting him will give Alckmin—who is regarded as the most market-friendly candidate—an edge against his competitors as he will consequently receive the largest TV airtime during the campaign. The latest opinion polls prior to the announcement placed him in fourth place.

Mexico

Household spending and exports are expected to drive growth this year in Mexico. Tight job markets—both domestically and stateside—and improved private-sector lending should support private consumption, while healthy factory output in the U.S. should bolster manufacturing exports. Uncertainty over NAFTA continues to weigh heavily on investment prospects, although the odds of reaching a deal have improved in recent weeks. On politics, most analysts currently expect AMLO to govern as a centrist. Focus Economics panelists expect growth of 2.2% in 2018, down 0.1 percentage points from last month's estimate. For 2019, panelists see growth stable at 2.2%.

Argentina

Despite a healthy first quarter, the pace of growth is expected to slow sharply this year. The loss of agricultural output following the severe drought; extremely high interest rates and currency volatility, which will weigh on investment decisions; and consumer spending constrained by low confidence and rapid inflation are seen driving this deceleration. Panelists participating in the Latin Focus Consensus Forecast foresee the economy expanding 0.4% in 2018, down 0.5 percentage points from last month's forecast. For 2019, growth is expected to reach 1.9%.

Turkey

Economic growth in Turkey will likely weaken in the coming quarters, on tighter financial conditions, shaky investor sentiment and a higher oil import bill. Exchange rate volatility, geopolitical tensions, a gaping current account deficit and elevated inflation pose downside risks. Focus Economics panelists expect growth of 4.2% this year, which is unchanged from last month's estimate. They see growth of 3.5% in 2019. The economy likely lost momentum in Q2 on tighter credit conditions, as overheating concerns swirl. Industrial production growth in April and May was down notably from Q1's stellar print, while the expansion in retail sales slowed markedly in May and the manufacturing PMI was in negative territory throughout Q2. Heading into the third quarter, business sentiment withered in July on lower optimism regarding current orders, general business conditions and employment. Economic imbalances furthermore continue to intensify: Inflation in June was triple the Central Bank's target, while the current account deficit broadened further in May. Against this backdrop, President Erdogan announced his cabinet on 9 July. His son-in-law Berat Albayrak, the former energy minister, will head the new treasury and finance ministry. He effectively replaces Mehmet Simsek and Naci Agbal, two business-friendly ministers, adding to market concerns over the direction of economic policy.

Romania

Higher inflation and a loss in consumer confidence should lead to a marked slowdown in consumer spending this year, denting GDP growth in Romania. Although the expansion in fixed investment should gain some strength, low EU funds absorption will limit the extent of the acceleration. Downside risks stem from widening fiscal and current account deficits. Focus Economics panelists expect growth of 4.1% for 2018, down 0.1 percentage points from last month's forecast, and 3.6% in 2019. Growth likely strengthened in Q2, following a sharp deceleration in Q1. Consumer spending appears to have regained some steam, benefiting from tight labor market conditions and wage gains, as retail sales were solid in April and May. Moreover, exports expanded at a solid pace in the same two months. However, data for the first five months of the year shows that the current account deficit widened significantly in annual terms. In addition, fiscal data for January-June continued to show a deterioration in the budget deficit, which does not bode well for the rebalancing of the economy. In early July, President Klaus Iohannis sacked the chief anti-corruption prosecutor following a constitutional court ruling saying he could not oppose a dismissal request by the justice minister. This is set to exacerbate the debate on the independence of the country's judiciary between the government and EU institutions.

Egypt

The Egyptian economy is expected to grow at a solid pace in FY 2019. This is due to higher investment on the back of increased government spending and an improved regulatory environment. Moreover, the external sector should continue to benefit from the weaker pound. However, large fiscal imbalances and the higher price of oil will weigh on prospects. Focus Economics panelists expect GDP to expand 5.1% in FY 2019, which is unchanged from last month's forecast, and 4.9% in FY 2020. The economy strengthened in FY 2018, which ended in June, and the implementation of President Abdel Fattah el-Sisi's structural reforms has continued in recent months. In April–June, annual economic growth was unchanged from the multi-year high recorded in January–March. Moreover, in the July-to-March period, the current account deficit narrowed year-on-year by nearly 60% thanks to higher tourism revenues, remittance inflows and Suez Canal income. More recently, the government hiked the price of natural gas by up to 75% on 21 July. The hike comes into effect from August and should improve the fiscal balance. To help alleviate the pressure of higher prices on the poorest Egyptians, the FY 2019 budget, which came into effect in July, contains provisions such as the expanded use of cash transfer and food subsidy programs.

South Africa

Greater political stability and firm credit ratings bode well for the South African economy in 2018 as full-year economic prospects look set to largely ride out the weak first quarter. Real wage gains should support stronger household spending this year, while the government's push to attract investment should bolster capital outlays. Nevertheless, fiscal slippage and a slow reform agenda are likely to constrain growth over the medium term. Focus Economics analysts expect growth of 1.6% in 2018, down 0.3 percentage points from last month's forecast, and 2.0% in 2019. A loss of momentum at the outset of the year left analysts speculating on whether the effects of "Ramaphoria", the bounce in economic sentiment that followed the new president's early-year appointment, had worn off. A weak first-quarter reading, held back by contracting investment and moderating consumer spending, highlighted the economic hurdles facing Cyril Ramaphosa, as the country heads in next year's general election. Available data for the second quarter was, however, more balanced; the emerging-market selloff eased its battering of the rand in June, which should lessen the pinch to consumers following April's VAT hike. Moreover, despite ticking downward since the beginning of the year, business confidence remained high as firms continued to believe in Ramaphosa's commitment to structural reforms. Meanwhile, the manufacturing sector appeared to get back on track through May as automotive output inched up, blunting immediate fears over a technical recession in the first half of the year.

Nigeria

Higher oil prices, improved liquidity and increased public spending in the run-up to the 2019 elections should fuel faster growth this year in Nigeria. However, political uncertainty, as well as security concerns, continues to pose risks to economic activity. Focus Economics panelists expect GDP to increase 2.4% in 2018, which is down 0.1 percentage points from last year's projection. Next year, growth is seen rising to 2.9%. Growth is expected to have picked up pace in the second quarter, after losing steam at the start of the year. The PMI came in at a historic high in June, rounding out the strongest quarter the index has ever recorded. In addition, firmer oil prices are supporting the energy sector and helping the government build international reserves—which hit the highest level in five years in June—to support its exchange rate regime. On the political front, Nigeria's All Progressives Congress, the ruling party, unseated the opposition in regional elections in Ekiti state on 14 July. The result bodes well for President Muhammadu Buhari's reelection bid, as the vote was regarded as a test of the electorate's mood ahead of presidential and parliamentary votes in February. Political uncertainty had risen after a faction from within the ruling party splintered away at the start of July, declaring it no longer supports Buhari and will challenge him in next year's election.

Colombia

While growth is staging a recovery in the Colombian economy, available data indicates a moderate rate of expansion thus far. Compared to the first quarter, however, second-quarter data has been more promising: Growth in the industrial sector shot up, and retail sales accelerated in April–May amid a fall in the average rate of unemployment. Exports jumped in June, reflecting a surge in overseas sales of oil, cashing in on higher oil prices. Moreover, upturns in the manufacturing PMI in June and July, and a climb in consumer confidence to an over-three-year high in June signal more upbeat prospects. On the political front, President-Elect Iván Duque will take office on 7 August. Duque has already appointed Alberto Carrasquilla as minister of finance, who is expected to be a key figure in pushing through the tax cut bill that was at the core of his election campaign.

Peru

Growth likely surged in Q2, marking the second consecutive quarter of accelerating GDP growth. Economic activity continued to increase at a strong pace in May following April's five-year high, on the back of expansions in the agriculture, fishing and manufacturing sectors. Recently released data shows that credit to both businesses and households kept growing robustly in June, suggesting a continued solid economic performance. Moreover, in the same month, public investment spending jumped by a fifth in annual terms although the fiscal deficit narrowed for the fourth consecutive month, benefiting from surging tax revenues. However, in mid-July, the political scenario was shaken by a judicial scandal following leaked phone conversations in which judges appeared to illicitly negotiate promotions and criminal sentences. This led President Vizcarra to fire his justice minister, while the head of the Supreme Court resigned in mid-July. Although the government has promised a comprehensive reform of the judiciary in response, a protracted judicial crisis could undermine political stability and hit foreign investment. Growth is set to gain considerable momentum this year, thanks to strengthening domestic demand. An accommodative monetary stance, rapidly growing public infrastructure spending and high commodity prices will drive fixed investment. Moderate inflation and healthy job creation should also underpin household spending. However, potential political instability clouds the outlook and could hit investor sentiment, weighing on growth; while upside risks stem from higher commodity prices. Focus Economics panelists see GDP expanding 3.8% in 2018, up 0.2 percentage points from last month's forecast, and 3.8% again in 2019.

Chile

Second-quarter growth appears to have sustained the momentum from the exceptional outturn at the beginning of the year. Economic activity rose at an impressive rate throughout the quarter, with average growth comfortably above the levels seen in the past half-decade. Consumer confidence remained in positive territory during the second quarter. Moreover, retail sales rebounded in May and remained elevated in June, pointing to solid household spending in the quarter. Business sentiment, meanwhile, remained upbeat throughout the quarter, suggesting expansionary conditions were sustained amid the improving health of the manufacturing industry. On the other hand, despite remaining sturdy overall, export growth decelerated from the previous quarter in Q2, owing to mounting trade war-related uncertainties and a drop in copper prices in the second half of the quarter. Meanwhile, both consumer and business sentiment inched down in July, signaling a potential cool down in economic activity at the beginning of Q3. Growth is expected to be robust in 2018, with the external sector remaining in the driver's seat in the second half of the year against the backdrop of still-solid global demand for copper. Furthermore, domestic demand should be upbeat on strong investment growth, particularly in the manufacturing, wholesale trade and services industries. Focus Economics panelists see GDP expanding 3.8% in 2018, which is up 0.2 percentage points from last month's forecast, and 3.5% in 2019.

Morocco

The state of the economy is improving in 2018, after growth slowed in 2017 due to reduced oil production. In the January-to-May period, the fiscal deficit was cut by nearly half compared to the same period in 2017. This was due to substantially higher revenue, particularly from the oil and gas sector, which contrasted a comparatively small increase in total expenditure. A stronger hydrocarbon sector has also supported the external sector in recent months: Merchandise exports increased nearly 30% in January–April compared to the same period last year, easily outstripping import growth of 9%. Increased output from the Khazzan- Makarem gas field and high hydrocarbon prices should support the economy this year. Diversification efforts centered around non-oil exports and tourism should also support economic growth. That said, and despite recent improvements, large fiscal imbalances continue to cloud the outlook. Focus Economics Consensus Forecast panelists forecast growth of 2.9% for 2018, unchanged from last month's forecast, and 2.9% again for 2019.

Angola

A strong economic recovery has yet to materialize this year, as the economic climate indicator remained firmly entrenched in negative territory in Q1. On a more positive note, President João Lourenço's government has pursued its Macroeconomic Stabilization Program focused on improving the country's economic prospects through fiscal deficit reduction and public debt consolidation, as well as the transition to a more flexible exchange rate regime. The private sector is likely to benefit significantly from the structural reforms amid government's focus on increasing competition in domestic markets. The program has been positively received by the IMF, which commended economic policies and anti-corruption efforts pursued by the government during its first eight months in power. The economy is forecast to emerge from recession in 2018, on the back of higher global oil prices, which bode well for Sub-Saharan Africa's second-largest oil exporter. Meanwhile, fiscal consolidation measures, moderating public debt and the transition away from a pegged exchange rate should further buttress economic activity in the medium to long-term. The diversification of exports and imports substitution should also boost growth. Focus Economics panelists see GDP expanding 1.9% in 2018, which is unchanged from month's forecast, and 2.3% in 2019.

UAE

Economic activity appears to have been robust in Q2, supported by a pick-up in oil production, recent pro-business reforms and solid activity in the non-oil sector. The PMI rose to its highest level of the year in June, while in the same month the UAE exceeded its OPEC oil production target for the first time in 2018. New policies implemented in recent months—including a visa reform in May, a joint investment plan with Saudi Arabia, a large stimulus package in Abu Dhabi and several measures aimed at cutting red tape and increasing the ease of doing business—have also been supportive of business confidence, which hit the highest level on record in the June PMI. Moreover, while employment growth remained negligible throughout the quarter, it appears poised to increase in Q3 as backlogs of work have reached historic highs. On July 29, the Abu Dhabi government announced it would allow GCC nationals to apply for its business license scheme without requiring an office and increased the scope of eligible industries, in a bid to reduce firm set-up costs and further attract new businesses.

Qatar

Although the economy expanded at a weak pace in the first three months of 2018 due to a decrease in mining and quarrying output, construction activity increased significantly as preparations continued for the 2022 World Cup. Meanwhile, the economy has shown signs of strength in recent months: In May, the merchandise trade surplus grew by nearly 40% year-on-year due to increased energy exports. This highlights the resilience of the external sector, given that Qatar continues to face a trade embargo from several of its neighbors, led by Saudi Arabia. Moreover, in June, business conditions improved in the non-oil and gas private sector for the eleventh consecutive month.

Greece

Economic data points to sustained momentum in Q2, albeit likely slower than Q1's solid pace. The manufacturing PMI remained firmly entrenched in positive territory in June, with continued expansions in new orders and output boding well for business conditions. Economic sentiment slipped slightly in June, however, and the unemployment rate rose marginally in April. In recent bailout news, Germany delayed signing off on the final EUR 15.0 billion aid payment in disapproval of Prime Minister Alexis Tsipras' postponement of a VAT hike. The disbursement speed bump demonstrates how tightly watched Greece will be under the new surveillance regime upon completion of the bailout program in August and the challenges it may face to uphold its commitment to certain economic reforms. Dedication to unpopular austerity measures may be particularly difficult ahead of the next legislative election, to be held by the end of October 2019, when politicians will be seeking to shore up voter support.

Czech Republic

Monthly data shows the economy continued to lose some traction in Q2, following two straight quarters of cooling growth through Q1. After rebounding strongly in April, industrial production growth decelerated markedly in May on the heels of lower output of vehicles and pharmaceutical products. Furthermore, retail sales growth more than halved in the same month despite an exceedingly tight job market and recent wage hikes. Although the unemployment rate dropped to a new all-time low in June, consumer confidence also fell, which may imply another soft month for retail sales. In the political arena, Prime Minister Andrej Babis survived a parliamentary confidence vote on 12 July, thanks to the support from the Communist Party that enabled his two-party minority government to finally take office—putting an end to more than eight months of political stalemate. It is expected that the new government will not change the direction of economic policy.

Poland

Second-quarter growth appears to have moderated somewhat from the exceptional outturn at the beginning of the year. One the one hand, buoyant retail sales and the further tightening of the labor market through June suggest another quarter of strong household spending. Moreover, fixed investment looks to have continued riding this year's wave of EU structural funding and is poised to keep benefitting from still-low borrowing costs. On the other hand, industrial gains have begun tapering off and higher input costs—thanks to the weak zloty—have been weighing on manufacturers' sentiment. Meanwhile, exports were sluggish into May as the EU-wide slowdown hit external demand. In the ongoing standoff between Warsaw and Brussels, in July, the government's controversial judicial reforms became the target of a European Commission-led inquiry. Although investment has thus far gone unscathed, political uncertainty has been casting an increasingly long shadow on the resilient economy.

Korea

The economy's performance has been solid in recent months, following robust GDP growth in the first quarter, although there appear to be warning signs. Through to June of this year, economic confidence among consumers has remained in optimistic territory, underpinned by positive outlooks regarding income, spending and living standards. However, optimism hit its lowest point in over a year in June. Moreover, in the same month, business activity in the manufacturing sector decreased for the fourth consecutive month, according to survey data. Meanwhile, local elections were held on 13 June, which boosted President Moon Jae-In's political standing. His party won 11 out of the 12 National Assembly seats in the by-elections, and 14 out of the 17 races for mayor or governor. Although Moon Jae-In will still head a minority government, this result will help his political and economic agenda progress, which includes taming conglomerate power over business and improving labor conditions.

Taiwan

The economy has performed well in recent months, following solid growth in the first quarter. The manufacturing sector regained momentum in June after four months of decelerating growth, according to survey data. The sector expanded faster in June than in May due to new orders from abroad. Furthermore, industrial production expanded at a healthy pace in May due to strong output of electronic parts and components, and unemployment fell to a four-month low. On the political front, the Legislative Yuan passed amendments to the Company Act on 6 July aimed at improving corporate governance, making it easier to raise funds and reducing money laundering. On the same day, rules were also amended to make it easier for domestic companies to be listed on the Taiwan Stock Exchange. Both developments in July are encouraging for business confidence.

Philippines

The economy has performed well in recent months, following solid growth in the first quarter. The manufacturing sector regained momentum in June after four months of decelerating growth, according to survey data. The sector expanded faster in June than in May due to new orders from abroad. Furthermore, industrial production expanded at a healthy pace in May due to strong output of electronic parts and components, and unemployment fell to a four-month low. On the political front, the Legislative Yuan passed amendments to the Company Act on 6 July aimed at improving corporate governance, making it easier to raise funds and reducing money laundering. On the same day, rules were also amended to make it easier for domestic companies to be listed on the Taiwan Stock Exchange. Both developments in July are encouraging for business confidence.

Indonesia

The latest batch of indicators suggests that the economy grew at a broadly stable pace in the second quarter. In June, the manufacturing PMI declined modestly from the almost two-year high recorded in May, while consumer confidence jumped to the best reading in the survey's history. Improving consumer confidence, coupled with a faster expansion in retail sales in May, bodes well for private consumption growth in Q2. Although the trade balance posted a surplus in June, the external sector remains an economic weak spot. Monetary policy normalization in developed economies and prospects of a global trade war have shaken investors' confidence and caused the currency to depreciate 4.1% in the second quarter. While the Central Bank intervened forcefully to stem the rupiah's depreciation, the currency remains under pressure due to high ownership of government bonds by foreign investors, elevated prices for fuel products and a persistent current account deficit.

Thailand

Following a strong first quarter in which the economy grew at a multi-year high pace, second quarter data is also providing some good news, as domestic demand appeared firm in Q2 on the back of household spending. Growth in private consumption was elevated in April–May, while retail sales grew at a near double-digit pace in April. Private consumption is likely being buttressed by wage growth and improving consumer confidence, which reached its highest level in five years in June. Furthermore, manufacturing output expanded at a solid pace in April and May. On the downside, the PMI moderated in June on the back of a fall in new domestic and export orders, suggesting that growth momentum in the manufacturing sector eased in the same month.

Malayasia

Data for the second quarter suggests that growth remained robust. Industrial production was healthy in the first two months of Q2, with the average growth reading trending close to the average reading in Q1. Export growth also remained strong in the same period, and in May, the 12-month trade balance reached its highest level since January 2013. Moreover, retail sales expanded at a healthy pace in April–May over a year ago. On a less positive note, the manufacturing PMI remained below the 50-point mark throughout Q2, despite edging upwards in June after four consecutive declines. In June, although operating conditions deteriorated at a slower pace, output and new orders continued to drop. To push back against Chinese influence, the new government recently suspended China-backed projects totaling USD 22 billion. The move could strain relations with China and dampen fixed investments.

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CHINESE FIRM EAGER TO SET UP MODEL TANNERY AT BANTALA

The state has received a fresh investment proposal worth one million dollars from a Chinese firm for setting up model tannery at Calcutta Leather Complex in Bantala.

A 12 member delegation from China visited Nabanna and met commerce and industry minister Amit Mitra and officials of the micro, small & medium enterprise department. The Chinese delegation also visited the Calcutta Leather Complex at Bantala accompanied by Mr Meghnad Dey, Joint Secretary of the MSME department.

The team expressed satisfaction after inspecting roads, sewerage system and common effluent treatment plants. They said that the Bantala leather complex is quite attractive and there have been no labour problems.

Talking to the Statesman, Mr Imran Ahmed, General Secretary of Calcutta Leather Complex Tanners Association (CLCTA) said that the mega Chinese company is welcome to make fresh investments in the state.

"The Chinese firm requires about 20,000 square feet of land and will produce about five million square feet of finished products. They supply finished leathers to top companies in the world," Mr Khan added.

(Source : The Statesman – 06/10/2018)

COMMERCE MINISTRY TO FOCUS ON NINE KEY SECTOR TO PROMOTE EXPORTS

The Commerce Ministry has identified nine sectors for export promotion, which include gems and jewellery, leather, textile and apparel, engineering electronics, chemicals and petrochemicals, agriculture and allied and marine products.

At the recent inter-ministerial meeting on export promotion, Commerce & Industry Minister Suresh Prabhu proposed that possible barter arrangements with specific countries may be explored, according to an official release.

Commerce Ministry officials had earlier said the Ministry was exploring barter mechanisms with countries such as Iran, Russia and Venezuela. "Commerce Secretary Anup Wadhawan apprised that discussions are also on to provide priority sector status to export credit, to enhance the volume of credit and for enhancement of allocation for the interest subvention scheme and for the SEIS and MEIS schemes," the official release said.

The Commerce Minister appreciated the inter-ministerial teamwork leading to formulation of the current sectoral export strategy. "He urged the ministries to work on tapping opportunities with countries in this region, particularly in South Asia, as there is huge potential to increase India's exports," the release added.

This was the third inter-ministerial meeting on sectoral export promotion strategy. The meeting was attended by Commerce Secretary, DG Foreign Trade, the Secretaries of Textiles and Chemicals and Petrochemicals and other senior officers from the Ministries and Departments of Electronics, MSME, Agriculture, Animal Husbandry and Defence Production.

The Minister emphasized the need to create more jobs in India with a focus on labour-intensive manufacturing Special Economic Zones. He also suggested that the possibility of collaborative exports in partnership with other countries be explored.

Drawing attention to India's multilateral obligations, Prabhu asked the line ministries to adhere to India's World Trade Organization commitments, while designing their export promotion policies.

He suggested a separate meeting on the services sector to examine issues relating to remittances and other capital flows.

(Source : BusinessLine – 04/10/2018)

NO RELEASE OF EFFLUENT IN GANGA AFTER DEC 15 : CM

Chief Minister Yogi Adityanath has asked officials to ensure the effluents, both domestic and industrial, are not released in the river Ganga after December 15 and adequate arrangements are made for treating sewage at effluent treatment plants (ETP) before being discharged in the Ganga.

While reviewing progress of the shifting of tanneries in Kanpur in view of Kumbh Mela, the Chief Minister said that officials should ensure construction of ETPs within the stipulated time "In no way the effluent should be discharged into the river

Ganga after December 15. The officials should ensure that pure and clean water reaches Prayag and Kumbh," Yogi said, adding that for community ETPs, non-conventional energy should be used.

The Chief Minister said in view of Kumbh Mela, importance should be given to the auspicious days like Makar Sankranti, Paush Purnima, Mauni Amawasya, Basant Panchami, Maghi Purnima and Mahashivratri and it should be ensured that devotees get clean water for bathing.

"Help of IIT Kanpur and IIT-BHU, Varanasi should be taken to ensure cleanliness," he added. The Chief Minister said that special cleanliness drives should be launched in 1,627 villages situated across the Ganga river and they should be declared ODF.

"Those nullahs (streams) which open directly into the river Ganga should be tapped and if they cannot be tapped, the remediation work should start at the earliest," Yogi said. The officials concerned informed the Chief Minister that till date, 99 nullahs had been tapped and remediation work had started in 127 nullahs.

The Principal Secretary (Irrigation) said that on the auspicious dates additional water would be released from Tehri, Bhimgauda, Narora and Kanpur. The Chief Minister was also informed that work had started for renovation of Shahi nullah in Varanasi and over 62 per cent of the work was completed while in Dinapur (in Varanasi) the work was around 90 per cent over.

Forest Minister Dara Singh Chauhan, Chief Secretary Anup Chandra Pandey and Principal Secretary to Chief Minister, SP Goyal, were present in the meeting.

(Source : Daily Pioneer – 07/10/2018)

RS. 1 L CRORE PLAN FOR 14 MEGA NATIONAL JOB ZONES IN THE WORKS

The government is firming up a Rs. 1 lakh crore plan to set up mega national employment zones across the country with the aim to provide direct and indirect jobs to one crore youth over next three years.

The proposal, which is given the final shape by the shipping ministry in consultation with the NITI Aayog, is expected to be rolled out ahead of general elections next year and could help the government affirm its commitment towards job creation.

Top government sources told E that the employment zones will, have fiscal and non-fiscal incentives like tax holidays, capital subsidy and single window clearance among others, linked directly to the number of jobs created by firms willing to set up manufacturing bases in these zones.The shipping ministry has proposed up 14 national employment zones to be built in coastal states under the special purpose vehicle route.

"These zone will have 35 industrial clusters across like food, cement, furniture and electronic besides traditional labour intensive sectors like garment, leather and gems & jewellery," one of the sources quoted above said.

(Source : Economic Times – 13/09/2018)

CUSTOMS DUTY HIKED ON 19 PRODUCTS

Intervening to support a falling rupee, the government on Wednesday increased the import taxes (basic customs duty) on 19 items ranging from white goods, gold jewellery and aviation turbine fuel to footwear and certain plastic items by 2.5 to 10 percentage points.

The move covering goods whose aggregate imports last fiscal were Rs.86,000 crore could jack up the prices of these goods in the domestic market and make air travel costlier. While many of these items like air conditioners and refrigerators saw a reduction in the goods and service tax (GST) rates recently, domestic manufacturers could now use reduced competition from imports to hike prices, analysts said.

BASIC CUSTOMS DUTY %

Items	Earlier	New
Air Conditioners	10	20
Refrigerators	10	20
Washing Machines	10	20
Gold Jewellery	15	20
Diamond	5	7.5
Aviation Fuel	0	5
Footwear	20	25
Radial Car Tiers	10	15
Certain Plastic Items	10	15

(Source : Ministry of Finance)

(Source : Financial Express – 27/09/2018)

DESPITE IMPRESSIVE PERFORMANCE OF EXPORTS, SOME SECTORS ARE STILL IN NEGATIVE TERRITORY : FIEO

New Delhi, Sept., 15 (KNN) : With increase in exports of goods consecutively for four months in a row, some of the sectors of exports especially from MSMEs have come into positive territory including gems & jewellery, leather & leather products, handicrafts but others such as plantations, marine products, textiles, jute manufacturing are still in negative territory, said exporters body FIEO.

Reacting to August, 2018 trade data released by Ministry of Commerce, Federation of Indian Export Organization (FIEO), President, Ganesh Kumar Gupta said "consecutively for fourth month in a row exports have shown a higher double-digit growth of 19.21 per cent."

However, the rate of growth during the month has shown an upward trend as compared to previous month with an increase of about 5 per cent but rising trade deficit will still remain a matter of concern for the entire economy, he added.

Reiterating his concern for rising trade deficit, primarily on account of swelling of crude imports bill due to rising global oil prices and higher gold import, which has further added pressure on Indian Rupee, Gupta said "though the Rupee depreciation has given some edge to Indian exports as Rupee is one of the worst performing currency in Asia in the current fiscal, yet its impact has varied from one sector to the other."

Commenting over the growth trends, Gupta said that the main reason behind the impressive growth shown by gems and jewellery exports have been the increased import of gold and pearls, precious & semi-precious stones.

Despite impressive growth, FIEO pointed that some of the small and micro sectors of exports are still reeling under pressure because of the liquidity crunch as banks and financial institutions have continuously been tightening their lending norms and ITC refund for exports still poses a challenge, said Gupta.

He added that significant contribution in the growth was made by engineering, petroleum, gems & jewellery, organic & inorganic chemicals, drugs & pharmaceuticals, electronic goods and plastic & linoleum sectors of exports, as they were not only in positive but has also helped the exports sector to continue on its higher double-digit growth trajectory in these difficult times.

Only 17 out of 30 major product groups were in positive territory during August, 2018, Gupta pointed.

(Source : KNN India – 15/09/2018)

PROTEST IN AGRA OVER RESTRICTIONS ON INDUSTRIES

Workers, industrialists and social activists marched here on Wednesday to protest restrictions on industries in the eco-sensitive Taj Trapezium Zone spread over 10,400 sq. km.

Carrying placards and banners, the protesters raised slogans against the apathetic attitude of the elected representatives towards industries, hotels, hospitals and others listed in the Orange, Red and White categories of the pollution control department.Industry leaders addressing the protestors at the Shaheed Smarak claimed that thousands of people would lose their jobs with total disruption of economic activities in Agra if the restrictions were not lifted.

K. C. Jain, Secretary of Agra Development Foundation, said "not only iron foundries, but also hotels, nursing homes and business establishments have been affected by the a moratorium on expansion." Organizations that joined the protest included Laghu Udyog Bharti, National Chamber of Industries and Commerce, UP Diesel Engine Manufacturing Association, Mathura, Firozabad Factories Association, Engineering Component Manufacturing Association, Factory Owners' Association, Export Promotion Council Members, Computers Association of Agra, Tourists Welfare Chamber, Agra Footwear Manufacturers and Exporters Chamber, Real Estate Developers Organization, Foundries Association, Agra Hotels and Restaurants Association and a dozen others.

The polluting industries were shut down in 1996 by the Supreme Court. Later, some industries were allowed to run if they switched to natural gas. But expansion and opening of new units was not permitted both in Agra and Firozabad.

(Source : SME Times – 19/08/2018)

LESSON ON LEATHER GOODS – Part XI

Shome Nath Ganguly

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(The purpose of this article is to advise the students as well as artisans engaged in leather goods industry. Shri Puranjan Mazumder of FREYA helped me to prepare this article)

NON TRADITIONAL LEATHER USED IN THE FOOTWEAR INDUSTRIES (PART - 1)

Synthetic upper & bottom materials are being used gradually as a substitute of leather since last 45-50 years. Now in the present domestic footwear market more than 70% synthetic materials are used for making upper, lining, insole & soles.

Upper materials :

1. Poromeric upper
2. PVC coated upper
3. PU coated upper

Bottom Materials :

Leather board & Fibre board are used to make blended insole. It is used as a substitute for leather insole in the shoe industry. Various synthetic porous lining materials are used in place of dyed leather ling. Synthetic toe cap & counter are being used for a long time to replace leather as a stiffening material.

Soling Materials used widely for making shoes.

1. PVC moulded unit sole
2. PU moulded unit sole
3. TPR moulded unit sole

Though traditional leather Like Cow & Buffalo are replaced by synthetic material but there is a sharp rise of using traditional leather by the shoe industries.

NON TRADITIONAL LEATHER

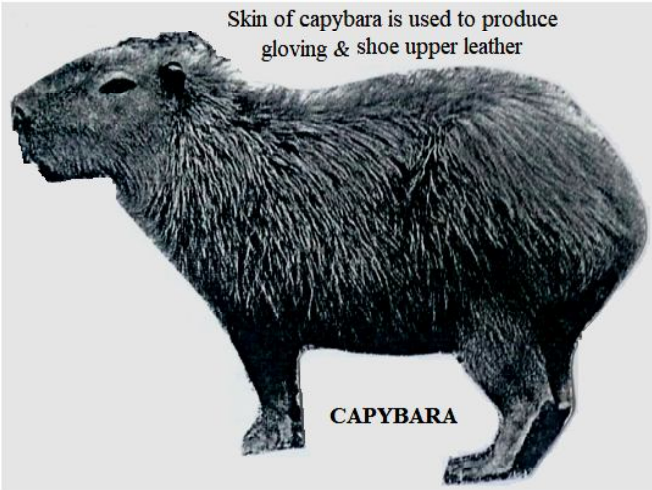
PIG Skin: In leather making terms, the best skin are from lean Eastern European and Asian Pigs. British & American pigs tend to be larger & fatter, with poorer quality skin. Though pig skin is not widely manufactured in India but the same is available globally. It is a very essential leather used as a lining material for the leather product industry. It can be made as a strong & light weight leather. High fat content of pigskin is found in the flesh leather, as such it creates difficulties in the process of leather making. Beside these the skin also have a dense fibre structure in the butt area which resists penetration of chemical in the butt area. Grain surface of all types of pig skin are quite course & knobby. As the pigs have bristles rather rather than a more protective hair or wool coat. The surface of pig skin has a distinct pattern of holes (hair follicles), usually a triangular pattern of three follicles together. These holes (hair follicles) assists the skins with the characteristic of “breathability” which is one of the reason of getting popularities of pigskin as a lining material.

As the grain surface of the pigskin is often damaged easily the skin on that occasion used as a suede leather. These skins are used either grain or flesh suede (where grain surface is too damaged & can’t be used as a grain leather). As the demand of the suede leather is not a regular one the same skin can be upgraded using the following process of finishing.

1) Poor grain surface of the skin can be finished with spraying or roller coating a heavy pigmented finish.
2) It can also be finished by application of foil or transfer film to the grain surface of the skin.

PECCARY: A distant relative to the pig is peccary, a wild boar that is comes mainly from Mexico, Central American countries, Brazil & Argentina. It largely used to make grain leather for gloving.

CAPYBARA: It is also an unusual animal which is locally available in Argentina, Uruguay & Brazil. It’s skin is used mainly for making gloving & upper leather called “Carpincho”. Both Peccary & Capybara have very distinct grain pattern which are quite similar in appearance. This leather can be described as “Hogskin” leather.



GOAT SKIN

Goats are hardy, domesticated animal. The young goats are called Kids. Goats are found mainly in warmer areas. Goats are similar to hair sheep. The place where there are inadequate grazing areas for cattle & sheep, you will find goat there. Globally majority of goatskins are imported into Europe from Africa, Asia & Central / South America. Though India, Pakistan & Bangladesh are producing huge quantity of goats skin but overall goat provides in this way only 8% of world goatskin leather.

Goats are unusual to have two types of hair which are almost similar to run in parallel lines, giving a very distinct grain pattern. The primary hairs are long and course and also referred as guard hairs. Underneath of this can be found the secondary hairs which are short, fine and fluffy. This is referred as under fur of the goat. For high quality aniline leather for making quality leather goods, the goatskin is being used due to its distinct grain pattern. The grain pattern is also dependant on how the animal is grown and the area of its grazing.

Two and two and half square feet (2 - 2.5 sq.ft) area of a kid's skin with no grain defect is being polished & produce "Glaced Kid" for making high quality footwear & small leather goods like wallets / money purse. Goat skin having grain defects and can't be used as a grain leather for product can be finished as a very fine tight grain suede leather with a velvety nap. Overall goat & kid skins are having a very tight fibre structure so have a wide number of applications. It also used to make ladies garment, hand gloves & light weight ladies footwear.

The disadvantage of goat skin is its size / area which is between 2- 6 sq. ft. The thickness of goat skin is generally between 0.5 - 0.6 mm which is inadequate for making gents shoe. To use goat skin in the industry, requirement wise reinforce is used to upgrade the strength of the upper.

(To be continued to next issue)

JILTA

Concluding part of the Article published in Vol.-12, No. - 5, May, 1964 of JILTA

INVESTIGATIONS TO IMPROVE THE DETERMINATION OF THE HIDE SUBSTANCE IN LEATHER ANALYSIS

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(Continued from the previous issue)

4. Differentiated nitrogen determination on pelts and leathers of unknown composition.

The experience obtained with various tanning and fixing agents, and hence with the model leathers produced therewith, was now utilized to gain an idea of the Kjeldahl nitrogen falsification in the case of leathers produced by unknown methods. We shall not reproduce the individual analysis values and in the table 9 we merely show the percentages of ammonical and amide nitrogen in relation to the amino nitrogen values that are important for the purpose of assessment.

A leather placed at our disposal by Farbenfabriken Bayer and doubtless tanned with a fairly large amount of syntans contains a relatively high percentage of ammonical nitrogen. The leather supplied by firm A was doubtless tanned with only a very small amount of syntans. It contains only 0.08% of NH_3 nitrogen and 3.2% of amide nitrogen. The corresponding values for a sole leather supplied by firm B are 0.6 and 3.89. Presumably neither syntans nor fixing agents of the types described were used for these two leathers.

Then, independently of the place in the hide, we investigated the nitrogen balance in an untanned hide from a current batch from the Westdeutsche Gerberschule at Reutlingen. At no place was more than a very little free NH_3 nitrogen to be found. The amide nitrogen percentage varied independently of the place in the hide between 3.3 and 3.6. For the sake of comparison we also analyzed a bend from a cow hide from the Darmstadt slaughterhouse and found of amide nitrogen. Leathers from the School of tannery at Reutlingen (the part of the hide mentioned was used) showed an only slightly elevated amide nitrogen content. However, the content of ammonical nitrogen had increased considerably. This applies particularly to the belly and side parts of the sole leather hide concerned. The amide nitrogen of the bend and neck parts of the butt was likewise somewhat below that of the shoulder, side and belly parts.

These increased figures for the shoulder, side, and belly parts of the hide can be explained on the one hand by the increased absorption of fixing agents by these relatively loose parts of the hide, in comparison with the absorption of the firmer parts, and on the other hand by the topographical situtation of the samples in the hide. We also investigated how the amide nitrogen is influenced by the liming and

Table 9

Description of Leather	*Per cent ammonical nitrogen calculated on amino N.*	*Per cent amide N, Calculated on amino N*	*Per centa mide N, Calculated on amino N (sum of 1+2)*
	1	2	3
Bayer, Leverkusen	1.92	4.74	6.66
Firm A	0.08	3.26	3.34
Firm B	0.6	3.89	4.49
Gerberschule, Reutlingen			
limed hide, hydroextracted with accetone			
1 bend	0.028	3.64	3.67
2 neck	0.046.	3.27	3.32
3 shoulder side	0.018	3.32	3.34
4 belly	0.038	3.50	3.45
limed hide, Darmstadt	0.000	3.50	3.50
Gerberschule, Reutlingen			
sole leather			
1 bend	0.97	3.78	4.75
2 neck	0.92	3.87	4.79
3 shoulder side	2.5	4.12	6.62
4 belly	2.3	4.08	6.38
Cassella Werke			
1 bland specimen	0.09	4.35	4.44
2 Cassatan L Powder	0.2	17.37	17.57
3 bland specimen	0.29	4.10	4.39
4 Cassatan MA Conc. Powder	—	11.35	11.35
Norddeutsche Lederwerke			
Neumunster pelt	0.00	3.32	3.32
1 bend	0.00	3.06	3.06
2 shoulder	0.00	3.12	3.12
3 side	—	—	—

how it depends on the topographical situation of the hide. These investigations will form the subject of a separate report. Here it will only be mentioned that when the liming treatment undergone by the leather under investigation is not known the factor for the reduction of the amide nitrogen value by the liming treatment must be taken into account. Nevertheless, as we have seen in the case of the limed pelts from Norddeutsche Lederwerke, the range of variation is practically limited to 3.5 to 3.0 per cent of amide nitrogen, calculated on amino nitrogen.

Summary

1. We demonstrated the difficulties of the oxyproline method and its inaccuracy. When the laboratory personnel has had some practice the maximal scattering in the case of 8 consecutively determined values is approximately $\pm$ 10 per cent.

2. When the oxyproline method is determined considerably higher values will always be found in the case of vegetable—tanned leathers, while lower values will always be found when use is made of nitrogen-containing fixing agents. The degree of falsification undergone by the real values differs with every tanning agent and every fixing agent and therefore results in the hide substance values determined by the oxyproline method being partly larger, and also partly smaller, than the corresponding values determined by the Kjeldahl method.

3. In view of the high degree of scattering, the uncontrollable falsification effect by tanning and fixing agents, and the complexity of the procedure, the oxyproline method appears to have no advantages over the conventional method of hide substance determination.

4. Generally the hide substance value is too high when found by means of Kjeldahl Nitrogen determination with the aid of the factor 5.62, because additional nitrogen is brought into the leather in the course of the tannage and retannage. In some cases this nitrogen can be determined only by the Kjeldahl method ; often, however, it is already determined as amide nitrogen and in some cases, indeed, it can already be distilled off as free ammonia.

5. The nitrogen content of vegetable and synthetic tanning agents, and also fixing agents, differs very greatly from product to product and, above all, the differences are very marked in the way the nitrogen is accounted for by the three types of chemical combination. By means of experiments with industrial products on samples of leather prepared by ourselves we found that the nitrogen not only of fixing agents but also of tanning agents has a falsifying effect on the hide substance value of the finished leather.

7. Examples of calculation were included to show how great the falsification of the true hide substance values, and hence of the tanning penetration values, can become when these factors are not taken into account.

8. Already in the untanned animal hide the percentage of amide nitrogen, calculated on amino nitrogen, is subject to some change, which is independent both of the intensity of the liming and of the topographical situation of the hide.

9. The accuracy of hide substance determination can be clearly improved by multiplying the amino nitrogen by the factor 5.82. Nevertheless, this improvement is only possible in cases (which, however, are those most frequently occuring in practice) in which the falsifying nitrogen can be separately determined by the amide nitrogen determination method.

Experimental Section

(*a*) *Analytical determination of the free ammonical nitrogen*

The free ammonical nitrogen can be rapidly distilled off under a vacuum in a slightly alkaline medium. According to J. M. Cassel and A. Mokenna[8] it is advisable to employ a temperature of 55° C. Under these conditions the ammonia is already distilled off quantitatively in 10-15 minutes, whereas this takes much longer at the temperature recommended in Gerbereichemisches Taschenbuch[9], that is 40°C. We found by experiment that the amide nitrogen is not split up under these conditions. The distillation apparatus used is shown in figure 1.

In detail the determination procedure is as follows :

150-300 mg. of the finely sliced leather is weighed into the distilling flask B, after which are added 10 ml. of distilled water and 1 drop of silicone oil to prevent foaming. Then 1.5 to 2 ml. of a magnesium oxide paste is added from a measuring pipette. This paste is prepared from 20 gm of magnesium and 60 ml. of 1 N caustic soda solution + 60 ml. of water by grinding them finely to produce an easily flowing suspension. After the addition of the magnesium oxide paste the fractionationing column with the capillary tube K is quickly put on and the receiver, which has been filled with 10 ml. of boric acid solution, is connected. The ground joints are held together with wire springs. The vessels G_1 and G_2 are placed under the distilling flask and the receiver V respectively. The water bath G_1 is heated to 55°C with a gas relay ; the cooling path G_2 is charged with water and pieces of ice. In order to prevent any ammonia which may be present in the atmosphere from being sucked through the capillary tube of the distilling flask it is advisable to interpose a washing bottle with boric acid to which an indicator has been admixed. A three-way cock H is fitted at the outlet side of the receiver ; one of its tubes leads into the room, the other leads to the water-jet vacuum pump.

The cock H is now used to control the vacuum in such a way that the liquid boils well, but without foaming over. As a precautionary measure a dropcatcher Tr is also fitted to prevent foaming-over. It should be pointed out here that the use of finely ground leather powder greatly encourages foaming-over. The distillation takes 10 minutes. In order to discontinue the distillation the apparatus is carefully ventilated by means of the cock H, as a result of which the liquid in the receiver ascends back into the first part of the receiver.

It is simpler, however, to ventilate the apparatus slowly by drawing out the capillary tube with the cock H closed. This has the particular advantages that the capillary tube does not become full of liquid by suction and that the following determination can be carried out without interruption. The titration is carried out with 0.02 N sulphuric or hydrochloric acid.

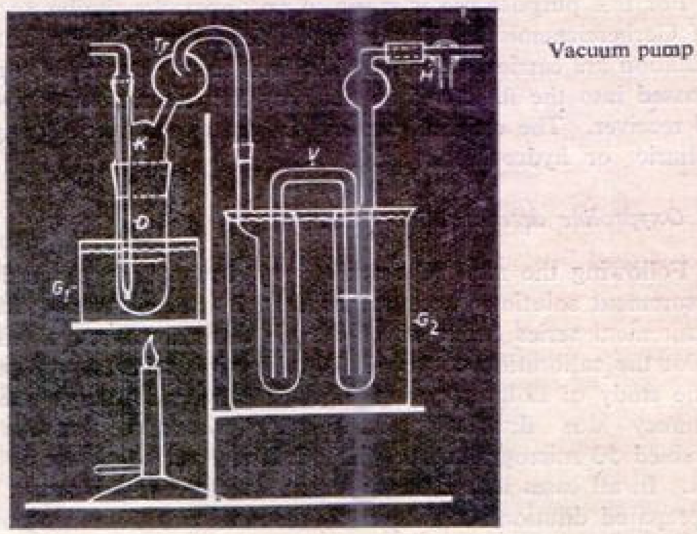

Fig. 1

(*b*) *Determination of the non-amino nitrogen*

For this purpose we use at the Darmstadt Institute a method of hydrolysis that is also employed by the firm of C. Freudenberg, of Weinheim. According to this method 500 mg. of leather chips is weighed into an Erlenmeyer flask and hdyrolyzed for 24 hours at 100°C with 30%sulphuric acid in an oven. At the end of this period the ammonia of the acid amide group is completely split off. It is distilled over with lime in a Parnas-Wagner[11] apparatus or in another apparatus suitable for determining Kjeldahl nitrogen into boric acid and then titrated with 0.02 N sulphuric or hydrochloric acid.

However, as we found, it is possible to use another hydrolysis method which gives the same values. This method may be regarded on the basis of a critical review of the methods described in the literature as the most suitable for leather [10]. Here 500 mg. of leather chips is weighed into a Kjeldahl flask and hydrolyzed for 24 hours at 90°C with 2 N hydrochloric acid.

The titration of the ammonia from a boric acid solution with 0.02 N HCl required some experience in the recognition of the end point. For this purpose it is essential to use a correct mixture of boric acid and indicator. 250 ml. of H_3BO_3 solution+750 ml. of distilled water saturated at 20°C is mixed with 20 drops of Mixed Indicator 5 (for residual nitrogen determination and other ammonia titration purposes, manufactured by E. Merck, Darmstadt). The same received liquid was used for the method of determination according to Kjeldahl.

(*c*) *Determination of Kjeldahl Nitrogen*

For this purpose use is made of an apparatus similar to that shown in figure 6 of Gerbereichemisches Taschenbuch, 6th impression[12]. The decomposition and distillation are carried out in the Kjeldahl flask. Steam from a heated water bottle is passed into the flask and in this way the ammonia is driven over into a boric acid receiver. The weighed portion amounts to about 200 mg. titrated with 0.1 N sulphuric or hydrochloric acid.

(*d*) *Oxyproline determination method*

Following the method described by Bowes[4], we proceeded as follows. The measurement solutions were prepared in 25 ml. measuring flasks. In each case a measurement series consisted of 8 such determinations, of which four were used to plot the calibration curve. This calibration solution was prepared as described in the study of Lollar : 25 mg. of chemically pure oxyproline dried to a state of constancy was dissolved in 500 ml. of water, so that this stock solution then contained 50 micrograms/ml. This solution was then used for three days at the most. In all cases it had to be kept in a closed refrigerator. From this solution we prepared dilutions as follows : one each with 10 micrograms/ml. by filling up 20 ml. of the standard solution to 100 ml., one with 15 micrograms/ml. by filling up 30 ml. of the standard solution to 100 ml., one with 20 micrograms/ml. by filling up 40 ml. of the standard solution to 100 ml. and finally one with 25 micrograms/ml. by filling up 50 ml. of the standard solution to 100 ml.

The hide or leather hydrolyzates were prepared as follows : 150 mg. of hide collagen and 20 mg. of leather respectively, both dried to a state of constancy, were fused in with 10 ml. of 25 per cent hydrochloric acid, chemically pure, in a test tube and hydrolyzed for 18 hours at 105°C in an oven. They were then removed, allowed to cool, and filled up to 1 litre.

For the purpose of determination 2 ml. of specimen solution or 2 ml. of calibration solution was pipetted into a 25 ml. measuring flask. The following were then added consecutively : 2 ml. of 0.05 N copper sulphate solution, 2 ml. of 1·25 N NaOH, and 2 ml. of 6 per cent hydrogen peroxide. The flask was well shaken after the addition of each of these solutions. Omitting to shake the flask leads to errors. The hydrogen peroxide had to be added to the solution quickly and in the course of the next 5 minutes after its addition the flask had to be gently shaken once every minute.

After this period of 5 minutes the oxidation is complete. To break down the peroxide of the solution the measuring flasks were placed in a water bath at 40°C for 15 minutes. The water bath consisted of a large glass bowl heated by a gas relay. To make the mall flasks stand safely and firmly on the bottom of the water bath they were weighed by having iron nuts placed round their necks. While the hydrogen peroxide was being decomposed all the small flasks were vigorously rotated ; this had to be done repeatedly, i.e. at least three times. Then the solutions were cooled and to each was added 10 ml. of 1.8 N sulphuric acid and 5 ml. of a 5 per cent by weight solution of p-dimethylaminobenzaldehyde in propanol. Before use it was essential to recrystallize the p-dimethylaminobenzaldehyde, which we obtained from a commercial source*. This is because, as far as possible, the substance should be pure white and absolutely dry when weighed in. Moreover, it must always be stored in a dark place. The recrystallization[13] is best carried out by dissolving 125 g. of aldehyde in 700 ml. of dilute hydrochloric acid (1 part conc. hydrocholoric acid, density 1.9, per 6 parts water). The concentration of the hydrochloric acid must be kept to exactly. At normal temperature the aldehyde only dissolves when shaken for a long time. It is therefore, recommended to heat slightly. Then the solution is first diluted with half the volume of water in a beaker, which may already reprecipitate part of the aldehyde. Then 15-20 per cent sodium hydroxide solution is slowly added under vigorous stirring and the aldehyde is fractionally precipitated. At first the precipitated aldehyde has a slight yellow colour. It has been found that when about 1 —30 g. has been precipitated the resulting deposit becomes whiter. When this first fraction has been filtered off, the second, pure white fraction is obtained by adding more caustic soda solution. Care should be taken not to precipitate the aldehyde entirely, as the ultimately precipatated fractions again have a slightly yellow colour. After filtering with suction the middle, purified fraction is again subjected to a precipitation procedure of this type and then, when it has been thoroughly washed with water, it is rapidly dried in a vacuum in the dark at about 50°C over phosphorous pentoxide. After being cleaned again the stained fractions can be re-used. We found that the cleaned benzaldehyde can be used only for a few consecutive days. For later tests it has to be cleanea again, since it becomes stained very rapidly and thus influences the extinction of the solution. After being placed in a water bath at a thermostatically controlled temperature of 70°C the solutions develop their colour within 30 minutes. During this period they should occasionally be gently rotated. Following this the solutions are cooled, immediately filled up to the f25 ml. mark with distilled water, mixed thoroughly, and allowed to stand in the dark tor a time as close as possible to 15 minutes exactly. We then measured the optical density in a Zeiss spectograph at a wave length of 560 $cm.^{-1}$. Care should be taken to measure the eight samples as rapidly as possible within 5-10 minutes, since longer standing again leads to lower values.

(*e*) *Preparation of the collagen and leather samples*

The leathers on which the values reproduced in table 4 were determined were obtained by the following method from a cow hide bend : A cow hide bend which

* E. Merck, Darmstadt

had undergone liming and preliminary deliming at the factory of the supplier, Lederfabrick Pfeiffer, was cut up at our laboratory, after which the pieces of hide were placed successively for 10 days each in solution of the tanning extract with a strength of 5° and 10° Be' respectively.

After this treatment the leathers, which were completely tanned through, were rinsed on the outside in pure water, slightly oiled, and hung up to dry, They were then ground, kept in a bottle closed with a stopper, and analysed in this form without being dried to the state of constancy.

Most of the samples on which table 6 is based already indicate their origin in the leftmost column. After being thoroughly washed out the limed and delimed pelts from Norddeutsche Lederwerke and the Tannery School at Reutlingen were hydro-extracted with acetone[14] by the suppliers according to instructions from us. Drying at an elevated temperature in an oven was omitted. The samples were ground to a fine powder and kept in closed bottles, from which in each case the required amounts of powder were weighed out. The leather samples from Cassella-Farbwerke Mainkur were prepared by us according to instructions received from the manufacturer.

The hide and leather samples on which tables 2 and 3 are based were produced as follows : They originate from three 21 ×29.7 cm. large pieces from a single cow hide, one from the bend, one from the butt, and one from the shoulder, as will be recongnized from figure 2a. The way in which these pieces of hide were further subdivided can easily be seen from figure 2b. A strip was cut from the side of each of the three pieces of hide and the epidermis and hair were then removed within a few minutes with concentrated sodium sulphide solution. The pieces were then rapidly neutralized with ammonium sulphate, washed out, and dried with acetone ; all the samples were then finely ground. Part of the powder was dried to a state of constancy in an oven at 100°C ; another part was air dried and kept in a closed container. This sample represented a speciemen of the unlimed hide sample.

The remaining three sample pieces were then limed for three days at room temperature with 2.5 per cent of concentrated sodium sulphide and 3 g of $Ca(OH)_2$ /100 ml. The pieces were then unhaired, briefly rinsed, and delimed right through with 3 per cent of Cavit and 400 per cent of liquor at 300°C. After this the samples were thoroughly watered and further divided up as indicated in figure 2b. As already mentioned, strip 1 in figure 2b was removed without being limed. The remaining piece was divided into 9 parts which were numbered 2a-2i : Mimosa tannage, quebracho tannage, tannage with Tanigan Extra A, liming and no tannage, tannage with Tanigan Extra Q, chestnut tannages, fixation of the chestnut leather with Derugan L, fixation of the chestnut leather with hexamethylene tetramine, and fixation of the chestnut leather with Fixative BH.

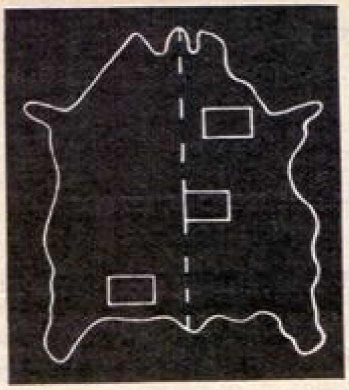

Fig. 2

B

2a	2b	2c	
2d	2e	2f	1
2g	2h	2i	

1 Unlimed
2a. Mimosa tannage
2b. quebracho tannage
2c. Tanigan Extra A tannage
2d. Unlimed and untanned
2e. Tanigan Extra Q tannage
2f. Chestnut tannage
2g. Chestnut tannage + Derugan fixation
2h. Chestnut tannage + hexamethylene--tetramine fixation
2i. Chestnut tannage + fixation with Fixative BH

In each case the tannage was carried out with rising concentrations for three days at 3° Be, five days at 5° Be, and 7 days at 7°Be. Although the leather was then tanned through, it was not absolutely tanned to saturation. For the purpose of impregnation samples 2f, 2g, 2h and 2i were tanned in the same way with chestnut tanning agents. The number of samples treated in this way was four each per hide location (butt, bend, shoulder), i.e. 12 altogether.

For the purpose of fixation 3 per cent of fixing agent was used in each case, calculated on the weight of the leather after superficial washing-out and airing. A concentrated solution was prepared and the leather samples were brushed with it evenly until the entire amount of liquid had been absorbed. Then the leather samples were dried in the air, cut up, and ground ; a part of each sample was dried to a state of constancy at 100°C, while other part was kept in the air-dried condition. The practice of drying one half of each sample at 100°C and keeping the other half in the air-dried condition was observed identically in the case of all the samples from 1-2i. We did this because in our opinion the amide nitrogen can be more accurately determined on material that has merely been air-dried. The oxyproline and Kjeldahl determinations were carried out on leather that had been dried to a state of constancy at 100°C.

We are indebted to Herr Ing. Dargo Keuc for his most carefully carried out hide substance determinations by the oxyproline method. We are grateful to the Minister of Economic Affairs of Hessen for the funds which enabled us to carry out this study.

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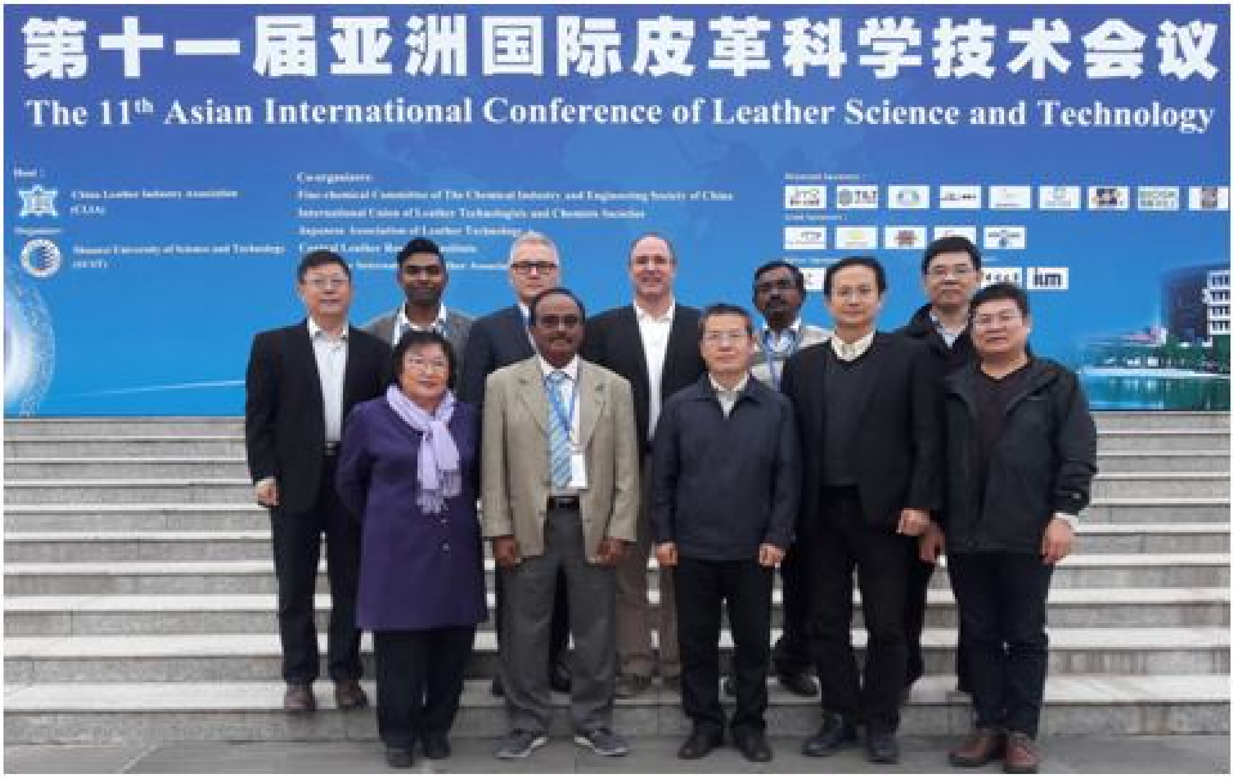
11th AICLST Represented by ILTA as well as India – A Report



The conference was well organized in the New Auditorium of Shaanxi University of Science and Technology with participation of more than 400 delegates mainly from China and Taiwan. In addition about 40 participants from 16 other countries including India, Japan, Mongolia, Russian Federation, New Zealand (Totally 7 countries from Asian Region), U.K, UNIDO, France, Romania, Africa, USA, etc. Three oral presentations were made by Indian delegates (Myself, Dr.S. V. Srinivasan -CLRI and Dr. Sanjeev Gupta-CLRI). I have also chaired on session on 17th Oct.2018.

We had two committee meetings on 16th Oct. 2018 (i.e. 11th AICLST 2018 Conference organizing committee meeting Chaired by Mr.Su Chaoying of CLIA followed with Asian International Forum meeting Chaired by me).

One of the main agenda was organizing the 12th AICLST Conference during 2022 preferably in India as per the rotation. I have informed them that the matter will be discussed with ILTA and we will communicate most likely before the end of Dec.2018.

Mr. Chen Zhanguang, the present incharge of CLIA activities thanked ILTA and Indian delegates for the cooperation and CLIA would extend their support and cooperation for the 12th AICLST Conference in India during 2022 as per the rotation (first preference) and if there is any limitations they will pursue with Taiwan.

The executive committee meeting of IULTCS was held on 17th Oct.2018 with the participation of Mr.Thomas Yu, President and Dr.Campbell Page, Secretary and Treasurer. Hope the minutes will be circulated by Dr.Campbell Page shortly.

Assuring of my support and contribution to the activities of Indian Leather Technologists' Association (ILTA).

A report By: Dr. S. Rajamani
Chairman, IUE Commission

GST COUNCIL MET 30 TIMES, TOOK 918 DECISIONS IN TWO YEARS : FINANCE MINISTRY

The all-powerful GST Council, chaired by Finance Minister Arun Jaitley, has met 30 times and taken 918 decisions related to laws, rules and rates for the new tax regime within a span of just over two years, the Finance Ministry said on Sunday.

The Goods and Services Tax (GST) Council, which comprises state finance ministers and Union Minister of State in charge of Revenue as members, was set up on September 15, 2016, as the country's first 'federal institution'.

"Till date, GST Council has taken 918 decisions related to GST laws, rules, rates, compensation, taxation threshold etc. More than 96% of the decisions have already been implemented through 294 notifications issued by the Central Government," the ministry said in a statement.

The remaining decisions are under various stages of implementation. Almost equal number of corresponding notifications has been issued by each state, it added.

The working of GST Council has ushered in a new phase of cooperative federalism where the Central and state governments work together to take collective decisions on all issues relating to indirect tax regime of the country, the statement said.

Besides, tax officers of the Centre and states met ahead of the GST Council meetings to enable the council members to fully discuss the issues under consideration. The Council has held discussions in a "harmonious and collaborative spirit" in the 30 meetings that have taken place so far, it added.

The detailed agenda notes for the 30 GST Council meetings ran into 4,730 pages, while the minutes of the meetings ran into 1,394 pages, the statement said.

The GST, which replaced 17 central and state levies including factory-gate, excise duty, service tax and local sales tax or VAT, is India's biggest tax reform in 70 years of independence.

(PTI – 28/10/2018)

PLUNGING RUPEE PROMPTS INDIA TO RAISE TAXES ON GOODS WORTH RS. 860 BILLION

Import duty raised on 19 items from jet fuel to jewellery. India raised customs duties on products ranging from aviation fuel to footwear as it seeks to narrow the current-account deficit and support the rupee.

The taxes on 19 items, imports of which were valued at Rs 860 billion ($12 billion) in the financial year ended March, will be effective Thursday, the finance ministry said in a statement Wednesday.

A current-account deficit at a five-year high is a key vulnerability for the economy and one of the reasons why the rupee has been the worst-hit in Asia amid an emerging-market rout this year. The move follows similar steps taken by Indonesia — which also runs a current-account gap — to raise taxes on imports of luxury goods like cars to consumer products and delay import-heavy infrastructure projects.

While Indonesia's rupiah has lost about 9 per cent against the dollar this year, India's rupee has dropped more than 12 percent, as rising oil prices push the nation's trade deficit wider and fuel inflation.

Prime Minister Narendra Modi's government had asked ministries to finalize plans to reduce inbound shipments of electronic goods such as mobile-phone components and some petroleum products and capital goods, people familiar with the development said Tuesday. The plan is to reduce imports of these items by 1.5 per cent to 4 per cent, the people said.

Citigroup Inc. economists Samiran Chakraborty and Anurag Jha estimated the goods targeted with higher taxes represent 0.5 per cent of gross domestic product and could be beneficial in helping to rebalance demand, depending on how responsive consumers are to higher prices and whether the products can be replaced with domestic goods.

"That said, with the fiscal 2019 current-account deficit quite wide at $88 billion or 3.2 per cent of GDP, more efforts may still be needed including on the exports front to get the current account deficit into the comfort zone," they said.

TRADE CAN AVAIL EXPORT INCENTIVES UNDER MEIS SCHEME : DGFT

The commerce ministry's foreign trade arm DGFT has simplified the procedure for traders to avail export incentives under the MEIS scheme, a move aimed at promoting ease of doing business for exporters.

Under Merchandise Exports from India Scheme (MEIS), the government provides duty benefits depending on the product and country.

The Directorate General of Foreign Trade (DGFT) will start the process of system driven approval of the MEIS claim applications from tomorrow in respect of exports made through EDI (electronic data interface) shipping bills.

The move will enable automatic approval of claims made by exporters to avail incentives under this scheme and the new process is allowed through electronic data interchange ports.

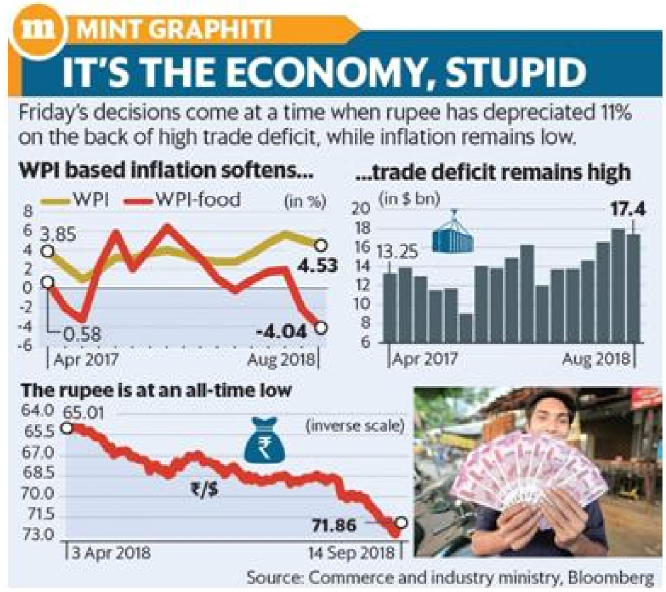
"Under the new system, E-Com module for MEIS, regional authorities will not check the MEIS applications. It will be automatically approved. DGFT officials will have to just attest the print and the duty credit scrips," a government official said.

Rewards under the scheme are payable as percentage of realized free on board value and MEIS duty credit scrip or certificate can be transferred or used for payment of a number of duties, including the basic customs duty. "This will reduce time, effort and lead to faster claim approval," the official said.

The directorate has been on regular basis taking measures to simplify the process.

(Daily News Analysis, New Delhi, 17/09/2018)

GOVT MAY RESTRICT IMPORTS TO CHECK RUPEE DECLINE TRADE MEASURES



Govt. may put curbs on non-essential imports such as gold. After taking few measures to increase capital inflows to check a falling rupee and curb the rising current account deficit (CAD), the next in line could be trade related measures to curb non-essential imports and boost exports.

Finance Minister Arun Jaitley Friday said a broad policy decision has been made to take necessary steps to cut non-essential imports and increase exports, in the backdrop of the CAD touching 2.4% in the June quarter. "The items will be identified in consultation with the line ministries in the next few days and necessary decisions will be taken. We will also keep in mind that the decisions are World Trade Organization (WTO) complaint," he said.

Among non-essential items, imports of gold and electronic goods have picked up significantly in recent months. While imports of gold in July and August grew at an average 65% to \$3.3 billion, that of electronic items during April-August period was up 15% to \$24.7 billion.

However, gold already attracts a high 10% customs duty, and both commerce ministry and NITI Aayog have been demanding reduction in customs duty to ensure better tax compliance and reduce smuggling of gold into India. Gold is also used as a raw material by the gems and jewellery sector whose exports have started to pick up after a prolonged dip.

Among electronic items, telephone sets including mobile phones constitute the major portion, growing at 16.2% to $17.2 billion during April-July. Other items registering high growth include colour television sets of screen size more than 105cm (101%), digital cameras (153%), digital processing units (42%), memories of electronic integrated circuits (291%) among others. Many of the electronic items have zero customs duty under WTO's first Information Technology Agreement, and the government may not be able to hike duties on those products.

Ajay Sahai, Director General and Chief Executive Officer, Federation of Indian Export Organisations (FIEO) said the list of non-essential imports need to be carefully chosen as they should not be raw materials or intermediaries for the industry. "If it is finished products, that can be looked into and that too, luxury-end items can be targeted. India should also not be seen as a country which id indulging in protectionism," he added.

While exports have been growing at double digits consecutively for the last four months, sectors like ready made garments have been contracting for more than a year now. Exports of ready made garments fell 12.1% to $6.6 billion during the April August period. However, the government may find it difficult to directly provide export incentives to such sectors as the US has challenged India's entire exports subsidy regime at the WTO, claiming that India no more qualifies to provide such subsidies.

Sahai said if the intention is to support the exports sector, then the government should ask banks to lend to exporters. "Liquidity is a big challenge for exports. Banks are not lending to any sector and exports sector is a victim of that," he added. Sahai claimed exporters funds up to Rs. 10,000 – 12,000 crore are also locked up due to delay in goods and services tax (GST) refunds which can be released in an expeditious manner. "States also need to play a pivotal role in refund of input tax credit," he added.

(Hindustan Times - 17/09/2018)

INDIA IN A CATCH-22 SITUATION ON A FREE TRADE PACT WITH US

The government seems to be in two minds about whether it should be go in for a free trade agreement (FTA) with the US. While many officials are against such a pact as they believe it will hurt domestic industry and agriculture, there is a small but influential group in the government that favours an FTA, according to two sources aware of the developments.

"There must be a larger debate and consultations involving other ministries and departments as well as industry and farmer groups in case the Commerce Ministry wants to get into negotiations on a free trade pact within the US. A trade agreement with such a powerful nation will have huge economic as well as political repercussions and is not to be taken lightly," a Delhi-based trade expert told Business Line.

Although India, because of its indecision on the matter, has not officially spelt out its intention to get into a free trade dialogue with the US, there are indications from the White House of some informal talks on trade deals already happening between the two countries.

US President Donald Trump said at a recent event in south Dakota that India had expressed interest in a trade deal with the US for the first time.

India-US 2+2

White House Press Secretary Sarah Sanders told reporters at a news conference a few days after the India-US 2+2 dialogue on defense, economic and strategic issues that India and the US had expressed their willingness to negotiate new and better trade deals, and those conversations are at nascent stages.

"The US has been trying hard over recent years to persuade India to get into a free trade pact as not only would it result in a wider market for products such as farm and dairy items but also give it a handle to try and make India change its policies on intellectual property, retail and investments. All this needs to be carefully considered," a government official said.

The group within the Indian government that is pushing for the trade pact is looking at the increased market access that could benefit the textiles, leather and gems and jewellery industries, and possible geopolitical and diplomatic gains.

"What has to be understood is that whatever increased market access India may get in a handful of areas would be relatively miniscule compared to the policy space we stand to lose. Moreover, on geopolitical issues, there is no guarantee that an FTA will make the US tow India's line. We might end up being at the receiving end with the US trying to dictate terms to us," the trade expert added.

Apart from areas such as dairy and medical equipment, where the US industry is trying to push India to change its domestic laws to gain access. India's generic drugs industry is a sector that could be hit by an FTA with the US.

Over the last few years, the US has been trying its best to make India change its patent laws and adopt less stringent rules on ever greening of patents. Ever greening refers to superficial changes made by a company on a pharmaceutical product whose patent has ended to help it get a fresh patent.

India exported goods worth $48.88 billion to the US in 2017-18, while its imports added up to $26.61 billion. With pressure from the Trump administration on India to reduce the trade deficit, the gap has actually reduced in the April-July 2018-19 period by $1.5 billion with India buying more from the US, including crude oil.

(Business Line -17/09/2018)

INDIAN ECONOMY SEEMS IN MUCH BETTER SHAPE THAN MANY OTHER ECONOMIES DESPITE HEADWINDS

Things can, of course, change quickly if oil prices hit $100 a barrel, which would make it tough for Indian economy to finance its yawning trade gap. For now, here are some indicators to show why it's better off than five years ago:

A sharp slide in the rupee, rising oil prices and a widening current-account deficit due to slowing capital inflows are throwbacks to the dark days of 2013, when the country bore much of the brunt of the "taper tantrum." Yet the situation today isn't nearly as grim, and India finds itself lower down on the list of risky economies, well behind countries like Argentina and Turkey.

Things can, of course, change quickly if oil prices hit $100 a barrel, which would make it tough for Asia's third-largest economy to finance its yawning trade gap. For now, here are some indicators to show why it's better off than five years ago:

Fiscal deficit

India has broadly adhered to a strategy of fiscal consolidation that's limited the risk of a spillover. The fiscal gap has averaged 3.9 percent of gross domestic product between 2014 to 2018, down from an average 5.5 percent between 2009 to 2013. For foreigners, the fact that India is trying to run a tight ship is a big plus since overshooting budget can lead to external account problems.

Current Account

Most of the improvement in the current account between 2013 and 2017 was due to falling oil and gold prices. But with oil heading north, the gap has deteriorated in the past year. Economists in a Bloomberg survey forecast it to widen to 2.5 percent of GDP in the fiscal year 2019, compared with 1.9 percent a year ago. A wider deficit increases external risks, but in early 2013 the current-account deficit reached 4.8 percent of GDP.

"India remains vulnerable to increasing oil prices, but its external position is stronger today than during the taper tantrum," analysts led by Sergi Lanau, deputy chief economist at the Institute of International Finance, wrote in a report.

Inflation

With a central bank keen to burnish its inflation-targeting credentials, keeping a lid on prices has become paramount. Consumer inflation eased to an average 5.7 percent between 2014 and 2018 from the 10.1 percent average seen between 2009 and 2013. Some economists say that with the easing of gains in consumer prices, the demand for gold as a hedge against inflation has ebbed, helping cool the pressure on the current-account deficit.

Forex Reserves

India's foreign-exchange reserves rose by $120 billion between the fiscal years 2014 and 2018 to hit a record $426 billion in April this year, thanks to the Reserve Bank of India's policy of steadily buying dollars after the 2013 crisis. Although the reserves have been depleted by about $26 billion since April, that still leaves the RBI with some firepower.

Import cover stands at more than nine months, which is well above the recommended three months, and compares with the seven months of import cover in 2013.

Policy Steps

The central bank has been measured in both actions and words this time around. Back in May 2013, the RBI cut the benchmark repurchase rate by 25 basis points to 7.25 percent only to quickly reverse course as the external situation deteriorated rapidly. It raised three times between September 2013 and January 2014, taking the rate to 8 percent.

This time around, it's raised the benchmark rate twice since June to 6.5 percent.

Five years ago, the RBI acted to curb speculation and volatility in the currency, as well as took steps to bolster reserves and ensure access to swap lines, especially for oil importers. It also took measures to contain the current-account deficit, working with the government to impose duties on imports like gold.

In the RBI's own words from the annual report of 2014: "The policy response was multi-pronged."

(Financial Express – 12/10/2018)

TDS, TCS for GST KICK IN FROM OCTOBER 1: DEDUCTION, REGISTTRATION, COMPLIANCE, CHALLENGES – AL YOU NEED TO KNOW

The GST law requires TDS to be deducted by certain specified Government bodies/ PSUs, where the total value of supply, under a contract, exceeds Rs. 2,50,000. After the GST regime gained momentum, the government decided to introduce TDS and TCS provisions. The GST law requires TDS to be deducted by certain specified government bodies/ PSUs, where the total value of supply, under a contract, exceeds Rs 2,50,000.

The recipient of supply i.e. the TDS Deductor is obligated to deduct 2% (1% CGST + 1% SGST) from the payment made or credited for taxable goods or services or both. The aim to bring this provision is to keep a watch on tax evasion and leakages to the extent possible.

The sudden but delayed implementation of TDS provisions from 1 st October 2018 has presented certain challenges amongst the industry. The challenges would range from initial hiccups to long-lasting impact on the business of companies. Some noticeable challenges with this implementation are outlined below.

Transitioning to TDS:

The priority for the deductors at this stage is smooth transition considering the additional compliance and legal requirements to deduct tax. This has resulted in businesses analyzing the trigger point for deduction of tax. One key issue is whether TDS provisions apply to supplies made prior to 1st October but where payments are received after this date. In order to answer this question, the interpretation of legal provisions becomes critical.

TDS on inter-State supplies:

The GST Law excludes TDS where the supplier registration and the place of supply registration of the TDS deductor are in different states. The provisions do not say that TDS is not applicable to inter-State supplies. However, the FAQ

released by Karnataka Government seems to indicate TDS is not to be deducted on inter-State supplies (irrespective of the location of supplier/ place of supply/ location of recipient).

Although the understanding in the FAQ seems to be incorrect, the Department is yet to clarify this position or make the relevant changes to the law. Till then, it remains unclear whether TDS is to be deducted on inter-State supplies.

TDS on inter-unit transactions:

The transactions between two registrations of a same company (even without any consideration) are taxable under GST. As per the provision under TDS, deduction is to be made on payment made or credited to the supplier.

Different companies follow different practices with respect to the compensation mechanisms between its units. In such cases, TDS provisions may pose significant accounting and legal challenges.

Contract value or supply value?

The TDS provision specifies that the tax is to be deducted where the total value of such supply, under a contract, exceeds 2.5 lakh. The question that arises is whether the tax is to be deducted for all supplies under one contract, where the contract value exceeds 2.5 lakh, or the value qua each supply is to be considered irrespective of the contract value. In absence of clarification, the provision could have serious ramifications.

Deduction of exempt supplies?

As per the legal provisions, TDS is to be deducted from payments made or credited for taxable goods or services or both. Taxable supplies have been defined as "supply of good or services or both leviable to tax under the Act". Therefore, the supplies which have been made exempt by virtue of exemption notifications would also be considered as taxable supplies.

This brings us to the question, whether TDS is to be deducted on payments pertaining to supplies which have been made exempt? Under the Income Tax Law, various Circulars have clarified the non-requirement of deduction in

situations where the income is unconditionally exempt. Under GST laws, similar clarifications have not been issued and have been a concern for companies.

Compulsory registration for deductors:

Persons who are required to deduct tax are required to obtain registration (whether or not registered separately). The provision does not address the situation where a person is operating through multiple places of business in one State. It remains unanswered whether such a person would require separate registration for each place of business to comply with the compulsory registration provision or a single registration for the entire State would be enough.

Additional compliance burden:

In addition to legal issues, the business would be required to prepare themselves for certain compliance requirements. Over and above the existing returns, the person deducting the tax would also be required to file GSTR-7 for furnishing the details of tax deducted.

The Deductor would also be required to furnish to the Deductee (supplier of goods or services) a TDS certificate mentioning the contract value, rate of deduction, amount deducted, and amount paid to the government within 5 days from the date the TDS is deposited.

With fresh challenges under the GST, all the stakeholders must be ready for implementation of the TDS provisions before 1 st October 2018. There is a dire need to clarify the open issues to avoid confusion.

It will be interesting to see whether the issues relevant for TDS implementation are discussed and clarified during the 30th GST Council Meeting scheduled on 28.09.2018. We can only wait and watch.

HOW TO CLAIM INCOME TAX REFUND

Every year we all file income tax returns (ITR) but most of us are not sure about how the process of claiming income tax refund works. For the FY 2017-18, the last date of ITR filing has been extended from July 31, 2018 to August 31, 2018.

You are eligible to receive income tax refund when you have paid more tax to the government than your actual tax liability. This usually happens when the advance tax, self-assessment tax paid or TDS deducted of the taxpayer is higher than the total tax liability of a taxpayer.

Process to claim Income Tax Refund

A person can claim the refund of the excess tax paid/deducted during a financial year while filing his or her income tax returns for that year.

As per the Income Tax Act, a person is required to file his/her return in the relevant assessment year by July 31 to claim the refund. The FY immediately succeeding a financial year is the relevant assessment year (AY) for that FY.

A person can file his/her return either by uploading the filled excel/java utility form or by providing the required data in the online forms (Only for those eligible to file ITR 1 or ITR 4 form).

Refund claimed shows in ITR filed by you.

Once you fill up the entire ITR form applicable to you and click on the validate button on the 'Taxes paid and Verification' sheet the system will auto calculate the refund due to you (as per the data entered by you) and the refund amount will show up in the 'Refund' row as shown in the picture below.

his is the refund amount claimed by you and not necessarily what is accepted and paid by the IT department. The refund amount, if any, that you will be paid will be decided by the IT department after processing your return.

Once you file and verify your ITR the I-T department will process it and verify the genuineness of the claim made.

After processing of return, an intimation will be sent to you depending on the outcome of the processing. In most cases, intimation under section 143(1) is sent to you showing any one of the following: (a) That your tax calculation matches that of the tax department and no further tax is payable by you (b) That your calculation does not match that of the tax department and there is additional tax (called tax demand) payable by you or your refund claim is rejected or accepted partially i.e reduce amount. (c) That your calculation matches that of the tax department and refund claim is accepted by it.

In case of e-filed returns, the intimation is sent to you via email. When this email is sent, normally a sms stating that your ITR is processed is also sent to your registered mobile number. In case the department wants more information or your case is picked up for scrutiny then a notice under a different section may be sent to you instead of under section 143(1).

In case refund due to you is accepted, the intimation also states amount of refund that is payable. The department provides the refund reference number. One can track the status of his/her refund by logging in at the income tax e-filing website and clicking on the Refund/Demand Status under the 'My Account' tab.

Alternatively, one can track the refund status by visiting https://tin.tin.nsdl.com/oltas/refundstatuslogin.html

The website is very user-friendly as it requires only PAN and Assessment year information to check the status of refund.

The department has designated State Bank of India for payment of refunds either through cheque or direct credit into the taxpayer's account. It is advisable that you mention the correct bank details in your ITR form to get timely payment from the department.

The ITR has a specific row for filling in the details of the bank account to which you want refund, if any, to be credited (See picture below). Refund, if accepted as due, will normally be directly credited to the bank account you gave for this purpose in your tax return.

Interest on Refund

If refund is due to a taxpayer, section 244A states that interest shall be payable to the taxpayer/assessee subject to certain terms and conditions.

Interest on refund is payable to an assessee if the following terms and conditions are fulfilled: - If the return is filed on or before the due date i.e. July 31st of the AY relevant to the FY for which the return is filed.

Archit Gupta, founder & CEO, ClearTax.com says "The period for the calculation of interest on refund is based on mode of tax payment::

a) Where refund is of excess payment of advance tax or TDS:

   i. if return is filed on or before due date, period shall be from April 1 of relevant assessment year to the date refund is granted OR,

   ii. where return is not filed on or before due date, the period shall be date of furnishing of return to the date of grant of refund.

b) Where refund is of excess self-assessment tax paid: period shall be from the date of furnishing of return or payment of tax, whichever is later to the date on which refund is granted."

However, no interest is payable if the amount of refund is less than the 10 percent of the tax liability. Also, if the payment of refund is delayed due to any action of the deductor then such period shall be excluded from the total period for which interest payable is calculated.

One must also remember that interest received on the refund amount is taxable. The assessee is required to include the interest paid to him on the refund, in his gross total income while filing return for the financial year in which he has received it.

Interest is calculated using the simple interest method on the amount due for refund at the rate of 0.5 percent for a month or part of month or at 6% per annum.

Interest to be paid by you in case of excess refund by the department

Do you know you can be required to pay interest on any excess refund granted by the Income Tax department?

Section 234D of the Act states that if the department during regular assessment of return finds that amount of refund paid to the taxpayer is higher than the amount he is eligible for, then they can recover the same along with interest.

Regular assessment is assessment done after the initial assessment. Initial assessment is done when the return is processed for the first time. Regular assessment can be described as the scrutiny of the income tax return filed by the assessee.

The rate of interest levied by the department is same as interest on refund paid by the department i.e. 0.5 percent per month or 6 percent per annum.

The period of interest is taken from the date of grant of refund till the date of the regular assessment and is calculated using the simple interest method.

Forgot to claim the refund?

CBDT in its circular dated 09.06.2015 has clarified the rules regarding claim of the refund if the taxpayer hasn't claimed the same while filing the income tax return.

The claim of the refund has to be made using 'Form 30'. It has to be made within one year from the last day of the relevant assessment year i.e. the AY relating to the financial year for which the return is filed. The acceptance of claim depends on the claim amount and the judgment of the income tax commissioner.

Refund pending due to incorrect details

At times it happens that you have filed your ITR with a refund claim but you haven't received it. It may be because of the following reasons:

1. Once the department has done the initial assessment of your verified ITR, it has found that no refund is payable to you. This will reflect in the notice under section 143(1) of the Income Tax Act that the tax department will send you after processing your return. Therefore, if the notice shows a refund due to you then it will be issued but if the notice shows nil refund then it means that your refund claim was not accepted as your calculations did not match those of the department's.

2. Department has processed your refund but you have not received it due to wrong bank details or cheque has not been received by you due to wrong address details.

If your refund is pending due to incorrect details provided by you, you can request the department to re-issue the same after giving the correct bank details.

You are required to sign in on the income tax e-filing website and raise the request for the same under the 'My Account' tab in the 'service request' option.

Once you have filed your ITR and verified it, regularly check the status of your return if you have made a refund claim in the return. This helps you track the processing of your ITR and refund (if any). It also helps check if you have made any mistake while filing the return.

JILTA

-: **JILTA** :-

Owner: Indian Leather Technologists' Association, **Publisher & Printer**: Mr. S. D. Set, **Published From**: 'Sanjoy Bhavan', (3rd floor), 44, Shanti Pally, Kasba, Kolkata - 700107, West Bengal, INDIA and **Printed From**: M/s TAS Associate, 11, Priya Nath Dey Lane, Kolkata- 700036, West Bengal, INDIA