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NEWS CLIPPINGS

	NATIONAL NEWS
1	FM Nirmala Sitharaman to present Union Budget 2021 at 11 am today
2	Budget 2021: Digitisation, job creation, youth skilling key for economic growth; may aid Atma Nirbhar Bharat
3	Budget 2021: What's in store for textile industry?
4	Govt body estimates cotton production at 486.76 kg/hectare
5	GST revenues touch record high of Rs 1.20 lakh crore in January
6	Companies entering textile space may get highest benefit under PLI
7	Garment exporters seek RoDTEP
8	Denim manufacturers grapple with rising material costs
9	Union Textiles Minister inaugurates 8th India International Silk Fair on virtual portal
10	Export growth may hinge on specialisation in items of comparative advantage
11	FTCCI for top priority to MSMEs, boost to rural digital infra
12	Uttar Pradesh gets over Rs 1,88,000 crore investment over last 3.5 years

INTERNATIONAL NEWS

Sri Lanka and China enter into MoU to deepen apparel trade ties

Apparel trade between Sri Lanka and China is slated to receive fresh boost with the two nations having entered into a Memorandum of Understanding (MoU) to uplift the sector that was severely impacted by the COVID-19 pandemic.

In a bid to pledge closer cooperation, China National Textile and Apparel Council entered into an agreement with Sri Lanka's Joint Apparel Association Forum (JAAF) this month.

The key objectives of the MoU are to strengthen the working relationship between the two associations to promote value chain cooperation in the two countries, increase mutual visits, promote exchanges, and improve mutual trust among industry personnel.

The effort was initiated by the Embassy of Sri Lanka in Beijing, JAAF Chairman A. Sukumaran, and China National Textile and Apparel Council Vice President XuYingxin.

According to Ambassador Dr. Palitha Kohona, the MoU will pave the way for China to become a key importer of Sri Lanka's high-end apparels.

"China is a huge and potential consumer market with a 700 million plus middle class. It could become the next key market for Sri Lanka's world-renowned apparel," Dr. Kohona stressed during the online signing event.

The Ambassador also invited investors from China to explore opportunities in investing in Sri Lanka's upcoming textile park in Eravur.

"Sri Lanka is an important hub in the Maritime Silk Road, with its unique geographical advantages, and the government's policy under 'Vistas of Prosperity and Splendor, will become a sought-after investment destination," Dr. Kohona said. JAAF Chairman Sukumaran acknowledged the MoU is timely for Sri Lanka with the local apparel sector, which is largely independent, having faced the worst in the year 2020 due to the global pandemic.

He shared in 2020, Sri Lanka's apparel exports showed a decline of over 20 percent as exports dropped to over US$ 4 billion.

However, he said the industry is confident it will recover in the next couple of years particularly as sectors, as casual, sports and leisure are a large part of the mix of products Sri Lanka manufactures.

Due to the pandemic, China witnessed an increase in demand for industrial textiles, especially non-woven products, resulting in sharp increase in output. In 2020, China's total textile and apparel exports reached US$ 291.22 billion, a year-on-year increase of 9.6 percent.

Apparel and textile trade between China and Sri Lanka has expanded over the last three years and in 2019, the total textile and apparel trade between the two countries reached US$ 1.24 billion.

Source: dailymirror.lk– Jan 31, 2021

HOME

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'Putting people first' at heart of Xinjiang's cotton textile industry: report

The Xinjiang Textile Industry Association on Sunday issued a report reviewing the history and development of Xinjiang's cotton textile industry, and refuting Western criticism of the so-called "forced labor".

"The industry... secures the livelihoods of millions of people in Xinjiang, including cotton growers, cotton textile workers and their family members, improves their lives, and promotes the realization of their economic and social rights," the report said.

In Chapter VI, the report highlights people's rights, saying that "putting people first" was and will remain Xinjiang's cotton textile industry's primary social development goal and fundamental social responsibility.

The industry will "continue to ensure employees' will and freedom in all modes of employment, respect employees' will and occupational choices, and promote the market mechanism to play a leading role in allocating labor resources," according to the report.

Source: news.cgtn.com– Jan 31, 2021

HOME

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Vietnam targets growth acceleration, shift to hi-tech gear in economic blueprint

Having sidestepped the worst of the coronavirus pandemic so far, Vietnam aims to rev up its economy over the next five years, trusting on its custom-tooled mix of free trade deals, privatisation and tight COVID-19 curbs.

Armed with a raft of free trade deals envied by regional peers and increasingly luring factories away from China, the ruling Communist Party on Monday formally approved ambitions to raise growth beyond an annual 6% in the pre-pandemic era to 6.5%-7.0% for the 2021-2025 period.

In an economic development blueprint confirmed at its five-yearly congress, it said it would boost its growing role as a key manufacturing hub for global giants like Samsung Electronics Co and Intel Corp. At the same time, the Party is targeting raising the country's profile beyond a low-cost labour destination to a centre for science and technology.

With more than a dozen free trade agreements now under its belt, Vietnam aims to expand and diversify export markets, the Party said.

The country has reaped the benefit of China and the United States, its largest trading partners, being locked in a bitter trade war that has seen Western manufacturers look to move more and more of their production out of China - with Vietnam a popular choice.

The lofty 2021-2025 targets come as Vietnam recoils from its worst outbreak of COVID-19 in nearly two months, a reminder that future success will depend in the short term at least on keeping the virus at bay.

Last year's 2.9% growth would have been welcome in many countries around the world, but was the worst year in decades for Vietnam's economy as it soaked up the impact of tight quarantines, border closures and other anti-virus curbs.

Despite the pandemic, in January, a unit of Taiwan's Foxconn Technology Co Ltd, a key Apple Inc supplied, obtained a licence to invest $270 million in the country as it is moving some iPad and MacBook assembly from China. Meanwhile U.S. chipmaker Intel said it raised its investment in Vietnam by $475 million to $1.5 billion.

The country will "focus on measures to basically complete the elements of a socialist-oriented market economy, better handling the relationship between the state and the market and society," according to the Party's economic blueprint.

Analysts say that's code for Vietnam continuing its drive to privatise state-owned enterprises, except for those operating in areas deemed essential for national security and defence.

The Party also said it will shift its focus on foreign direct investment (FDI) from quantity to quality, with a focus on environmental risks.

After decades of development driven by robust FDI, largely in labour-intensive and environmentally unfriendly business, Vietnam "won't allow projects with outdated technologies, environment pollution risks," it said.

Source: economictimes.com– Feb 01, 2021

HOME

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Pakistan: Trade obstacles

A JAN 24, 1978, story from an Indian publication talks about a proposal, conveyed to Pakistan by India's then external affairs minister Atal Behari Vajpayee, to "extend Pakistan transit facilities to establish direct trade with Bangladesh and Nepal". Forty-two years later, the prospects of a trade corridor connecting Kabul to Dhaka and Kathmandu via Peshawar, Lahore and Delhi remains a pipe dream.

The biggest hurdle is the India-Pakistan relationship. Recent events have escalated bilateral tensions, leading the Imran Khan and Narendra Modi governments to harden their stance. Both leaders are now boxed in a corner where even small steps signalling potential normalisation of ties would lead to domestic challenges.

There is, however, another issue holding back increased trade ties between India and Pakistan: improved trade connectivity in the region will hurt regional economic beneficiaries of the status quo.

In India, politically influential traders are resisting the growth of e-commerce, leading to policy volatility for international investors that have brought billions in FDI to the country. India for years negotiated with Asian economies on the Regional Comprehensive Economic Partnership, only to walk away from it because of the agreement's potential downside impact on status quo beneficiaries. The country has also raised tariff and non-tariff barriers in the last few years.

In Pakistan, the government has started to rationalise import duties, but a lot more progress needs to be made to eliminate tariff and non-tariff barriers. Powerful trading lobbies have resisted successive governments who have tried and failed to document their sales, which causes billions of dollars in lost revenues. As highlighted in the recent wheat and oil inquiry reports, smuggling to and from Iran and Afghanistan is a profitable enterprise. A weak central government that relies on powerful elite lobbies to maintain its grip on power does not have the political space to pursue reforms that increase trade flows.

Those advocating for close trade ties have struggled to articulate how increased trade and investment flows benefit consumers. Consumption is a major driver of GDP growth in both countries, but consumer welfare is missing from the conversation. When the Modi government moved ahead with its disastrous demonetisation policy, tomato prices crashed in Indian Punjab; across the border in Pakistan, tomato prices were sky-high at that time.

Pakistan's textile industry is now growing sharply, but cotton production is down. Instead of importing cotton from across the border, cotton is routed into Pakistan from other countries to Karachi, and then transported to Punjab. Importing this cotton from India would be a cheaper alternative, improving competitiveness of Pakistani textile exports and helping accelerate export-led growth.

On the Afghanistan front, wheat is regularly smuggled out of Pakistan to meet demand in Kabul; there is a glut in India which could be exported across the Durand Line. While Pakistani farmers and consumers lose out, smugglers and hoarders benefit, leading to billions of dollars in losses — Pakistan's food imports have increased by 75 per cent in the last two years due to lower output and increased smuggling.

While trade barriers restrict formal trade that benefits the region, informal trade through smuggling is thriving. Consumers, producers and the state lose out.

There are three reasons to promote regional trade in South Asia: strategic, demographic and consumer benefit.

On the strategic front, climate change and water security pose an existential threat to the breadbasket in India and Pakistan. Increased trade ties in the agricultural and energy sector can build linkages that can allow long-term research and innovation that benefits both countries.

The northern subcontinent's demographic dividend is turning into a ticking time bomb. Increased trade flows can foster economic development on an east-west axis that has historically been the driver of income and wealth generation in the region for millennia.

Improved trade ties will also bring more innovative and better-quality goods and services to population centres at lower prices, creating savings for consumers economically hard hit by the pandemic.

The Kartarpur Corridor is the natural place for fostering greater trade flow. It is important that increased people-to-people ties in Punjab be amplified through localised trade flows. This approach can also ensure that progress is made below the radar, reducing the likelihood of the gains being swept away during another round of tension.

If China and Taiwan can have trade ties, there is no reason for India and Pakistan to not trade. But the question is: do leaders on both sides have the courage to make decisions that benefit their populations, perhaps at a short-term cost to their own political popularity?

Source: dawn.com– Feb 01, 2021

HOME

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Monetary policy dilemma of Bangladesh Bank

As the covid-19 pandemic unfolded, central banks across the globe responded with a dramatic easing of monetary policy to provide liquidity support for the faltering economic activities.

Bangladesh Bank's (BBs) policy response was also similar, but measured in terms of scope and extent in line with the unfolding domestic economic conditions. The injection of liquidity, as part of the government's bank-led economic stimulus package, has been sizable and considered absolutely essential to avoid any liquidity crunch in the economy.

In the event, due to the ongoing surge in the officially measured inflow of workers' remittances and the decline in import payments associated with economic slowdown, the external current account of the balance of payments (BOP) recorded large surpluses and foreign exchange reserves of BB increased by more than $11 billion to more than $43 billion by end-December.

The strengthening of the BOP through the reserve buildup is a welcome development, although it is to a large extent an outcome of weak domestic demand and economic activity.

The implementation of the stimulus package led to injection of high-powered money into the economy in the form of BB's liquidity support (potentially up to Tk 60,000 crore). The inflows forced BB to intervene in the foreign exchange market to keep the exchange rate of the dollar against taka stable by preventing a significant appreciation of the taka in the interbank foreign exchange market.

The interventions in the interbank foreign exchange market and the counterparts of the large pandemic-induced foreign assistance to the government (about $2 billion) injected huge amounts of liquidity into the banking system.

The amount of high-powered money injected into the banking system through the reserve buildup has been in the range of Tk 80,000-90,000 crore. The combined liquidity injection into the banking system from these two sources alone already amounted to about Tk 1.4-1.5 lakh crore.

This rapid liquidity injections have been happening at a time when the growth in private sector credit demand has decelerated to 8.2 per cent, the lowest level in the last one decade or more. Large corporates with strong financial standings are also borrowing from abroad at much cheaper rates and restructuring their liabilities by substituting domestic debt with foreign currency denominated debt at much cheaper interest rates.

Combined with the massive slowdown in credit to the private sector, the liquidity injection has contributed to a significant liquidity overhang. For most banks the advances to deposits ratios have come down well below the regulatory limit of BB.

The result is a collapse in the interest rate structure with deposit rates coming significantly below the inflation rate. The lending rates have also come down to levels not seen in several decades.

For good corporates, the current domestic borrowing rates are ranging between 5 per cent-7 per cent, well below the 9 per cent lending cap imposed by the government.

Against this background, BB's monetary policy committee will soon be reviewing the stance of monetary policy and make necessary adjustments for the coming months.

In this context, BB needs to understand: (i) what are "real sources" of the ongoing surge in workers' remittances; (ii) the state of the real economy preferably based on surveys of key economic sectors; (iii) possible implications of the excess liquidity for domestic consumer price index (CPI) and its spillover effects on the asset price inflation; and (iv) the outlook for the remittance inflows and domestic private sector credit demand in the coming months and their implications on the excess liquidity in the money market. The remainder of this paper focuses on these issues in order to draw some policy implications for the consideration of BB authorities.

Click here for more details

Source: thedailystar.net– Jan 31, 2021

HOME

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Bangladesh surpassed competitors in exports growth during a decade

Bangladesh has beaten India, China, Pakistan, Turkey and Cambodia on exports in the past decade by registering average 8.5 percent growth. As a result, the trade gap has declined for Bangladesh due to higher export earnings and the performance of manufacturing many import substitute products in the country.

Bangladesh exports posted a compounded annual growth rate of 8.6 percent over 2011-2019 versus India's export growth of 0.9 percent and a world average of 0.4 percent, a recent survey of Bangladesh Economic Survey-2021 said.

This outperformance, the survey said, is because Bangladesh "exports those commodities in which it has competitive advantage".

The principal commodities that registered increase in the export earnings during the year under review are live fish 100.80 percent, Frozen fish 9.48 percent, Crabs 147.01 percent, Tea 1.81 percent, Vegetable 27.83 percent, Tobacco 12.31 percent, Dry food 12.77 percent, Petroleum by Products 504.57 percent, Pharmaceuticals 25.60 percent, Cosmetics 31.25 percent, Plastic products 21.65 percent, Rubber 5.11 percent, Leather footwear 7.48 percent, Handicrafts 19.53 percent, Paper and Paper products 7.88 percent, Cotton & Cotton products 21.87 percent, Carpet 14.65 percent, Terry Towel 19.86 percent, Special Woven Fabric 26.76 percent, Knit Fabrics 49.64 percent, Knitwear 11.19 percent, Woven Garments 11.79 percent, Footwear (Excluding Leather) 11.24, Cap 11.57 percent, Ceramics products 32.79 percent, Glass & Glass wear 14.40 percent, Iron Steel 30.25 percent, Engineering Equipment 27.43 percent, Furniture 18.53 percent and Gulf Shaft 14.29 percent. On the other hand, the commodities which registered decrease in export earnings are Fruits 85.27 percent, Bicycle 1.74 percent, Leather 10.09 percent, Leather & Leather Products 6.06 percent, Shrimps 11.64 percent, Cupper wear 29.32 percent, Jute & Jute Goods 20.41 percent, Raw Jute 27.74 percent, Jute Yarn & Twine 20.89 percent, Jute Sacks & Bags 32.54 percent, Home Textile 3.07 percent, Spices 3.75 percent, Engineering Products 4.12 percent, Shipbuilding 84.26 percent, Electric products 1.21 percent and Live & Frozen fish 1.58 percent.

Total export from Bangladesh during 2018-2019 amounted US Dollar 40535.04 million as against US$ 36668.17 million during 2017-2018 showing an increase of US dollar 3867.23 million.

Based on 2017-19 data, the survey showed that four of the top five export commodities, in terms of share and value, are items in which Bangladesh has the largest revealed comparative advantage. Whereas, none of the export commodities in which India has highest RCA is among its top export commodities.

Top Export Commodities having largest RCA and Export Share in Bangladesh – Average of 2017-2019.

India's top RCA export commodities are mainly labour-intensive such as cotton, carpets and textiles, etc. while India exports more of capital-intensive products such as transport equipment, machinery and mechanical appliances, etc.

For Bangladesh, the top five export commodities such as textiles and apparels, footwear, etc account for more than 90 percent of total exports since 2015. These are highly labour-intensive and employs unskilled and semi-skilled labour.

India, on the other hand, the survey said, has more broad-based exports. The top five export commodities contribute to 40 percent of overall exports. And these commodities are capital and technology-intensive such as transport equipment, machinery and mechanical appliances, etc.

Bangladesh witnessed its share in world exports increase from 0.1 percent in 2011 to 0.3 percent in 2019. This "holds lessons for India to build specialisation in products in which it is competitive", the survey said.

Bangladesh's exports in July this fiscal year fetched $3.91 billion, the highest-ever earnings in a single month in the country's history, due to an increased shipment of readymade garment products as global buyers reinstated their orders in view of improving situation of coronavirus pandemic.

The export earnings in the first month of the current financial year of 2020-21 grew by 0.59 per cent or $23.06 million year-on-year from $3.88 billion in the same month of last fiscal year, according to the Export Promotion Bureau data.

The earnings achieved in July of FY19 were the previous monthly highest export income.

The data showed that the country's export earnings rebounded in July this year after a six-month negative growth in a row since January this year.

'The earnings of the current fiscal indicate that export will rescue the economy of Bangladesh,' Policy Research Institute of Bangladesh executive director Ahsan H Mansur told. He said that the recovery in knitwear export was found better than the woven due to the local supply of knit fabrics.

There was still disruption in export of woven garments as the country depended on imported woven fabrics, Ahsan said. 'Still we are processing the orders placed before the pandemic and we have to wait for a few months to see whether the trend of July would sustain or not,' he said.

Knitwear export in the first month of FY21 grew by 4.30 per cent to $1.75 billion from $1.67 billion in the same month of FY20. Earnings from woven garments fell by 8.43 per cent to $1.49 billion in July of FY21 from $1.63 billion in the same month of last fiscal year.

Jute and jute goods exports in the first month of FY21 grew by 38.23 per cent to $103.51 million from $74.88 million in the same period of FY20. Earnings from the home textile export in July this year grew by 42.25 per cent to $94.01 million from $66.09 million in the same month of last year. Export earnings from agriculture products grew by 30.92 per cent to $101.06 million from $77.19 million.

Export earnings from leather and leather goods in July this year fell by 15.23 per cent to $89.94 million from $106.10 million in the same month of last year.
Export earnings from leather-footwear decreased by 17.53 per cent to $59.67 million while other leather products fetched $22.05 million with an 8.16-per cent negative growth in the period.

Export earnings from frozen and live fish increased by 2.21 per cent to $42.52 million while the shrimp export fell by 5.11 per cent to $31.73 million in the first month of FY21.

Global trade has showed lackluster performance since the global financial crisis of FY 2007-08. In fact, it has declined by 12 percent during the last two years. The spillover effects of this trend could be seen in both advanced and emerging economies alike. Number of reasons has been identified for this slowdown such as, the transformation of Chinese economy towards more inclusive growth, decline in the role of global value chains, protectionist policies and general decline in private investment across the globe.

Pakistan's external sector, particularly the trend in exports has been a cause of concern for policy makers over the years.

Source: dailyindustry.news– Jan 31, 2021

HOME

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Bangladesh: Most listed apparel makers log profit despite sluggish sales

Two-thirds listed apparel companies either made a higher profit or managed to stay in the black in July to December despite sluggish sales, reflecting the recovery for the most export-earning sector in Bangladesh.

Of the 44 garment companies listed with the Dhaka Stock Exchange, 14 firms took home more profit in the first half of the fiscal year compared to a year ago.

They include Alhaj Textile, Anlima Yarn, Apex Spinning, Far East Knitting, HR Textile, Maksons Spinning, Malek Spinning, Matin Spinning, Metro Spinning, New Line Clothing, and Queen South Textile.

The profits of 16 garment companies declined, eight incurred loss and the losses for six firms widened further.

Earnings per share of Envoy Textiles fell to Tk 0.37 in the first half of the fiscal year, from Tk 1.15 in the same period a year ago.

The EPS of Esquire Knit Composite decreased to Tk 1.13 from Tk 1.53 and that of Square Textiles to Tk 0.79 from Tk 0.84.

Desh Garments, Evince Textile, Hamid Fabrics, Nurani Dyeing, Prime Textile, Regent Textile, Shepherd Industries, and Stylecraft all fell into losses.

"Due to the pandemic, export orders were affected for almost all apparel companies," said Ehsanul Habib, managing director of Esquire Knit Composite.

Retail shops are still closed in many of the export destinations of Bangladesh, and many people are confined to homes as the deadly virus is affecting and killing people across the world every day.

"So, the demand for formal clothes fell mostly," Habib said. The clothes that are worn informally or at homes are rising, he said.

In July-December, earnings from apparels, which account for more than 80 per cent of export receipts, declined 2.99 per cent to $15.54 billion, according to the data of the Export Promotion Bureau.

Of the amount, $8.52 billion came from knitwear exports, an increase of 3.9 per cent, and $7.01 billion from woven product exports, down 10.22 per cent.

Exporters say the knitwear shipment rose compared to the woven ones as people are spending more time indoors because of the pandemic.

"The inflow of work orders at the spinning mills are still low although the order for the overall industry is improving," said Kutub Uddin Ahmed, chairman of Envoy Textiles Ltd.

"Orders are fewer. The denim segment had not been in good shape. However, the situation has been improving from last month."

The entrepreneur said cotton prices increased a lot worldwide, causing orders to Bangladesh slow. "We had to increase the yarn prices even during the pandemic because of higher cotton prices."

Cotton prices have gone up globally because China is purchasing a lot of the raw material from the world markets, Ahmed said.

The prices of manmade fibre are also increasing because of the chain effect of the rise in cotton prices, he said.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, said April, May and June were the worst months for the spinning sector as the segment took a serious beating from the pandemic.

The situation had improved from July last year, and it continued up to October. The business again started falling from November because of the second wave of coronavirus infections, he said.
The order situation in the spinning segment has been improving from January. "The garment business globally is also reviving," he said.

An analysis of the earnings of the listed garment and textile companies showed that spinning companies were comparatively in a better position in the July to December period. Among nine spinning mills, five witnessed higher earnings.

Listed apparel companies are operating their business with low margin, so investors' demand from the sector is comparatively low, said Md Moniruzzaman, managing director of IDLC Investments Ltd.

Also, the sector has been impacted by wage cost and the pandemic-related shocks, he said, adding that spinning companies were affected by the volatility of cotton price in the international market.

"So, their stock prices behaved in line with their earnings in the last six months," Moniruzzaman added.

Source: thedailystar.net– Feb 01, 2021

HOME

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Pakistan: Requiem for cotton crop

Pakistan is struggling to achieve a decent cotton output this year if the arrival of 5.5 million bales reported by the Pakistan Cotton Ginners Association (PCGA) on Jan 18 is any guide.

COTTON CROP

Year	Area under cultivation (Hectares)	Production (Bales)	Yield (Kgs/Ha)
2013-14	2,806,000	12,769,000	773.6
2014-15	2,961,000	13,960,000	801.5
2015-16	2,902,000	9,917,000	580.9
2016-17	2,489,000	10,671,000	728.8
2017-18	2,700,000	11,946,000	752.2
2018-19	2,373,000	9,861,000	706.4
2019-20	2,527,000	8,300,000	558.4

Source: Pakistan Economic Survey Pakistan Cotton Ginners Association for 2019-20

Overall, the country's cotton production is estimated to decline during the present marketing year by almost a third to 5.7m bales from 8.3m bales last year and 60pc from 13.9m bales in 2014. The cotton arrivals from Punjab are reported to have dropped by 30.6pc and Sindh by 38.7pc.

According to PCGA Chairman Jassu Mal, the phutti arrivals at the ginning factories are the lowest in more than three decades resulting in the closure of 800 factories out of a total of 1,200, loss of tens of thousands of jobs and reduced income for cotton-picker women.

There are multiple factors for the decline in the production of cotton, which provides livelihoods to 1.2m farmers who grow the white gold on around 8m acres mainly in Punjab and Sindh. A large part of the rural economy, and textile & clothing exports, which constitute nearly 60pc of the country's total overseas shipments, are dependent on locally grown cotton.

The massive fall in the cotton production, according to the Pakistan Bureau of Statistics (PBS) data for the first half of the current fiscal year, has led the textile industry to import 331,560 tonnes of cotton worth $532.1m compared with the last year's imports of 49,573 tonnes valuing at $86.9m.

Textile sector recovering

Mohammad Saad Ziker, an Insight Research analyst, says the textile sector is on its way to recovery following the removal of the Covid-19 restrictions. "We are witnessing a sharp surge in our textile & clothing exports for the last six months with the December shipments reported at $1.4bn, the highest-ever in a given month. But the growth is being achieved through imports of cotton and man-made yarn. To facilitate imports the government also has removed 5pc regulatory duty on cotton."

"Many factors have stacked up against cotton growers," an executive of a multinational seed company told Dawn. "For instance, the cost of the cotton production has grown massively in the last 10 years. The market prices, on the other hand, have lagged behind during this period, eroding growers' margins.

The area under cotton crop has also decreased from 2.96m hectares in 2014 to 2.53m hectares in 2019. It shrank further by 12pc in 2020 from a year ago because of better and more stable returns in competing crops — maize, sugarcane and rice. Additionally, the use of poor quality seed and changing climate has also played a major role in the consistently poor performance of the crop."

Mr Mal endorsed the executive, lamenting that India has successfully increased its cotton production to 35m bales from 11m bales in last 20 years by adopting new seed technology. Similarly, Brazil has boosted its output to 13m bales from 5m in three years. "The lack of investment in cotton seed research and an inability to adopt new technology owing to poor enforcement of intellectual property (IP) has brought us to a situation where we need to heavily import cotton to meet our industry's requirements."

The stakeholders agree that there is no quick fix to the nation's cotton woes. "We need to develop a long-term strategy to boost our cotton production if we want to double our textile and clothing exports," argues a textile mill owner without giving his name. "It will take at least 5-6 years before we can increase our cotton output to 20m bales as envisioned in the Aptma's Vision 2010.

Enhance research capacity

The government can start by enhancing the capacity of its research institutions through immediate involvement of the private sector and creation of a robust regulatory regime, as well as building confidence of seed technology providers by laying out the clear policy on genetically modified (GM) seed technology," he added.

Enforcement of laws needed

The multinational seed company executive points out that Pakistan is fifth largest market in the world for the seed companies. “But the lack of an enabling environment is stopping international players from investing here. Though Pakistan has developed an overarching legal framework in place that, in theory, provides for protection to the GM seed companies, it is found wanting in institutional capacity and requisite enforcement of the laws.

“For example, the Plant Breeders Rights Act enacted in 2016 still awaits implementation in letter and spirit. Similarly, despite a well-documented policy to adopt biotech innovation in agriculture, much of the action on ground remains inconsistent with the government’s policy position. Therefore, a clearly defined and predictable regulatory regime, together with effective enforcement of existing laws will go a long way in restoring confidence of seed technology providers in exploring investment opportunities in Pakistan’s cotton seed market.”

The textile mill owner says Pakistan’s cotton woes go beyond low yields. “The cotton grown here is of average quality with short fibre length, which cannot be used for producing high-end textile products required for exports. We need to implement a programme for producing long staple cotton. Besides, we have long been raising the issue of high contamination of cotton as Pakistani ginned cotton carries 10pc trash. No focused attempt is made to improve the cotton picking, packaging and ginning to reduce the trash and moisture level in it.”

The plan to grow textile & clothing exports to around $21bn by 2025 and $50bn by 2030 will remain a pipe dream without boosting the output and improving the quality of domestic cotton on a war footing.

Source: dawn.com– Jan 31, 2021

HOME

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NATIONAL NEWS

FM Nirmala Sitharaman to present Union Budget 2021 at 11 am today

All eyes are fixed on Finance Minister Nirmala Sitharaman as she is set to present Union Budget 2021-22 in Parliament on Monday, at a time when India is recovering from the COVID-19 crisis.

The Budget presentation will begin with a speech from Finance Minister scheduled to take place at around 11 am.

Ahead of her third Budget presentation, the Finance Minister and her team will meet President Ram Nath Kovind, and will likely be accompanied by her deputy Anurag Thakur and other officials of the Finance Ministry.

The Union Cabinet will hold a meeting at 10:15 am before the presentation.

Usually, the duration of the presentation ranges from 90 to 120 minutes.

This year, the Union Budget will be delivered in paperless form for the first time.

Finance Minister had launched the "Union Budget Mobile App" for hassle-free access of Budget documents by Members of Parliament (MPs) and the general public using the simplest form of digital convenience, according to the Finance Ministry.

The App facilitates complete access to 14 Union Budget documents, including the Annual Financial Statement (commonly known as Budget), Demand for Grants (DG), and Finance Bill as prescribed by the Constitution.

Ahead of the Budget, Sitharaman tabled the Economic Survey tabled in Parliament on Friday. The Indian economy can contract by 7.7 per cent in the current financial year ending on March 31 and the growth could be 11 per cent in the next financial year, according to the survey.

The contraction in FY21 is mainly due to the coronavirus pandemic and the visible damage caused by the subsequent countrywide lockdown to contain it.

The survey unveiled two days before the Union Budget is broadly in line with forecasts by the Reserve Bank of India (RBI) which has said it expected the country's GDP to contract by 7.5 per cent in the year ending March 31.

In the quarter ending June 2020, the GDP contracted by 23.9 per cent followed by a milder contraction of 7.5 per cent in the quarter ended September 2020.

The first part of the Budget Session is scheduled to continue till February 15 while the second part of the session will be held from March 8 to April 8. Rajya Sabha will function from 9 am to 2 pm and Lok Sabha from 4 pm to 9 pm with Zero Hour and Question Hour.

Parliamentary Affairs Minister Pralhad Joshi said on Saturday that the budget session will take up 38 legislative items.

Source: business-standard.com– Feb 01, 2021

HOME

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Budget 2021: Digitisation, job creation, youth skilling key for economic growth; may aid Atma Nirbhar Bharat

Indian Union Budget 2021-22: The past year has been really trying for India and the World as a whole. The upcoming Union budget will have provision for many learnings and takeaways which emerged from the pandemic. There were many positives too that were made visible due to the pandemic which especially highlighted the Indian resilience and the ability to bounce back. It brought to the forefront our need to be self-sufficient as an economy.

Last year around the same time, the Indian economy was already decelerating i.e. growing at 4.1%. With the impact of the COVID situation, it is now projected to contract at 7.7%. The Government has a herculean task of pulling the economy from the throes of this contraction and hence must focus on infrastructure development which is a huge multiplier to stimulate economic growth in the country.

To ensure that the Indian industry is ready to support the vision of $5 trillion GDP by 2025, the budget must allow more freedom and ease of doing business. The Government needs to work on further simplification of compliances and reduced regulatory burdens.

To give further impetus to the Government's initiative to create an Atamnirbhar Bharat, it is important to boost domestic manufacturing across sectors and give domestic manufacturers a shot at fair competition. Hence the budget must strengthen anti-dumping policies.

The MSME sector that employs almost 50% of the Indian workforce is faced with huge setbacks in both the informal as well as formal sector. The NBFC sector which has been instrumental in ensuring last mile credit to MSMEs needs to be supported to increase liquidity which will in turn boost investment, job creation and enhance consumption and growth in the economy.

The Textile Industry needs a package of relief in the upcoming Budget. A revision of the Technology Mission on Cotton with a focus on transfer of technology, clean cotton branding for Indian cotton and cotton textile products is much needed to revive the industry.

Expeditious conclusion of FTA agreements with Britain, EU and US and the removal of "anti-dumping duty on import of VSF will help the textile achieve global competitiveness as the demand for viscose staple fiber and its blended textiles and clothing market opportunities has increased steeply not only in India, but also across the globe.

The textile industry is one of the largest employment generator and has a major share in the GDP and foreign remittances. The government should look at attractive rates of newly implemented scheme RoDTEP to take care of state and central embedded taxes.

Chemicals is another industry where government intervention is necessary. In order to make the soda ash industry self-sustainable and cost competitive, the government needs to speed up the allotment of leases of Salt, Limestone and Lignite mines for captive use. Soda ash is a capex heavy industry and would certainly welcome some CAPEX based incentives to facilitate fresh investments in capacity addition.

India is currently a huge net importer of alkali chemicals and government intervention in terms of protection and incentivisation of domestic industry from export giants is sought.

The government should look at raising the import duty from 7.5% to 15% to restrict imports and boost Make in India. Ease of doing business for setting up the new projects, relaxation in land allotments and single window clearance for regulatory approvals will have a direct bearing on the "Atma Nirbhar Bharat" scheme promoted by the government.

Another key sector with a huge multiplier effect that is in need of immediate support is the reality sector. Measures to revive stalled RERA certified projects will have a positive cascading effect on many other sectors, boost income levels and spending which will benefit the economy.

The pandemic has also exposed the existing gaps in our social infrastructure and healthcare. The upcoming budget must have provisions for better healthcare and increased investments in research and development of healthcare services and products.

The impact of the pandemic has particularly been devastating for the informal sector and the rural economy is facing huge setbacks. The upcoming budget needs to ensure increased rural income and spending by way of more job creation.

Enhancing MSP support to farmers will improve their spending capacity and the consumption boost will thus create greater demand and subsequently higher returns for various industries and investors. Boosting spending power and consumption at the microscopic level will directly result in a healthy growth for the GDP and the budget is well placed to support this organic growth.

A very important development accompanying the pandemic is the massive acceleration and in some cases forced digitisation of almost every sector of the economy. Digitisation is the future and we are well in the process of adopting it. The sudden momentum has made it imperative to enhance our investment in training, and skilling the youth and re-skilling the existing workforce with digital skills to make the most of this change.

Source: financialexpress.com– Feb 01, 2021

HOME

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Budget 2021: What's in store for textile industry?

The textile industry, which is among the hardest-hit sectors due to coronavirus, has urged the government to implement a uniform GST for apparel and to abolish anti-dumping duties on viscose staple fibre (VSF) in the upcoming budget.

A joint committee of textile industry bodies has asked for government's intervention in removing anti-dumping duty on VSF to address its spun yarn availability and price issues. Viscose staple fibre is a key input in the manmade fibre sector.

The National Committee on Textiles & Clothing (NCTC) comprising of different players in the VSF value chain said the textile industry has been facing stagnation for many years mainly due to the lack of availability of the basic raw materials of man-made fibre and filament yarn at internationally competitive prices. The committee said if the issue of VSF is not addressed urgently then it may lead to job losses.

The textile ministry has also hoped that the finance minister will address the problem of higher duties on inputs. Additionally, the textile ministry has proposed to develop seven Mega Integrated Textile Region and Apparel (MITRA) parks to double the industry size to $300 billion by 2025-26.
Finance Minister Nirmala Sitharaman will present the Budget for 2021-22 on February 1.

It is expected that Sitharaman will unveil a mega scheme to set up textile parks in order to strengthen domestic manufacturing and the 'Atma Nirbhar Bharat' drive.

Further, the textile industry demanded a uniform GST structure as taxes on inputs are higher than that on output, and blocking working capital. At present, man-made fibre is taxed at 18 per cent, spun yarn and filament yarn at 12 per cent and final output, including garments, at 5 per cent.

India is the second-largest manufacturer and exporter in the world, after China. The share of textile and clothing in India's total exports stands at 12 per cent (2018-19). India has a share of 5 per cent of the global trade in textiles and apparel, according to government data.

The textile industry contributes to seven per cent of industrial output in value terms, two per cent of India's GDP and to 12 per cent of the country's export earnings. The textile industry is one of the largest sources of employment generation in the country with over 4.5 crore people employed directly, and another six-crore people in allied sectors, including a large number of women and a rural population.

Source: businesstoday.in– Feb 01, 2021

HOME

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Govt body estimates cotton production at 486.76 kg/hectare

Bt cotton is the only GM crop approved for commercial cultivation in India and cultivation of other unapproved GM crops is banned

- COCPC estimate is higher by 12.5 lakh bales over trade projections

In a contrast to the crop estimates suggested by the cotton trade bodies, the Union Ministry of Textiles' Committee on Cotton Production and Consumption (COCPC) has projected a higher crop at 371 lakh bales (each of 170 kg) for the year 2020-21. Cotton trade had estimated the crop size at 358.50 lakh bales.
In its meeting held on January 25, the Committee, formed in September 2020, replacing the erstwhile Cotton Advisory Board (CAB) estimated the average cotton yield of 486.76 kg per hectare, up from 463.99 kg reported in the pervious year.

For the previous year, CAB had projected cotton crop size of 365 lakh bales in the country.

As per the latest projections, Gujarat will be the largest cotton-growing State with 90.5 lakh bales and one of the highest yields at 676.86 kg per hectare. Rajasthan, with 27 lakh bales, is expected to have highest cotton yield at 683.04 kg.

Besides Gujarat, the top three cotton growing states include Maharashtra with 86 lakh bales with 349.43 kg yield and Telangana with 60 lakh bales and 429.84 kg of cotton yield.

Clearing stocks

Commenting on the cotton crop projections, J Thulasidharan, Chairman of Indian Cotton Federation, said that a higher crop would pose a serious challenge for India to clear huge stocks of the fibre crop. As per the government estimate, closing stock for 2020-21 is likely to be 97.95 lakh bales, as comapred to 120.95 lakh bales recorded last year.

The Central committee has projected mill consumption of about 286 lakh bales, and about 75 lakh bales of exports besides small scale and non-textile consumption combined at 44 lakh bales taking the total demand at 405 lakh bales.

Cotton analysts said that despite higher crop projections by the Central agency, there would be limited downside pressure on the prices as overseas demand for the fibre will keep the prices from falling. Vinod TP, Analyst, Geojit Financial Services Ltd, said that cotton may witness some price pressure, “But it is likely to be limited.

Export demand is likely to pick up in coming quarter. So there would be support for the prices. Any correction at present will be a short-time correction,” saidVinod TP.

Source: thehindubusinessline.com– Jan 31, 2021

HOME

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GST revenues touch record high of Rs 1.20 lakh crore in January

GST collections surged to an all-time high of about Rs 1.20 lakh crore in January as economic activities picked up after the withdrawal of stringent lockdown restrictions.

Mop-up from the Goods and Services Tax (GST), which is levied when a consumable item is sold or a service such as travel booking rendered, in January was 8 per cent higher than such receipts in the same month of 2020.

In a statement, the Finance Ministry said the January collections were the highest ever since the implementation of the nationwide tax in July 2017.

The previous best was in December 2020 when Rs 1,15,174 crore was collected.

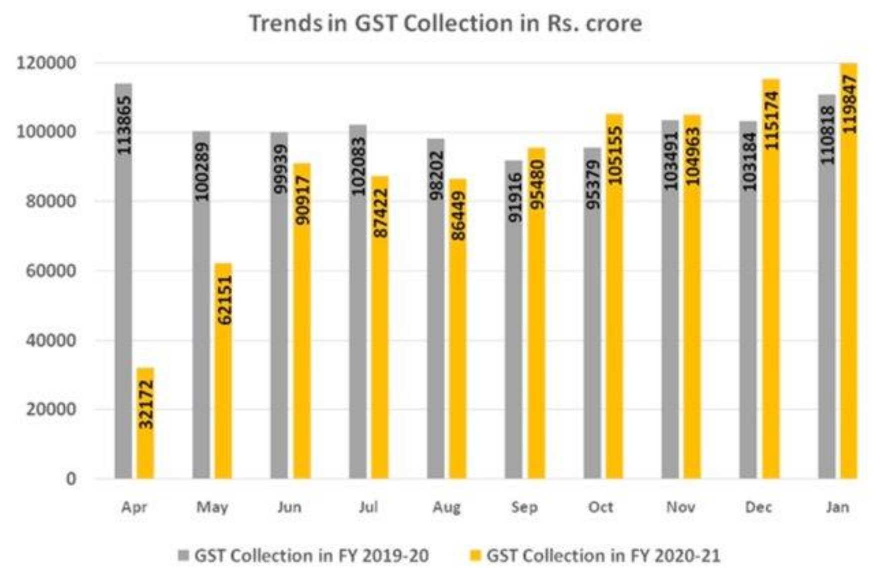
This is the fourth straight month of over Rs 1 lakh crore tax collections, a sign of strong recovery.

The ministry said the total number of GSTR-3B Returns filed for the month of December up to January 1, 2021, is 90 lakhs.

“The GST revenues during January 2021 are the highest since introduction of GST and has almost touched the Rs 1.2 lakh crore mark, exceeding the last month’s record collection of Rs 1.15 lakh crore.

GST revenues above Rs 1 lakh crore for a stretch of last four months and a steep increasing trend over this period are clear indicators of rapid economic recovery post pandemic, the ministry said.

Closer monitoring against fake-billing, deep data analytics using data from multiple sources including GST, Income-tax and Customs IT systems and effective tax administration have also contributed to the steady increase in tax revenue over last few months, it added.



GST revenue during October-January has grown on an average of 8 per cent, as compared to (-) 24 per cent during the first half (April-September) of the fiscal year.

"The gross GST revenue collected in the month of January 2021 till 6PM on January 31, 2021, is Rs 1,19,847 crore of which CGST is Rs 21,923 crore, SGST is Rs 29,014 crore, IGST is Rs 60,288 crore (including Rs 27,424 crore collected on import of goods) and Cess is Rs 8,622 crore (including Rs 883 crore collected on import of goods)," the ministry said in a statement.

The number could be upped further as more number of GST sales returns get filed.

GST collections, which directly reflect the state of economic activity, had plummeted to a record low of Rs 32,172 crore in April 2020, after the government imposed a nationwide lockdown to curb the spread of coronavirus.

The lockdown, categorised by several agencies as one of the strictest curbs in the world, pummelled the economy as demand dried up and non-essential businesses were shuttered. In the April-June quarter, the economy contracted by the steepest ever 23.9 per cent.

As restrictions were gradually lifted, many parts of the economy were able to spring back into action although output remains well below the pre-pandemic levels.

Commenting on the GST numbers, Deloitte India Senior Director M S Mani said, "The surge in GST collections observed during the past four months is expected to be sustained in the coming months of the current fiscal with more of service sector activities like aviation, hospitality, entertainment etc opening up across states since January".

The GST revenue in April-January was down about 12 per cent compared to the same period of the previous year.

GST revenues have topped Rs 1 lakh crore in eight out of 12 months of 2019-20 fiscal. However, in the current fiscal, the revenues have taken a hit due to the COVID-19 pandemic.

Revenue in April was Rs 32,172 crore, followed by Rs 62,151 crore in May, Rs 90,917 crore in June, Rs 87,422 crore in July, and Rs 86,449 crore in August. Collections in September were Rs 95,480 crore, Rs 1,05,155 crore in October, Rs 1,04,963 crore in November and Rs 1,15,174 crore in December.

Source: pib.gov.in– Jan 31, 2021

HOME

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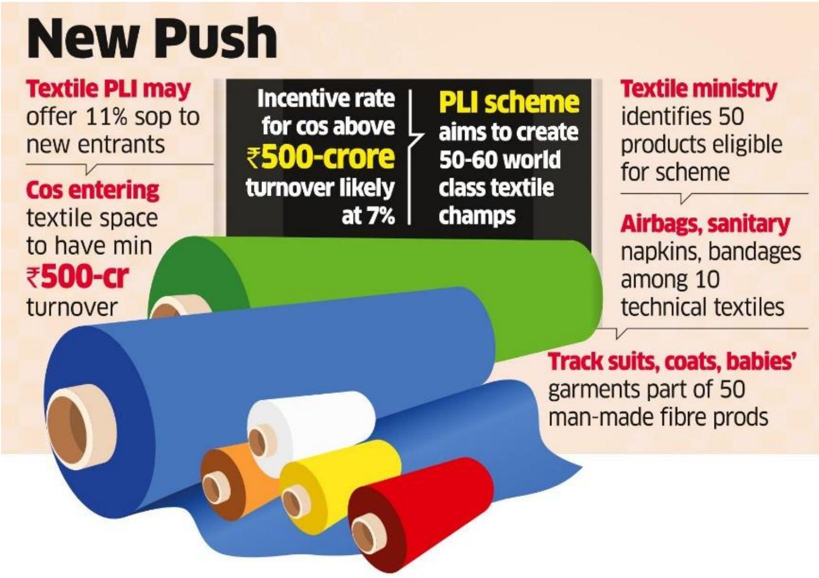
Companies entering textile space may get highest benefit under PLI

New Delhi: The government may introduce a category called 'Greenfield' in the recently announced production-linked incentive (PLI) scheme for textiles to encourage companies to venture into the sector.



As per the discussions, to be eligible for the scheme, the new entrants would be required to invest at least ₹500 crore for which the initial benefit is likely to be 11%, which is the highest of all categories being discussed.

Incentive rate for existing companies in the sector could be 9% of their incremental production in the first year for companies with turnover between ₹100-500 crore, which would be tapered gradually to 5%. Companies with turnover of above ₹500 crore would be eligible for a 7% incentive rate, which would be reduced to 3% eventually.

The scheme aims to create 50-60 world class global champion companies in these segments.

"We are looking at high potential products and those that are traded the most globally," an official said. "It is only at a proposal stage, but we want new products that can be produced and exported from India to get the incentive."

Airbags, sutures, sanitary napkins and bandages could be among 10 products in technical textiles to get a manufacturing boost under the scheme along with another 40 items of man-made fibre (MMF) such as track suits, coats and babies' garments.

3-crore PLI scheme for man-made fibres and technical textiles last year. The government has also undertaken a ₹1,480-crore National Technical Textiles Mission to improve penetration level of technical textiles in the country, which has a four-year implementation period – from 2020-21 to 2023-24.

India has 207 items in technical textiles and HSN codes (tariff codes) up to eight digits and the government has ensured that 92 technical textile items used in areas such as agriculture, healthcare, hygiene, water resources, and building of roads and highways, are mandated and made compulsory for use.

Of the 207 items, 12 products come under the apparel category. The global market for these 12 products is estimated at $11 billion a year, but India's exports in this segment are only $93 million.

"Our share in global MMF exports is currently 2.8% and these products are high value products, mainly winter wear," said an industry representative who requested not to be identified. "The industry is keen to capture this new and growing market."

While global exports in 40 MMF identified lines is $140 billion, India's share is less than 1%.

Source: economictimes.com– Jan 31, 2021

HOME

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Garment exporters seek RoDTEP

The Tiruppur Exporters' Association (TEA) has appealed to the Central Government to implement the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme and include additional sops to mitigate the ongoing challenges faced by the sector.

In a memorandum to the Union Textile Minister Smriti Irani, the Association president Raja Shanmugham said that nearly 95 % of units in the garment sector were MSMEs.

Subsequent to the lockdown last year, the government announced financial and other supportive measures and the Tiruppur garment sector had revived and exports were at the normal level. However, with hike in cotton yarn prices and disruptions in availability of the yarn, the exporting units, especially the smaller ones were hit hard.

Since this trend could affect the entire garment sector, the industry needed positive intervention from the government. Hence, Mr. Shanmugham said, the government should announce the RoDTEP and include additional sops.

Source: thehindu.com– Jan 31, 2021

HOME

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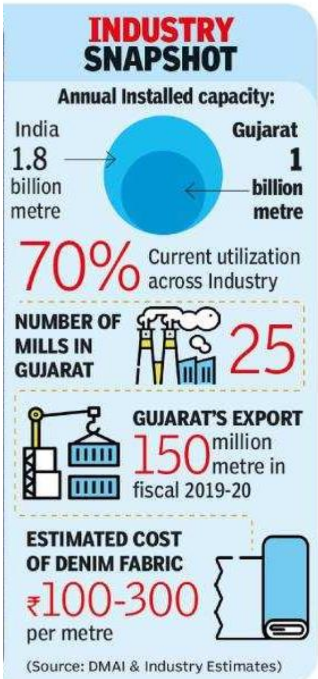
Denim manufacturers grapple with rising material costs

Even though work from home made you embrace denims as your cool, casual wear through the day, overall demand and sales of denim recovered at a snail's pace after the lockdown, leaving denim fabric makers in the lurch. The recent rise in raw material prices added to their woes with burgeoning costs of production affecting revenues and margins.

In December 2020, the prices of raw materials – mainly cotton and cotton yarn – surged by 20-30% as against March 2020, according to the Denim Manufacturers' Association of India (DMAI).

"When the industry was struggling to shake off the pandemic-induced decline in demand, rising raw material costs have put the mills under a lot of cost-pressure with most being forced to absorb the costs," said an industry source.



Touted as the denim capital of India, Gujarat has some 25 denim manufacturing mills with a cumulative installed capacity of producing 1 billion metre denim per annum. The state accounts for 60% of denim fabric produced in India. However, most of the manufacturers are operating only at 70% of their installed capacity, suggest industry estimates.

"The costs of production have gone up by 30% with cotton and yarn prices going up. This has put much pressure on the industry, affecting its survival and profitability. To make matters worse, even the prices of coal and gas have increased, which also contribute to the rise in manufacturing costs," said Aamir Akhtar, CEO, Lifestyle Fabrics – Denim, Arvind Limited.

The impact is more severe for small and medium players. "Bigger players operate with a fully backward-integrated manufacturing set-up. Therefore, they can absorb rude price shocks. But with small and medium units, their operating costs will be affected, and the end-product will become expensive, if there is a surge in prices of raw materials and resources," said Gaurav Davda, head, corporate finance and strategic initiatives, Jindal Worldwide Limited.

Industry players are passing on part of the costs while absorbing the rest. The key reason behind the increase in cotton yarn prices is the exhaustion of pipeline stock around Diwali, driven by buoyant retail demand.

Therefore, there was a sharp surge in demand for cotton yarn, causing prices to go up. All Gujarat Spinners' Association (AGSA) states that cotton yarn prices rose from Rs 195 per kg in the first half of March 2020 to Rs 265 per kg. The surge in demand from export markets, however, has cushioned denim makers' revenues and profits.

"Export volumes of several denim makers went up, particularly, because the demand was robust in export markets. This is particularly true for markets in South East Asia, Egypt, South America and Bangladesh," said Akhtar.

Source: timesofindia.com– Jan 31, 2021

HOME

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Union Textiles Minister inaugurates 8th India International Silk Fair on virtual portal

Union Minister for Women & Child Development and Textiles, Smriti Zubin Irani inaugurated the 8th edition of India International Silk Fair virtually on Sunday.

The fair is considered to be India's biggest silk fair, being held under one roof on Indian Silk Export Promotion Council's virtual platform from 31stJanuary to 4thFebruary 2021. The event was held virtually due to COVID-19 pandemic.

Inaugurating the Fair, Textile Minister stated that more than 200 overseas buyers have already registered and equal number of their representatives in India shall be interacting on virtual platform with more than 100 renowned and big Indian companies manufacturing and trading silk and silk blended products. The Minister called upon the exhibitors and overseas buyers to take part in this initiative to celebrate the beauty and vibrancy of Indian silk.

India International Silk Fair is the Sourcing Fair for silk and silk blend products organised by the Indian Silk Export Promotion Council under the aegis of Ministry of Textiles and sponsored by Department of Commerce. India has long history of silk production and is the 2nd largest producer of Silk.

India is the only country in the world which produces all the four major varieties of silk i.e. Mulberry, Eri, Tassar, and Muga and has large varieties of products to offer i.e. Garments, fabrics and sarees, made-ups,carpets, hi-fashion silk apparels, gift items, scarves, stoles, home furnishing, curtains etc.

India has around 11 Geographical Indications (GI) such as Pochampally Ikat,Chanderpaul Silk, Mysore Silk, Kanchipuram Silk, Muga Silk, Salem Silk, Arni Silk,Champa Silk, Bhagalpur Silk, Banaras Brocade and Sarees etc.

The challenges posed before the exporters during COVID-19 pandemic have led the Govt. and trade to look for an alternate business module and organising Silk Fair by the Council on Virtual mode is maiden initiative and is expected to revive business contacts with overseas trading partners.

Source: ddinews.gov.in– Jan 31, 2021

HOME

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Export growth may hinge on specialisation in items of comparative advantage

India can improve its export performance by building specialisation in products in which it has comparative advantage such as cotton, carpets and other textiles, rather than spreading its exports thinly over many products and partners.

Bangladesh has managed a much higher export growth than India in the last decade by excelling in items where it has a revealed comparative advantage (RCA), the Economic Survey 2020-21 observed. It suggested that India should do the same.

"The top five export commodities, account for more than 90 per cent of total exports of Bangladesh since 2015. These five commodities mainly pertain to textiles & apparels and footwear industry, which are highly labour-intensive and employs unskilled and semi-skilled labour. In case of India, on the other hand, export performance is more broadbased as the top five export commodities jointly contribute around 40 per cent of total exports and these commodities are capital and technology-intensive," the Survey observed.

Bangladesh pips India

Bangladesh's export growth has been accelerating over the last decade with a compound annual growth rate of 8.6 per cent during 2011-2019, higher than 0.9 per cent for India, and 0.4 per cent for the world.

Four of the top five exports of Bangladesh, from 2017- to 2019, are of commodities where it has the largest RCA, implying that Bangladesh exports those commodities where it has a comparative advantage. In case of India, however, none of the export commodities in which it has highest RCA is among the top export commodities, it noted.

Top export commodities

India's top RCA export commodities are mainly labour-intensive such as cotton, carpets and other textiles while it exports more of capital-intensive products such as transport equipment, machinery and mechanical appliances (fourth quadrant), etc.

"The above evidence holds lessons for India to build specialisation in products in which it is competitive," the survey advised. It added that the pattern was also examined in last year's survey where it was shown that low specialisation implied that India is spreading its exports thinly over many products and partners.

Positive side

On the positive side, the survey pointed out that the disruption of global manufacturing value chains due to the Covid-19 pandemic presented a big opportunity for India to become one of the key nodes in the chain.

In pharmaceutical exports, India held the potential to be the pharmacy of the world with improvement also witnessed in exports of software and agriculture and allied products, it observed. Exports of gems and jewellery, engineering goods, textile and allied products had, however, witnessed a slide.

Improving trends in India's merchandise trade have been supplemented by equity capital inflows, robust FDI inflows and sustained build-up of foreign exchange reserves. The comfortable foreign exchange reserves (which touched an all-time high of $586.1 billion as on January 8, 2021) give the much-needed space for enhanced domestic investments, the Survey added.

Source: hellenicshippingnews.com– Jan 31, 2021

HOME

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FTCCI for top priority to MSMEs, boost to rural digital infra

Top priority for MSMEs, accelerating spending on rural digital infrastructure to make work from anywhere possible and simplification of tax system as well as moderation of rates are aspects the Federation of Telangana Chambers of Commerce and Industry (FTCCI) look forward to in the Union Budget 2021-22 scheduled to be presented on Monday. It also appealed to the Centre to refrain from imposing COVID related cess. “If levied, it will be very negative on manufacturing and service sectors,” the Federation said.

A release on budget expectations of the umbrella body of trade and industry bodies said MSMEs should get top priority and incentivised as they had been worst-affected due to the pandemic. “Given the state of economy, there perhaps was no area that does not need a shot in the arm, but we still hope the MSMEs and start-ups in the manufacturing space find special attention from the Finance Minister,” the release said.

Appealing for tax exemption to companies making products in India, FTCCI called for more investments in infrastructure, warehousing and transport-related investments towards easing logistics for small and medium businesses. It wanted the production linked incentive (PLI) scheme to be extended to other key sectors, beyond the 10 presently covered.

Stating that Work from Home post COVID had emerged a necessity, the more than a century old federation said the budget should accelerate spending on rural digital infrastructure, thereby making work from anywhere a ‘true possibility’. “This will not only ensure development of rural economy but also help decongest cities.” In the backdrop of more businesses foraying online, it expected the government to provide incentives towards digital infrastructure for small businesses in tier II/III towns to promote e-commerce and ease of doing business.

On tax measures, FTCCI said, “The various slabs for income tax as well as indirect taxes need to be moderated. Compliance mechanism also needs to be simplified.” For Telangana, the federation wanted allocation of funds for pending railway projects and infrastructure development at Kakatiya Mega Textile Park in Warangal. It also wanted sanction of a turmeric board in Nizamabad.

Source: thehindu.com– Feb 01, 2021

HOME

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Uttar Pradesh gets over Rs 1,88,000 crore investment over last 3.5 years

Uttar Pradesh has received over Rs 1,88,000 crore investment in the last three and a half years.

Alok Tandon, Infrastructure and Industrial Development Commissioner of the state said: “The kind of work done by the Chief Minister Yogi ever since he came to power in shaping up investment-friendly policies is the reason why nationally and internationally reputed companies are now willing to set up their units in the state”.

CM Yogi shaped up policies in at least a dozen departments in order to invite investments and brought at least 186 reforms into effect. As a result, 156 companies invested Rs 48,707 crore to start manufacturing which led to the generation of over one lakh employment in the state.

According to Tandon, a total of 21 companies have invested around Rs 10,000 crore and, besides this, more than 30 companies invested about Rs 32,000 crore in electronic manufacturing.

He also informed that Sparsh Industries Private Limited invested Rs 600 crore, Rimjhim Ispat invested Rs 550 crore in Kanpur Dehaat in the manufacturing sector. Apart from this, Kent RO Systems Limited invested Rs 300 crore in Noida and PTC Industries Limited invested Rs 205 crore in Lucknow, and MM Forgings invested Rs 150 crore in Barabanki.

“Some of the companies that invested in electronic manufacturing are World Trade Centre, Vivo Mobiles, OPPO Mobiles India Private Limited, Holitech India Private Limited, Sunvoda Electronic India Private Limited, etc.,” he said. He said that the textile sector also bore good results due to policy changes. In this sector, four companies invested Rs 6,320 crore. Due to these investments, Kanpur has emerged as a big textile hub. The proposal to make Gorakhpur a textile hub has also got the green signal.

He said all this became possible due to the war-level efforts by chief minister Yogi.

Source: newslivetv.com– Jan 31, 2021

HOME

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