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INTERNATIONAL NEWS

S. Korea, Cambodia strike free trade deal for broader economic cooperation

South Korea said Wednesday it has clinched a free trade deal with Cambodia, the latest in a series of its free trade pacts to revitalize its ailing exports amid the new coronavirus pandemic.

Trade Minister Yoo Myung-hee and her Cambodian counterpart Pan Sorasak held a virtual meeting and declared that Seoul and Phnom Penh have completed FTA negotiations, according to the Ministry of Trade, Industry and Energy.

"The FTA will pave the way for the two countries to overcome challenges from the COVID-19 pandemic, and seek sustainable economic growth," Yoo said. Cambodia is South Korea's 60th-largest export destination.

Major exports include beverages, textiles and cargo trucks. South Korea mostly imports clothes and shoes from the Southeast Asian nation.

The two countries plan to hold an official signing ceremony in the near future. The pact also needs a parliamentary approval.

South Korea and Cambodia launched feasibility studies on the FTA after holding a summit in March 2019. The first round of negotiations kicked off in July last year.

Under the deal and also when combined with the upcoming Regional Comprehensive Economic Partnership (RCEP), Cambodia will lift tariffs on 93.8 percent of all products, with South Korea eliminating duties on 95.6 percent.

South Korea has been rolling out what it calls New Southern and New Northern Policies, which center on expanding trade ties with emerging nations and reducing its reliance on China and the United States, which take up roughly 40 percent of annual exports.

South Korea already held an FTA with the Association of Southeast Asian Nations (ASEAN), but it has been pushing for separate agreements as well

to seek closer ties. Seoul kicked off FTAs with Singapore in 2006 and Vietnam in 2015.

ASEAN comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Thailand, Singapore and Vietnam.

The country's exports to the bloc, meanwhile, edged down 15.2 percent on-year in January to $8 billion amid the COVID-19 pandemic.

Seoul currently awaits the official launch of the RCEP later this year, which covers ASEAN and its dialogue partners -- South Korea, China, Japan, Australia and New Zealand.

South Korea and Indonesia signed the Comprehensive Economic Partnership Agreement (CEPA) last year, which now awaits parliamentary approval. The CEPA is equivalent to a free trade agreement but focuses on a broader scope of economic cooperation.

It is negotiating with Malaysia and the Philippines as well.

Last year, South Korea's outbound shipments came to $512.8 billion, down 5.4 percent from 2019.

Source: koreaherald.com– Feb 02, 2021

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Jeff Bezos to Step Down as Amazon CEO After Monster $125B Quarter

The founder of Amazon and arguably the biggest individual influence on modern retail will officially step away from his post later this year.

Amazon CEO Jeff Bezos, who founded the e-commerce behemoth in 1994, will transition to the role of executive chair in the third quarter of 2021, passing the chief executive role to Andy Jassy, who currently serves as CEO of the Amazon Web Services (AWS) cloud computing business.

"Amazon is what it is because of invention. We do crazy things together and then make them normal. We pioneered customer reviews, 1-Click, personalized recommendations, Prime's insanely-fast shipping, Just Walk Out shopping, the Climate Pledge, Kindle, Alexa, marketplace, infrastructure cloud computing, Career Choice, and much more," Bezos said in a statement to company employees. "If you do it right, a few years after a surprising invention, the new thing has become normal. People yawn. That yawn is the greatest compliment an inventor can receive."

The list of accomplishments Bezos rattled off was a product of his laser focus on "customer obsession," No. 1 on Amazon's current 14 leadership principles, which is summed up on the company's jobs page: "Leaders start with the customer and work backwards. They work vigorously to earn and keep customer trust. Although leaders pay attention to competitors, they obsess over customers."

Those principles also include pushing short-term results aside for owning long-term success, hiring and developing the best talent, insisting on the highest standards for products, services and processes and valuing calculated risk taking.

Under Bezos' tenure, Amazon transformed from an online bookstore that managed to not only survive an industrywide "dot-com bubble" that burst at the turn of the century, but grow beyond the comprehension of any of its retail contemporaries as it entered virtually every product category.

In February 2005, Amazon gave itself its biggest advantage yet with the launch of the Prime subscription memberships service at the initial price point of $79 a year, offering unlimited two-day delivery on over 1 million in-

stock items. At the time, e-commerce shipping was still far behind in speed and cost, giving Amazon a significant edge over any other player in retail.

One year later, the e-commerce giant launched Fulfilled by Amazon (FBA), allowing sellers to send their products to Amazon's fulfillment centers, which would take care of both storing and shipping to customers. These products then become eligible for Amazon Prime, thus growing the available assortment and selection for customers.

Amazon was even able to create its own shopping holiday with the launch of Prime Day in 2015, effectively forcing other major retailers to adapt their entire merchandising and shipping schedules around the event.

Bezos' focus on long-term success helped Amazon succeed as a public company even as its investments into areas such as delivery and fulfillment hindered the company's income. Amazon didn't make its first profit until the fourth quarter of 2001, and didn't have its first profitable year until 2003.

But as more consumers continued to shop online in the following two decades, profits became more consistent. And once e-commerce became the established norm, Amazon saw exponential profit growth, breaking $500 million in profit in a single quarter by 2016. That number now seems minuscule for Amazon, which reported that the 2020 holiday quarter brought in net income of $7.2 billion.

In January 2020, Amazon surpassed a $1 trillion market cap under Bezos' leadership. The rapid consumer shift attributed to the Covid-19 pandemic nearly doubled that, with the company worth more than $1.6 trillion as of Tuesday.

Only Bezos' stepping down could distract from the news of another blowout quarter for Amazon, capping off a year that saw the e-commerce giant take an even larger role in the retail ecosystem as "nonessential" stores shuttered throughout the world at the beginning of the Covid-19 pandemic.

Net sales for Amazon's holiday quarter smashed record totals at $125.6 billion, well surpassing the $100 billion sales mark for the first time. This represented an increase of 44 percent over the $87.4 billion generated in the fourth quarter of 2019.

The $7.2 billion in quarterly net income amounted to $14.09 per diluted share, more than doubling the net income of $3.3 billion, or $6.47 per diluted share in the year ago period. Operating income increased to $6.9 billion, up from the $3.9 billion earned in the fourth quarter of 2019.

For the full year, Amazon took in net income of $21.3 billion, yet again nearly doubling 2019 profits.

In another testament to how well Bezos' long-term plans played out, Amazon now has free cash flow of $31 billion to end 2020, compared with $25.8 billion for the trailing twelve months.

The cash flow number is even more impressive when taking into account that Amazon spent a whopping $21.5 billion in shipping costs in the recent quarter, a 67 percent increase from last year's totals. This marks yet another spending record in this category for Amazon, which spent $15 billion in shipping costs in the third quarter.

Last year, Amazon increased square footage across its fulfillment and logistics network by 50 percent, dedicated 60 percent of fulfillment center capacity to seller products, and postponed annual selling fee adjustments until June 2021.

Bezos noted that he will focus on "new products and early initiatives" in his new role.

Revenue at Jassy's division, AWS, climbed 28 percent to $12.7 billion from $9.95 billion a year earlier, below the $12.8 billion consensus estimate among analysts polled by FactSet, but still representing the largest dollar growth for the segment year over year. Revenue from the cloud computing service represented 10 percent of Amazon's total sales, and crossed $51 billion for the full year.

Jassy has been a member of the AWS team since its inception and has worked at Amazon since 1997.

A major question for Jassy will be how he handles the antitrust concerns levied by the U.S. government once he takes the reins in his new role. In October, after a 16-month investigation into competitive practices at big tech companies, the House Judiciary subcommittee on antitrust concluded that Amazon, Apple, Facebook and Google enjoy monopoly power. Amazon is also facing antitrust complaints in the E.U.

Amazon's announcement marks the second major executive transition at the company in the past year. In August, Jeff Wilke, the chief executive of Amazon's consumer business, said he planned to retire early this year after more than two decades with the company.

Bezos said he will stay engaged in Amazon projects but will also have more time to focus on the Bezos Earth Fund, his Blue Origin spaceship company, The Washington Post and the Amazon Day 1 Fund.

For now, Bezos has two quarters remaining until his transition. Despite the uncertainty stemming from the pandemic, Amazon laid out guidance for the first quarter of 2021, anticipating net sales to be between $100 billion and $106 billion, or to grow between 33 percent and 40 percent compared with first quarter 2020. Additionally, the company expects operating income to be between $3 billion and $6.5 billion, compared with $4 billion generated in the first quarter of 2020.

The guidance assumes no additional business acquisitions, investments, restructurings or legal settlements are concluded. For the first quarter, Amazon expects approximately $2 billion of costs related to Covid-19. The company spent nearly $11.5 billion in Covid-related production and employee safety costs in 2020.

The e-commerce giant says it is continuing these investments by ramping up its in-house Covid-19 testing program. More than 700 employees are now tested every hour, and Amazon's dedicated Covid-19 labs have processed more than 1 million tests globally. Amazon says it is working to ensure that its front-line employees receive vaccines as soon as possible.

Amazon's fruitful 2020 holiday season also brought in a windfall for independent businesses selling on the platform, with worldwide sales growing over 50 percent compared to the same period in 2019. Sellers surpassed $4.8 billion in worldwide sales from Black Friday through Cyber Monday, growing approximately 60 percent from the previous year.

During the holiday season as a whole, small and medium-sized businesses in the U.S. sold nearly 1 billion products on Amazon.
Indian court halts Reliance-Future deal after Amazon's petition

In the wake of the news of Bezos' anticipated departure, Amazon may have just gotten the win it needs to further expand its influence in India after all.

A Delhi high court struck a major blow to the proposed megamerger of Indian retail giants by blocking a $3.4 billion deal that would have seen Reliance Retail, the largest retail operator in India with 12,200 stores, acquire the retail, logistics and warehouse operations from Future Group, which operates 1,800 brick-and-mortar stores under the Big Bazaar, Central and Foodhall banners.

Future Group would likely appeal against the court's decision, a Reuters report said, meaning this tussle is not quite over yet. The conglomerate has said it could face liquidation if the deal falls through.

Last week, Amazon petitioned the high court to block a $3.4 billion deal that would have seen Reliance Retail, the largest retail operator in India with 12,200 stores, acquire the retail, logistics and warehouse operations from Future Group, which operates 1,800 brick-and-mortar stores under the Big Bazaar, Central and Foodhall banners.

Amazon's petition stems from its minority ownership in Future Group's Future Retail Limited (FRL), with the e-commerce giant alleging that its initial $200 million investment in the company included clauses saying the Indian group couldn't sell its retail assets to anyone on a "restricted persons" list including Reliance Industries CEO Mukesh Ambani, India's richest person.

The kicker here is that the deal specified that any disputes would be arbitrated under Singapore International Arbitration Centre rules. On Oct. 25, Amazon won an injunction from a Singaporean arbitrator that would prevent FRL from selling the businesses to Reliance.

Yet despite the injunction, which would appear to end the sale entirely, FRL argued that the arbitrator's order was not enforceable under Indian law and needed to be ratified by an Indian court. The Competition Commission of India (CCI) followed suit on FRL's claim by approving the deal in November, with India's BSE and NSE stock exchanges also giving their go-ahead.

Justice J. R. Midha of the Delhi high court said on Tuesday that an immediate order was necessary to protect the U.S. company's rights, adding that the arbitrator had "rightly proceeded" against Future.

Justice Midha directed a federal government counsel to relay the court's decision to all authorities who were involved in reviewing the Future-

Reliance deal. Future had acted “in violation” of the arbitrator’s order, he added.

There has been no word of whether Amazon’s urging for the court to detain Future Group CEO Kishore Biyani and other company founders has held up as part of the violation.

“Amazon is playing the dog in the manger, going all out to create a ruckus through a concerted and coordinated media campaign, primarily fueled by leaking of selective and misleading information to misguide media,” Biyani said in a letter to Future Group employees.

Future has accused Amazon of blocking its deal in an attempt to thwart any competition from Reliance, which has plans to expand into e-commerce. A physical network of nearly 14,000 stores, alongside the growth of its recently launched JioMart e-commerce operation, would certainly benefit Reliance against a company like Amazon.

JioMart, which is live in 200 cities across India, processed an average of 500,000 orders per day in December, according to Jio Platforms CEO Kiran Thomas. Jio Platforms, the subsidiary of Reliance Industries, secured a combined $10 billion in funding from Facebook and Google in 2020, with the tech giants now owning a nearly 18 percent stake in the telecom company.

With this kind of firepower in Reliance’s hands, its clear that the Indian retail titan has its sights set on dominating the e-commerce space throughout the country, which still has plenty of room for growth. In fact, India’s e-commerce sector is expected to be worth nearly $72 billion over the next two years, per eMarketer.

The India Brand Equity Foundation (IBEF) is even more optimistic on the growth of the channel, forecasting that e-commerce will surge to $200 billion annually by 2026.

Outsiders, even one as large as Amazon, which added 10 new fulfillment centers, five new sortation centers and nearly 200 delivery stations alone in its third quarter, have more hurdles to handle as they break into the e-commerce market.

India only allows foreign e-commerce players to operate as a marketplace to connect buyers and sellers, but the government is now considering

tightening those rules again to include sellers in which a foreign e-commerce firm holds an indirect stake through its parent.

Late last month, a U.S. lobby group which represents firms including Amazon and Walmart urged India not to tighten foreign investment rules for e-commerce companies again, according to a letter seen by Reuters.

Alongside Amazon's own operations in India, the company holds indirect stakes in two of its biggest online sellers in India, Cloudtail and Appario. Walmart also has made its own presence felt in Indian e-commerce with an 82 percent stake invested in online giant Flipkart.

Source: sourcingjournal.com– Feb 02, 2021

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$3.1-mn garment unit in Cambodia to create over 700 jobs

A $3.1-million garment factory will be constructed in Bati district of Cambodia's Takeo province, employing around 700, according to the Council for the Development of Cambodia (CDC), which recently approved the investment project by by Brightness (Cambodia) Garment Factory Co. Ltd. Since early this month, CDC has given green light to seven projects.

The total investment of these seven projects, including the latest one, is worth nearly $27.6 million and these will generate around 4,000 jobs, according to Cambodian media reports.

Source: fibre2fashion.com– Feb 02, 2021

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Sri Lanka, PRC sign MoU to deepen apparel trade ties

Sri Lanka and China recently signed a memorandum of understanding (MoU) to boost bilateral apparel trade that was severely affected by the COVID-19 pandemic. The China National Textile and Apparel Council signed the agreement with Sri Lanka's Joint Apparel Association Forum (JAAF) to strengthen the working relationship between the two associations.

Other key objectives of the agreement are 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 a Sri Lankan newspaper report.

Sri Lanka also invited investors from China to explore investment opportunities in the upcoming textile park in Eravur.

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 $1.24 billion.

Source: fibre2fashion.com– Feb 02, 2021

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China's Pakistan investments a double-edged sword

Chinese companies are taking over major businesses in Pakistan's export-led manufacturing sector, the profit-making heart of the nation's $276 billion economy.

As rising Chinese investment promises to boost Pakistan's ailing economy in an hour of need, there are concurrent nationalistic concerns expressed by local businesses and groups that Chinese investors are cornering key local industries, state assets and businesses to the detriment of Pakistani players and interests.

The United Nations Conference on Trade and Development's World Investment Report 2020 indicates that foreign direct investment (FDI) in Pakistan increased from US$1.7 billion in 2018 to $2.2 billion in 2019, with accumulated FDI of $34.8 billion at the end of that year.

China is by far the biggest contributor of FDI to Pakistan, the report concluded. The Pakistani government disaggregates Chinese investment related to the $60 billion China-Pakistan Economic Corridor project, a key plank of China's state-driven Belt and Road Initiative (BRI), and non-CPEC-related investments.

Analysts say non-CPEC Chinese private investment in Pakistan is increasingly driven by cheap labor and securing access to raw materials that are shipped back to China's factories. China is also building factories in Pakistan to export finished goods directly to European markets Beijing hopes to more readily reach via its BRI infrastructure investments.

Chinese investors are also poised to buy into various loss-making state-owned enterprises (SOEs) that the government has indicated it is keen to sell. SOE-related losses recently hit 1.5 trillion rupee ($9.4 billion) mark, more than the country's annual defense allocation.

Chinese capital is thus warmly welcomed in government circles. Ishrat Husain, a government adviser on institutional reforms, said last year that the government planned to sell stakes in state-owned Pakistan Railways (PR), Pakistan International Airlines (PIA) and Pakistan Steel Mills (PSM), among others, to foreign investors. China has emerged as one of the few bidders for the ailing SOEs.

However, not all Pakistanis are pleased with all the Chinese asset buying and building.

Muhammad Ishaq, a leading industrialist and former member of the Khyber Pakhtunkhwa Board of Investment and Trade (KPBIT), told Asia Times that resentment is building to Chinese investors' preference to establish fully-controlled businesses rather than form partnerships or joint ventures with local businesses.

He said that all Chinese investments in the country should involve chambers of commerce and abide by local business "ethics."

"In the case of Chinese investment, the local business community was neither consulted nor taken into confidence," he said about the recent surge in wholly-owned Chinese ventures in the country, adding that small local businesses should have been more involved in Chinese investments.

Official corporate data shows more than 2,000 Chinese business entities have registered in Pakistan, half of them in the capital Islamabad. The data shows their investments reach well beyond the scope of the state-led CPEC, which focuses mainly on infrastructure development including roads, ports and power plants.

Chinese trade and industrial concerns are operating throughout the country, with joint and wholly-owned interests in textile factories, cement plants, power producers, steel mills, housing projects and telecommunication concerns, the Pakistan-China Joint Chamber of Commerce and Industry's (PCJCCI) website shows.

Unconfirmed reports, compiled by Pakistan's corporate sector and reviewed by Asia Times, put the number of Chinese businesses much higherat over 5,000, including a growing number of unregistered ventures in Pakistan's informal sector.

"We have serious reservations about the growing Chinese business involvement in Pakistan, which mostly benefits the Chinese side because they run most of the business all by themselves," Ishaq said.

He claims that many Chinese companies do not register with Pakistani tax authorities and thus do not pay taxes, putting local businesses at a competitive disadvantage. Others claim private Chinese businesses hide

behind the CPEC's special tax exemption to evade paying taxes on unrelated businesses.

Even though exempt, CPEC membership requires participating companies to acquire a national tax number (NTN) and sales tax registration. The PCJCCI did not respond to Asia Times' repeated request for comment on the tax evasion accusation.

Official or unofficial, Chinese investment is unmistakably transforming Pakistan.

When Beijing extended the reach of its BRI to Pakistan in 2015, Chinese state-owned companies established an initial foothold by acquiring the Karachi Stock Exchange and K-Electrics, a Karachi-based energy production and distribution company.

In the energy sector, Chinese companies are now involved in the construction of 27 CPEC-related power projects and six non-CPEC projects, investments that should help to address chronic national power shortages.

Click here for more details

Source: asiatimes.com– Feb 02, 2021

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Pakistan, Uzbekistan agree to sign preferential trade agreement

Pakistan and Uzbekistan have agreed to enhance bilateral trade relations by entering into a Preferential Trade Agreement (PTA).

The understanding was reached at the first meeting of Joint Working Group of Pakistan and Uzbekistan on Trade and Economic Affairs and the meeting of Tripartite Working Group on Implementation of Trans-Afghan Railway Project in Tashkent, said a press statement issued on Tuesday.

Adviser to the Prime Minister on Commerce and Investment Abdul Razak Dawood, who is leading a delegation to Uzbekistan, represented the Pakistani side in the meeting.

The two sides discussed enhancing banking cooperation, working on rail and road connectivity matters and establishment of off-dock terminals. They also resolved to cooperate in shipping, textile, engineering and IT sectors.

The Uzbek side invited Pakistan business delegation to organise a joint exhibition in Tashkent in June this year.

Earlier on Monday, Abdul Razak Dawood called on Uzbekistan President Shavkat Mirziyoyev to discuss matters related to economic cooperation between the two countries. Dawood also met with Chamber of Commerce and Industry of Uzbekistan President Adkham Ikramov and discussed cooperation in textile, leather and engineering sectors.

The commerce adviser is leading a delegation to Uzbekistan for the first meeting of the Joint Working Group on Trade and Economic Affairs and the meeting of Tripartite Working Group on Implementation of Trans-Afghan Railway Project.

Source: profit.pakistantoday.com.pk– Feb 02, 2021

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NATIONAL NEWS

Withdraw import duty on raw cotton: TEXPROCIL

Levy may increase domestic prices, says Chairman Manoj Patodia

The Cotton Textiles Export Promotion Council has expressed surprise over levy of 10 per cent import duty on raw cotton and urged the government to have a relook at the proposal.

Welcoming the Government move to set up seven textile parks over three years, Manoj Patodia, Chairman of The Cotton Textiles Export Promotion Council, said the move to levy import duty on cotton will make imports of Extra Long Staple Cotton costly, especially Giza Cotton from Egypt and Supima Cotton from the US.

Patodia also expressed his apprehension that the levy of import duty on cotton will increase the domestic prices which will now be based on the import parity price plus the basic customs duty. This, in turn, will push up cost for value-added products like fabrics, made-ups and garments. He also pointed out that there has been a decline in imports of cotton by a sharp 77 per cent between January and November 2020 compared to the same period in 2019 and as such there is no case for an imposition of import duty on cotton.

Patodia appealed to the Government to withdraw the basic customs duty on cotton in the interest of the textile and clothing sector and its orderly development, especially as India is a cotton surplus country.

Globally competitive

However, he said the Government move to set up seven textile parks under the ‘Mega Investment Textiles Parks' over three years will enable the textile industry to become globally competitive, attract large investments and boost employment generation, said Patodia.

The Budget has reduced the basic customs duty on caprolactam, nylon chips and nylon fiber and yarn to 5 per cent. This will encourage the growth of the man-made fibre sector, especially the MSMEs, he said. On the direct taxes, the Budget has reduced the time-limit for re-opening of assessment to 3 years from the present 6 years to remove the uncertainty for the assessees, he added.

Source: thehindubusinessline.com– Feb 02, 2021

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Customs duty on cotton imports disappoints textile sector

'It will make import of branded cotton expensive'

The textile and clothing sector here has expressed disappointment over the levy of customs duty on cotton imports in the Union Budget.

Manoj Patodia, chairman of the Cotton Textiles Export Promotion Council, said that the plan to establish seven mega investment textile parks in three years was a positive step towards making the industry globally competitive. It would attract investments and boost employment. However, the plan to levy customs duty on cotton imports would make import of branded cotton expensive.

T. Rajkumar, chairman of Confederation of Indian Textile Industry, pointed out that levy of customs duty on cotton and cotton waste, that so far came under nil duty, comprises 5% basic customs duty and another 5% Agriculture Infrastructure and Development Cess (AIDC) on cotton and 10 % basic customs duty on cotton waste. The new import duty comes into effect from February 2, 2021.

He appealed to the Prime Minister to withdraw the levy to sustain the global competitiveness of Indian textiles and apparel industry. Otherwise, there will be a fall in the exports of cotton textile and clothing products, he said.

Southern India Mills Association chairman Ashwin Chandran said that the imports were cotton varieties that are not produced in India and cater to some of the niche segments in the domestic and international markets. The levy of customs duty on cotton has come as a "rude shock" to the industry. When the government introduced customs duty on cotton in 2008 the entire textile value chain went on a nationwide bandh.

Apparel Export Promotion Council chairman A. Sakthivel said the mega textile parks would help create world class infrastructure for the industry and increase exports.

Tiruppur Exporters Association president Raja Shanmugham said allocation of ₹ 100 crore for skill development and higher allocation for technology upgrade were much needed measures for the industry.

The Indian Texpreneurs Federation said reduction of basic customs duty on nylon would help the MMF sector.

Source: thehindu.com– Feb 03, 2021

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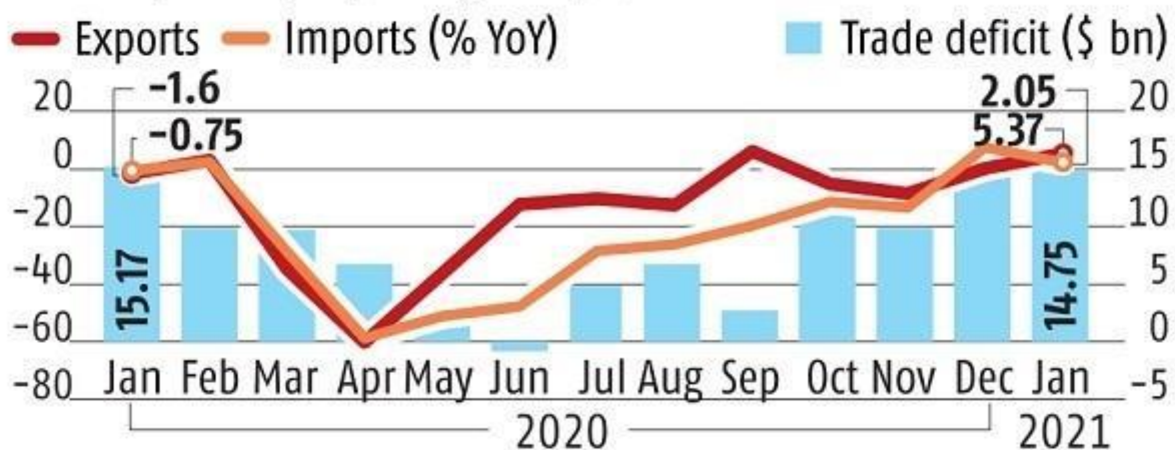
Exports rise 5.4% in January; trade deficit narrows to $14.75 billion

In yet another sign of economic revival, India's merchandise exports grew by 5.4 per cent in January to $27.24 billion. This was the second consecutive month of growth, similar to imports, which grew 2.07 per cent during the month.

Trade deficit — at $14.75 billion in January — remained largely unchanged from a month ago, according to preliminary data released by the department of commerce and industry.

While higher exports could mean a recovering global economy and improved domestic production, rising trade deficit suggests that consumption is reviving in the country.



"Rise in both merchandise exports and imports in January 2021 is heartening, signifying a continued strengthening of the domestic growth recovery. With the merchandise trade deficit having risen to $14-15 billion over the last two months, we expect the current account balance to slip back into a deficit in H2FY of 2021," said Aditi Nayar, principal economist at ICRA, in a note.

But granular data shows the areas where growth has picked up and those where sluggishness still exists. For example, petroleum exports and imports still remain in a strong contraction zone compared to a year ago.

Exports, excluding oil and oil products at $25.24 billion, were 11.37 per cent more in January than a year ago. Exports, excluding oil, gems and jewellery, grew 13.21 per cent. Non-oil imports (15.8 per cent), too, grew faster than overall imports (2.07 per cent).

Textiles and leather are livelihood-creating labour and export-intensive industries, providing jobs to a sizable proportion of the country's labour force. These exports rose the slowest in January. Exports of engineering goods, pharma products and iron ore, on the other hand, rose the fastest.

Import of capital goods still shows signs of distress as transport equipment and project goods imports fell 25.2 per cent and 62.2 per cent, respectively, in the first month of 2021.

Trade institutions welcomed the positive trend visible in the preliminary data. "Among categories in commodity exports that recorded positive growth during January 2021 are cereals, oil meals and miscellaneous processed items as well as jute.

This shows that the agri and processed food industries are the engines of this demand-driven growth and I am hopeful that this momentum is going to continue," said Trade Promotion Council of India (TPCI) chairman Mohit Singla.

Source: business-standard.com– Feb 03, 2021

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Budget 2021: Exporters like Infra push, but fret about funding for schemes

Besides big players, the country's MSME exporting firms have also welcomed the measures announced in the budget.

For Indian exporters who have been sailing against the rough tides for quite some time now, the Budget 2021 remains a mixed bag.

While the country's exporting community hailed the specific policy measures to uplift business sentiments, it also flags missing gaps that needed speedy redressal.

It's noteworthy that India's share in global merchandise exports currently stands at a paltry 1.67%. The industry body Confederation of Indian Industry (CII) in its Pre-Budget Memorandum 2021-22 had advocated the need for raising it to 5%. However, to achieve this ambitious target, the country certainly needs to improve its infrastructure and enhance its capacity utilisation.

It's in this backdrop, Federation of Indian Export Organisations (FIEO) believes the Budget 2021 has rightly put its focus on infrastructure to revive the economy and support the industries providing inputs for infrastructure — which, in his view, will eventually push nation's outwards shipments.

"A world class infrastructure will go a long way to make our manufacturing and exports competitive besides reducing the logistics cost. The setting up of seven mega investment textile parks would attract investment in the sector, bringing the cutting-edge technology and creating the economy of scale to compete with our South Asian and South East Asian competitors.

The levy of agri-cess will help in creating agri infrastructure. Lack of infrastructure is also affecting the prices of agri commodities. The various facilities for fisheries will push marine exports of the country which has yet not reached anywhere near its potential," says Sharad Kumar Saraf, President, FIEO.

As for the issues plaguing the sector, Saraf, however, urges the government to allocate the requisite funds for the Remission of Duties and Taxes on Exported Products (RoDTEP), Merchandise Exports from India Scheme (MEIS) and (Service Exports from India Scheme) SEIS so that the

uncertainty is removed and exporters' past claims may be released quickly as the same has severely eroded their liquidity.

Highlighting that privatization of the management of major ports will bring the necessary efficiency, he hopes that the government will bring a policy to develop a National Shipping Line to take a major share of India's exim trade.

According to Arvind Goenka, Chairman, The Plastics Export Promotion Council (PLEXCONCIL), the FM presented a progressive budget to stimulate growth in the economy after a global pandemic.

Goenka further highlights that while FM stated that our manufacturing sector has to grow in double digits sustainedly to achieve a $5 trillion economy, PLEXCONCIL has been seeking the inclusion of plastics under the PLI Scheme.

"We welcome the review of 400 existing custom exemptions this year. PLEXCONCIL requests for reduction in customs' duty on plastic raw materials. Naphtha custom duty lowered will help the production of plastic raw materials.

Finished goods of plastics should have attracted higher duties. We welcome the announcement to review inverted duty structure under GST but there is no allocation for MEIS shipments made for 2019-20 and 2020-21-we seek clarity on the same," he says.

Besides big players, the country's MSME exporting firms have also welcomed the measures announced in the budget. Murugesan R, MD, of structured cabling company, 3C3 India believes the budget offers the right impetus for small-scale exporting firms.

"The Union budget announcements primarily mean a boost to the current export footprint to manufacturers in India. With a reduction in financial burden, companies can now focus on helping India get on to the global value chain. While we primarily focused our exports on the Middle east, the announcement has incentivised expansion into America, Europe, African and APAC countries," says Murugesan.

Stakeholders from the textile sector, which remains one of the country's key foreign exchange earning sectors, have also given thumbs up to the budget.

Apparel Export Promotion Council (AEPC) Chairman A Sakthivel called this budget to be "one of the finest budgets" considering the current situation due to the coronavirus pandemic.

"The focus on infrastructure highways, railways and ports is a welcome decision as it will go a long way in improving the logistics and reduce the cost of doing business. Further, the rationalization of GST and customs will also help in easy access to raw materials and export of value-added products.

The doubling of budget provision to the MSME sector with the allocation of Rs 15,700 crore in the coming fiscal will strengthen the sector," Sakthivel says, adding a scheme to promote flagging of merchant ships would result in reducing exporters' shipping costs.

Source: economictimes.indiatimes.com– Feb 02, 2021

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Budget 2021: Better FTAs can benefit mega textile parks scheme, say experts

Union finance minister Nirmala Sitharaman's announcement of setting up seven mega textile parks over the next three years could prove to be the much-needed push for India's textile and apparel export industry, which has lost out to Asian peers over the past few years.

Sitharaman had in her budget speech said mega investment textile parks will enable the industry to become globally competitive, attract large investments and boost employment generation.

Garment industry experts said the plug-and-play model announced by the Centre could be a game-changer. "It will eliminate a huge requirement of capital expenditure and funds," said Rahul Mehta, chief mentor, Clothing Manufacturers Association of India. Plug-and-play alludes to availability of ready infra in terms of power, roads and accessibility.

"The move is a big boost for the textiles industry in India. China is the largest supplier of garments to the world. Bangladesh and Vietnam have also come up really well because of low-cost structures and trade agreements. With the help of 7 plug-and-play parks, India could emerge as a strong global player in textile and garments exports," said Sanjay Jain, chief executive officer at PDS Multinational Fashions, which offers product development, sourcing, design and manufacturing services to global retailers such as Superdry, Primark and Next.

"Whether we will participate in the scheme or not needs careful consideration. However, prima facie it is an exciting opportunity," he said.

Setting up of textile parks along with the production-linked incentive scheme for technical textile and man-made fabric producers and reduction in customs duty for caprolactam, nylon chips and nylon fibre to 5% will help apparel exporters enhance their share in global markets over the medium term, according to Hetal Gandhi, director, textiles, CRISIL Research.

"What has become a bigger issue is our capability to innovate and invest in better designs and, more importantly, as a country, our ability to negotiate free trade agreements (FTAs). If you look at countries such as Vietnam and Bangladesh, the latter has an FTA with the EU, which gives it an upper hand when it comes to export of readymade garments compared to India,"

Gandhi said. India needs to move up the value chain and produce more high-value, readymade garments, she said.

Others agreed. Government investments will be counterproductive if India doesn't strike better trade deals, they said. "These parks will do no good to anybody unless global textiles firms invest in India," said a consultant on the condition of anonymity. "You need global competitive advantage for investment in textile parks to come in so that manufacturers can feed both the Indian and global markets," he said.

The US and the EU together account for 64% of India's readymade garment exports. India's share in such exports to the US and the EU remained stable at 4-6%, while that of competitors improved over the last five years, CRISIL said.

India's exports in the textiles and apparel industry are expected to reach $300 billion by 2024-25, tripling the country's share in global trade from 5% to 15%, according to information on the Invest India portal. India is largely proficient in manufacturing casual wear garments and production of cotton, silk and jute.

India's textile and apparel industry is among the top employers in the country, providing direct employment to 45 million people and 60 million people in allied industries.

Source: livemint.com– Feb 02, 2021

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Union Budget 2021: Competitiveness at the core

In this difficult period, the Union Budget FY22 has taken note of and proposed several steps to address a wide variety of concerns faced by Indians. To achieve a number of social and economic objectives, it has introduced changes that aim at easing operational conditions for citizens and firms.

However, it has also introduced certain policy measures which will raise costs and increase operational inefficiency in certain sectors.

Important parts of its industrial policy approach focuses on combining investment facilitation, financial support initiatives such as the production linked incentive schemes, and a combination of an increase in basic customs duty with a reduction for certain inputs. The approach appears to pull in different directions which may create obstacles to achieve some of the major milestones emphasised in the Budget.

The Budget notes that: "For a $5 trillion economy, our manufacturing sector has to grow in double digits on a sustained basis. Our manufacturing companies need to become an integral part of global supply chains, possess core competence and cutting-edge technology."

There is a stated emphasis on improving exports (or cutting-edge technology), but the actual policy appears to focus on import substitution. Becoming an integral part of global supply chains requires a focused approach, including encouraging and facilitating FDI, timely response (import facilitation and export facilitation, transparency, stability and predictability of policy). The budget documents also lay a significant emphasis on increasing competitiveness.

While competitiveness is mentioned in the Union Budget in the context of agriculture and textiles, it does not seem to treat this as its core factor in a consistent manner.

In the context of customs duties it notes that: "Our Custom Duty Policy should have the twin objective of promoting domestic manufacturing and helping India get onto global value chain and export better. The thrust now has to be on easy access to raw materials and exports of value added products" (emphasis added).

While the basic customs duty changes are not as extensive as earlier reported, these changes to the custom duty do send out important signals to investors. India is increasingly being viewed as a country with protectionist policies.

A rise in tariffs of 2.5% results in nuisance tariffs (the burden of the tariff is more than the benefit) and creates a perception that this is the beginning of further tariff increases over time.

The increase in customs duty on inputs raises the costs of inputs and reduces the ability to link up with global value chains.At a time when production linked incentive schemes have just begun, it is important that India provides a stable and predictable policy environment as the initial investment in the hub-and-spoke start getting established.

Any basic custom duty increases for promoting domestic production could be considered at a second stage because the initial global investment, including that of input-supplying supporting industries, would increase domestic content and provide the inputs of requisite quality required to link up with global value chains.

Competitiveness needs to be consistently kept as a major priority in the policies announced by the Union Budget, to get the relevant, achievable trade-offs among the different objectives that it emphasises.

Source: financialexpress.com– Feb 02, 2021

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Withdraw announced 10% import duty on Cotton – SIMA pleads !

India has been globally competitive only in the cotton textile manufacturing, thereby accounting for 80% of its total exports.

Cotton and cotton waste which is currently under nil rate of import duty is being subjected to 10% import duty through the budgetary announcement comprising of 5% Basic Customs Duty and another 5% Agriculture Infrastructure and Development Cess (AIDC) on cotton and 10% BCD on cotton waste has come as a severe blow for the ailing cotton textiles and apparel industry. The new import duty comes into effect from 2nd February 2021.

Ashwin Chandran, Chairman, The Southern India Mills' Association (SIMA) has appealed to the Prime Minister to immediately withdraw the levy of 10% import duty on cotton and cotton waste to sustain the global competitiveness of Indian textiles & apparel industry and prevent job losses for several lakhs of people,

Ashwin has stated that the levy of 10% duty will not benefit the cotton farmers as the normal import of 12 to 14 lakh bales per year accounts only around 3% of Indian cotton production and consumption and such cotton is not produced in India. But this is essential to sustain the share of value added / niche markets of India both in global and domestic markets.

He added that after the introduction of BT cotton that accounts over 97% of the cotton produced in the country, the cotton textile industry has to import ELS cotton, organic cotton, contamination free cotton to the tune of 10 to 12 lakhs bales per year to meet the demands of the global customers and also the value added made-ups and apparel segments of domestic market.

He cautioned that the country is already flooded with cheaper imports of readymade garments from SAFTA countries and facing crisis.

Source: covaimail.com– Feb 02, 2021

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Modi govt's Rs 3 lakh cr ECLGS scheme for MSMEs crosses three-fourth mark in sanctioned loan amount

Credit and Finance for MSMEs: Member lending institutions (MLIs) including public and private sector banks and non-banking financial companies (NBFCs) have sanctioned 76.6 per cent of the Rs 3-lakh-crore Emergency Credit Line Guarantee Scheme (ECLGS) as of January 29, 2021.

In a written reply to a question in the Rajya Sabha on Tuesday, MoS Finance Anurag Singh Thakur said that cumulative loans sanctioned, as reported by various MLIs to National Credit Guarantee Trustee Company Ltd (NCGTC) stand at Rs 2.39 lakh crore under ECLGS as of January 29, 2021.

This is up from the sanctioned loan amount of Rs 2,14,083 crore to 90,57,300 borrowers as of January 8, 2021. Out of the sanctioned amount, Rs 1,65,886 crore was disbursed to 42,46,831 borrowers, according to the data from the Finance Ministry.

The scheme was launched in May last year to support Covid-hit MSMEs but was later extended till March 31, 2020, with the launch of ECLGS 2.0 that was expanded in scope.

The amended version of the scheme focused on entities in 26 stressed sectors identified by the Kamath Committee including power, construction, iron and steel manufacturing, roads, real estate, textiles, chemicals, consumer durables, non-ferrous metals, pharma manufacturing, logistics, gems and jewellery, cement, auto components, hotels-restaurants-tourism, mining, plastic product manufacturing, automobiles manufacturing, auto dealership, aviation, sugar, port and port services, shipping, building materials, and corporate retail outlets, Thakur noted.

Accounts with credit outstanding of more than Rs 50 crore and up to Rs 500 crore as of February 29, 2020, are eligible to raise credit under ECLGS 2.0. The scheme also seeks borrower accounts to be less than or equal to 30 days past due as of February 29, 2020, that is, they should not have been classified as SMA 1, SMA 2, or NPA by any of the lenders as of February 29, 2020. SMAs are special mention accounts showing signs of incipient stress that lead to the borrower defaulting in servicing loan.

Budget 2021 had made a provision of Rs 15,700 crore to the MSME sector – more than double from Rs 7,572 crore in the preceding budget.

Finance Minister Nirmala Sitharaman had also proposed a revision of the definition of small companies in the budget by enhancing thresholds for paid-up capital from Rs 50 lakh to Rs 2 crore and turnover from Rs 2 crore to Rs 20 crore. "This will benefit more than two lakh companies in easing their compliance requirements," the minister said.

"Provision of Rs 15,700 crores for MSME sector is welcome as this sector needs huge finance and policy support. Also, the announcement that faceless dispute resolution committee will be set up for smaller companies is very appreciable and commendable," said Sanjay Bhatia, MD, Hindustan Tin Works, and Past President, FICCI CMSME told Financial Express Online.

Source: financialexpress.com– Feb 02, 2021

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Indian industry to get greater protection against dumped imports as govt tightens rules

The new rules to be implemented from 2022 will also prevent exporting countries to drop prices to negate effect of anti-dumping duties, CVD

Indian industry will have greater protection against dumped imports from next year as the government is set to tighten measures related to imposition of anti-dumping duties (ADD) and countervailing duties (CVD) to check flouting of rules.

"The new rules, to be implemented from January 1, 2022, will ensure that exporters trying to circumvent anti-dumping duties by routing items through third countries or other means are not allowed any respite with prompt action taken against such moves. There are also provisions to check duty absorption by some exporters," a government official told BusinessLine.

ADD, CVD explained

ADD are imposed when it is conclusively proved that the domestic industry is being harmed due to imports taking place at prices lower than those in the exporting country's home market while CVD is imposed to counter the subsidies being given to the foreign exporters by their governments.

In Budget 2021-22 presented on Monday, the Finance Minister proposed to make certain amendments in the provision relating to ADD and CVD. One of the important provisions is to allow imposition of duty from the date of initiation of anti-circumvention investigation.

"There are cases when anti-dumping duties are imposed by India against a country but to circumvent those duties the exporter routes them through another country or uses other methods.

It takes time for the Indian industry to get anti-circumvention duties imposed on these as there is a time gap between initiation of investigation and the findings.

Now, with the new rules this will change as ADD against imports from third countries can be initiated right from the day the anti-circumvention investigation begins," said Dhruv Gupta, Partner, PDS Legal.

New rules' workings

Explaining how the new rules, once implemented, are likely to work, Gupta pointed out that as soon as the government initiates an anti-circumvention investigation, the duties to be imposed against such imports will be provisionally assessed. The importer will have to give a bank guarantee, at the end of investigation, if circumvention is established. Duties will then be paid on whatever imports have happened during the period of investigation.

Another important proposal is to put in place anti-absorption provisions in the ADD and CVD rules. "This will prevent an exporting country from reducing price of their exported item to nullify the effect of the ADD or CVD imposed by India on the item.

For instance, if India finds that an item is being imported at a dumped price and imposes an ADD of, say, ₹20 on it, the anti-absorption provisions will prevent the exporting country to reduce the price by a further ₹20 to do away with the effect of the duty," Gupta pointed out.

The new rules also propose that final findings are to be issued in ADD/CVD, in investigation in review proceedings, by the designated authority, at least three months prior to expiry of the ADD under review. This is to ensure that the Finance Ministry has enough time to come up with the relevant notifications.

Source: thehindubusinessline.com– Feb 02, 2021

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Telangana textile ambition hopes for Budget boon

Telangana, which has been weaving plans to emerge as a major textiles manufacturing hub and has already begun work on a mega textiles park at Warangal, has its fingers crossed for a fillip from the Union Budget after FM Nirmala Sitharaman announced the Mega Investment Textiles Parks (MITRA) scheme.

As part of the scheme, the FM announced seven textile parks will be established across the country over three years to attract investments and boost employment in the sector.

"Telangana's Kakatiya Mega Textiles Park (KMTP) at Warangal will be a front runner in garnering support from the Centre as the project ticks all the eligibility boxes," said Telangana industries & IT principal secretary Jayesh Ranjan.

Recently, industries minister KT Rama Rao had said that the KMTP at Warangal would be developed at a total estimated project cost of Rs 1,552 crore and would take off in 2020-21. The minister had also sought funds from the Centre for creating infrastructure at the park.

Anil Talreja, Partner, Deloitte India, pointed out that the Budget's thrust on textiles parks will enable local manufacturers and the peripheral sectors to make high quality and cost-efficient products which would be competitive in the global market.

While hailing the Centre's move to support creation of textiles park, Sushil Sancheti, secretary, Telangana Spinning & Textile Mills Association, pointed out that the increase in customs duty on cotton from nil to 10% will benefit farmers but will result in a rise in raw material prices for industry.

The FM also announced rationalisation of duties on raw material inputs to manmade textiles by bringing nylon chain on par with polyester and other man-made fibers. "This shall prove beneficial to the weaving sector and high-end apparels such as athletic wear.

Surat being the hub for maximum nylon consumption would witness an increase in the slowly declining nylon sector. This shall also help the luggage industry as nylon is a better material than polyester. Through this the government plans to bring all fibres at equal level on playing field." Kunal Sood, Partner, Grant Thornton Bharat, added.

Source: timesofindia.com– Feb 02, 2021

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Budget 2021: Textile parks may attract big investments from players

Large apparel manufacturers may consider investing in the seven textile parks proposed in the Union Budget on Monday. The Finance Minister Nirmala Sitharaman had said that textiles were a champion sector under its Make in India programme.

The parks, to be set up over 1,000 acres of land in three years, will be in addition to the Rs 10,683-crore production linked incentive (PLI) scheme for technical textiles and manmade fibre announced earlier. Industry experts and executives that Business Standard spoke to said that up to Rs 5,000 crore could be pumped in by large garment ...

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Source: business-standard.com– Feb 02, 2021

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Union Budget 2021: Textile industry welcomes Union Budget; urges withdrawal of 10% cotton import duty

The textiles and clothing industry has urged the government to withdraw 10% import duty on cotton and cotton waste as that will help Indian textiles and apparel industry sustain the global competition.

The industry welcomed setting up of seven mega textiles parks under MITRA, and duty reduction on nylon raw materials. However, the levy of 10% import duty on cotton saw mixed reactions.

The grant to the textiles and clothing sector in Union Budget 2021-22 is Rs 3,614.64 crore, about 10% higher than the revised Budget amount of Rs 3,300 crore in 2020-21. The Budget also puts emphasis on infrastructure development and research & capacity building as the grant for these sectors has been increased by about 43.7% and 77.5%, respectively, compared to last year.

This year's Budget allocates Rs 700 crore for Amended Technology Upgradation Scheme (ATUFs) against Rs 545 crore in the last one, which will help clear the pending capital subsidy. It earmarks Rs 30 crore for Export Promotion Studies against Rs 5 crore in the last Budget, and Rs 100 crore for Integrated Scheme for Skill Development.

"With the active support and cooperation of the government, the textile industry will become globally competitive, attract large investments and boost employment generation and exports in the years ahead," the Northern India Textile Mills' Association (NITMA) president Sanjay Garg said.

"Basic customs duty (BCD) rates on caprolactam, nylon chips and nylon fibre and yarn will be uniformly reduced to 5% to spur textile industry, MSMEs, and exports," he said.

"The Production Linked Incentive (PLI) scheme for man-made fibres and technical textiles with a total outlay of Rs10,683 crore will help the textile industry become globally competitive, attract large investments and boost employment generation.

Moreover, to achieve the target of $350 billion from the current size of $167 billion, our manufacturing sector has to grow in double digits on a sustained basis.

Our manufacturing companies need to become an integral part of global supply chains, possess core competence and cutting-edge technology," CITI chairman Rajkumar said.

He added that the reduction in customs duty on caprolactam, nylon chips and nylon fibre and yarn to 5 % is a step in the right direction, as it will bring nylon chain on a par with polyester and other man-made fibres.

The associations appealed to the Prime Minister to immediately withdraw the levy of 10% import duty on cotton and cotton waste to sustain the global competition, prevent job losses and fall in the exports and also curb cheaper imports of value-added products from the SAFTA countries like Bangladesh, Sri Lanka, etc.

On the MITRA scheme, Chandran said Tamil Nadu, being the largest textile manufacturing state, is planning to develop three mega parks under the scheme, as Andhra Pradesh and Telangana are already having one such park each. "This would facilitate attracting large scale investments, including FDI and JVs," he said.

Source: financialexpress.com– Feb 03, 2021

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Bizmen seek mega textile investment park, better infra for city

After being termed as disappointing by middle class and salaried persons, the Union Budget has turned out to be 'good' for businessmen despite having nothing significant for them, due to which they seek more reforms. This because their biggest nightmare of imposition of Covid cess or some new kind of tax on them did not turn out to be true.

Besides this, the taxation reforms like reducing the re-opening of income tax assessments to three years from six also proved to be a step in the direction of giving the businessmen some relief. Moreover, several changes in the custom duties are being welcomed by the engineering sector as it will address the problem of incessant hike in the rates of iron and steel being faced by Punjab's industry. Though there is nothing concrete for the textile and garments sector, but reduction of custom duty on certain products and imposition of duty on cotton is getting mixed response from the businessmen of this sector.

Pankaj M Munjal, chairman and managing director, Hero Motors Company, said, "As expected, the finance minister has ensured that the focus of the Budget has been on inducing a much-needed economic revival in a contracting economy.

The commitment to infuse significant spending into building infrastructure projects and strengthening roads, public transport and metro systems augurs well for the automobile sector as well as for the economy at large as it will generate much-needed activity and employment. Taking note of the rising air pollution, the FM has also proposed an outlay of Rs 2,217 crore to help 42 urban centres address the environmental concern, which is a highly welcome move."

Munjal added that, "However, we hope the measures initiated to utilise these funds to tackle air pollution give due importance to promoting cycling as an environmentally friendly mode of transport. We will like to see the 42 urban centres demarcated for this to lay down dedicated and safe cycling tracks. However, from the manufacturing perspective, we would have liked to see dedicated announcements to help India's bicycle sector improve its manufacturing capacity and export competitiveness under the Atma Nirbhar Bharat initiative. We will also like to see a greater rationalisation of GST structure and its compliance."

Raj Kumar Singla, president of the Fasteners Suppliers Association Ludhiana, said, “Even after having nothing for us, this Budget is still very relieving for us because there were strong signals that new taxes or Covid cess will be imposed on the industry to compensate for the huge expenditure incurred by the government in the wake of coronavirus.

Besides this, the changes in several laws, particularly with regard to the direct taxes like reducing the time period for re-opening of assessment cases are good steps indeed and should have been taken long back. Doing away with the physical appearances in the tribunals will save a lot of time and money of the businessmen.”

According to Upkar Singh Ahuja, president of Chamber of Industrial and Commercial Undertakings, “By taking steps aimed at reducing steel raw material prices, like reducing the import duty by 5% on certain steels and waiving import duty on scrap, finance minister Nirmala Sitharaman has managed to impress thousands of engineering goods manufacturers in Punjab, especially those in the bicycle, auto parts, fasteners, sewing machine and furnace industry, who for the past few months have been feeling the heat of the rising rates. So, barring a few industries, the overall engineering sector will witness correction of rates of raw material, which will definitely lead to the revival of the sector.”

Sanjay Goel, chairman of Indian Institute of Architects (Punjab chapter), said, “We welcome the extended tax holiday on affordable housing and reduction of tax on steel, which may increase construction activity all over. Ludhiana being Manchester of India, must get one mega textile investment park out of seven declared by the central government.

The upcoming smart city of Ludhiana needs lots of funding from the central and state governments on big projects. I hope Ludhiana will get good connectivity through roads and railway station of Ludhiana will get modernised, which is long awaited. The city also needs big government hospital like AIIMS as the population already had grown many times and there is only civil hospital.”

Source: timesofindia.com– Feb 03, 2021

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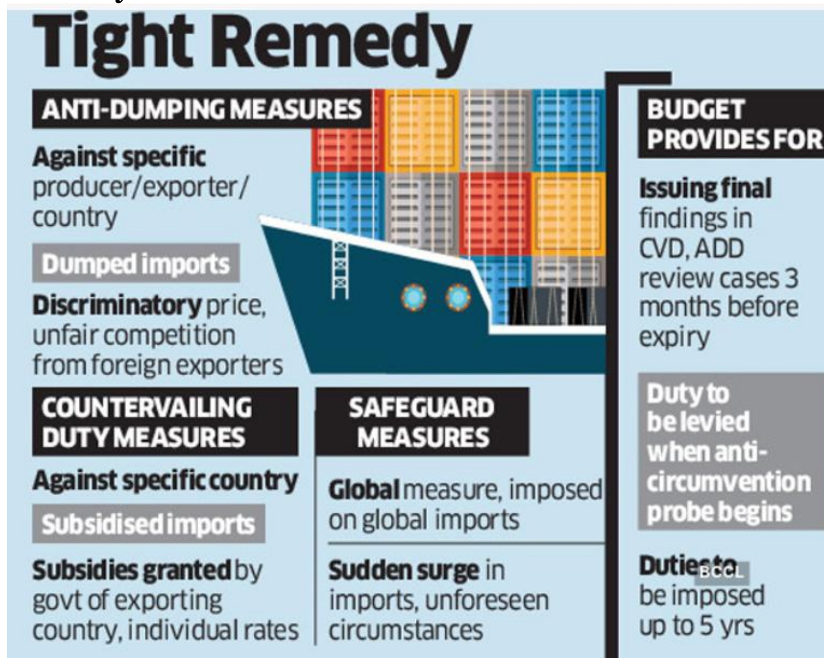
Anti-dumping duties, countervailing duties altered to put brakes on cheap imports

In a move to protect the industry from cheap imports, India has introduced changes in the process and levy of anti-dumping duties, countervailing duties and safeguard duties.

As per the budget for FY22, with effect from July 1, the final findings in cases of reviewing anti-dumping and countervailing duty are to be issued at least three months before expiry of the duty. The Directorate General of Trade Remedies under the commerce and industry ministry issues these findings and recommends the duty to the finance ministry, which takes the final call.

"This is a clarification to streamline the process and give adequate time to the finance ministry to issue the required notifications," said an official. Countervailing duties are additional levies to counter subsidised imports while anti-dumping duties are against a specific producer, exporter or country.



Separately, to protect against the misuse of free trade pacts through circumvention, the budget proposes that duty will be imposed from the date of initiation of anti-circumvention investigation and for up to five years at a time. "Earlier, this duration was not up to five years and the duty could be imposed for a lesser period as well," the official added. In case either of these duties is temporarily revoked, the suspension period cannot exceed one year at a time.

Another proposal deals with anti-absorption provisions that prevent countries from reducing the price of their exported products to neutralise the effect of the duty imposed by India. The budget also seeks to amend

rules to allow India to impose a safeguard duty along with a duty in the nature of Tariff Rate Quota.

Duty suspension

The budget has temporarily revoked anti-dumping and countervailing duties on certain steel products to bring down input costs for domestic user industries such as engineering products.

Anti-dumping duties have been suspended from February 2, 2021, to September 30, 2021, on straight length bars and rods of alloy steel from China, high-speed steel of non-cobalt grade from Brazil, China and Germany and flat-rolled product of steel, plated or coated with alloy of aluminium or zinc from China, Vietnam and South Korea.

For the same period, countervailing duties are being revoked on imports of certain hot rolled and cold rolled stainless steel flat products from China and flat products of stainless steel from Indonesia.

Source: economictimes.com– Feb 03, 2021

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'Budget welcome, but urgent need of raising customs duty on man-made yarn'

Reacting to the Union Budget-2021, yarn manufacturers are giving a mixed response to it. According to the businessmen, several positive steps have been taken by Union finance minister Nirmala Sitharaman, which will benefit them, but there is an urgent need for raising customs duty on the man-made yarn from 5% to 10% and this is the only way by which the local yarn industry can prosper.

Giving more information, Sanjay Garg, president of Northern India Textile Manufacturers Association (NITMA), "We welcome the proposal of the Union Budget as the grant to the textile and clothing sector is budgeted at Rs 3,631.64 crore, which is about 10% higher than the previous year's revised Budget of Rs 3,300 crore in 2020-21.

Also, in the present Budget, the government has emphasised on infrastructure development and research and capacity building as the grant for these sectors has been increased by about 43.7% and 77.5%, respectively as compared to last year.

Mega Investment Textiles Parks (MITRA) scheme is a very positive step and with the active support and cooperation of the government, the textile industry will become globally competitive, attract large investments and boost employment generation and exports in the years ahead."

Garg added that, "Basic customs duty (BCD) rates on caprolactam, nylon chips and nylon fibre and yarn will be uniformly reduced to 5% to spur the textile industry, MSMEs and exports. Customs duty on cotton from nil to 10% and on raw silk and silk yarn from 10% to 15% will benefit domestic cotton and silk growers.

The taxation changes proposed in the Budget will help and benefit the MSMEs in a big way. The measures taken to simplify GST are praiseworthy with the hope that the government will take corrective measures to smoothen the GST further by removing anomalies such as the inverted duty structure."

Garg added that, "We humbly appeal to the FM that there was an urgent need of raising customs duty on man-made yarns from 5% to 10%, which has not been considered by the finance minister.

Man-made yarn sector, which is one of the largest employment generating segments within the textile industry and it's highly capital and labour intensive industry as well. The unreasonably low-priced imports of man-made yarn into India have been causing considerable amount of injury to domestic manufacturers for the last five years or so.

The industry has deep concerns over the rise in import quantities being dumped into India, which can potentially cause permanent damage to domestic MMF (man-made fibre) sector with a cascading effect, from closure of units to NPAs and eventually resulting huge employment losses."

Source: timesofindia.com– Feb 03, 2021

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Kapas prices cross govt-declared MSP, CCI stops procurement in over 300 centres

JUST FOUR months after Cotton Corporation of India (CCI) started procurement in all its 400 centres across the country, the operations have stopped in over 300 centres as kapas (raw unginned seed cotton) prices in most mandis in major cotton producing states have crossed the government-declared minimum support price (MSP) of Rs 5,825 per quintal.

The government-owned corporation had to wade in at the beginning of the cotton marketing season (October to September) 2020-21 to begin procurement. PK Agarwal, chairman-cum-managing director of CCI, said, to date, they had affected procurement of 87.96 lakh bales (one bale having 170 kg pressed ginned lint) of cotton from 18.02 lakh farmers.

"As of January 25, farmers have received Rs 25,691.35 crore in way of MSP. Our centres will remain open but as average traded prices of kapas in most mandis have crossed MSP, there is no need for us to procure," he said.

While global forces like a drought in USA — the largest cotton producer in the world — and bullish procurement by China sent cotton prices rallying, the presence and surety of CCI's procurement centres have helped Indian growers, especially at the beginning of the season. Pradeep Jain, founder president of Khandesh Gin/Press Owners and Traders Association, said even with the Covid-19 pandemic, farmers benefited from CCI's presence.

"Back in October 2020, when farmers started bringing their kapas to the market, average traded price was in the range of Rs 4,500 to Rs 4,600 per quintal. Prices started rallying only after CCI started procuring," Jain said. His organisation largely deals with cotton growers in North Maharashtra. Jain and other traders said the CCI's procurement was instrumental in ensuring that farmers, whose produce met fair and average quality (FAQ) parameters, were able to realise the MSP that traders would not have been able to afford given the supply-demand situation back then.

For kapas growers, over the past 60 years, CCI has become the go-to point for selling quality produce at government-notified MSP. This is particularly important in years when oversupply resulting from a bumper crop led to a price dip below MSP. Procurement by CCI provides much-needed support, especially in such times.

While procurement centres remain throughout the cotton marketing season, operations stop once prices cross the MSP. Thus, for 2019-20 season, when kapas prices remained low almost throughout the season, CCI ended up procuring a record 105.23 lakh bales of cotton (almost one-third of the cotton produced), while for the 2018-91 season, when prices were unusually high for most of the season, just 11.03 lakh bales were procured.

Like other government agencies, CCI procures via agricultural marketing produce committees (APMC). Farmers who want to sell their produce to the corporation have to register with the APMCs, with documents like land extract, bank details and Aadhaar card.

Once the mandi verifies credentials of the farmer, the kapas is transported to the CCI's procurement centre, which is normally the yard of the nearest gin/press unit. After quality checks in terms of moisture and presence of external material, the value of the produce is determined. If the farmer agrees to the value, the sale slip is drawn up and payment is credited to the farmer's bank account within the next two to three days.

Once raw kapas is processed, cotton seeds and lint are separated with the lint being pressed into bales of 170 kg each. Both the seed and bales are separately auctioned off by CCI, as these are its main sources of revenue.

While the corporation is mandated to procure at MSP, while selling it often sells below the procured price thereby incurring a loss. The central government compensates the corporation for this, but CCI has reported successive profits in the last three years the because of the income generated from the properties it gives on lease, such as warehouses.

In the last three years, CCI has received a total of Rs 2050.33 crore as compensation, while it has helped farmers receive a total MSP of Rs 34,800 crore. Senior officials said last season, they procured almost one-third of the cotton produced in the country.

"Had it not been for the corporation, prices would have gone south. Even if we buy just one-third of the cotton produce, the ripple effect is enough to reach all kapas growers in the country," they said.

Traders like Jain said in view of strict adherence to quality, CCI draws the best produce available in the market. This forces traders to raise their prices in response, they added.

Market trends show a clear Rs 200 to Rs 300 per quintal recovery in mandi prices once CCI goes into action. Also during off season, CCI ensures availability of quality cotton thereby negating hoarding by traders.

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