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INTERNATIONAL NEWS

2020 US holiday season retail sales highest on record: NRF

Record US holiday season retail sales during the last two months of 2020 reflected the recovering economy but also got a boost from consumer emotions after a stressful year, according to National Retail Federation (NRF) chief economist Jack Kleinhenz, who recently said there was a 'push and pull' between holiday excitement and worries over a resurgence in COVID-19 cases.

Kleinhenz's remarks came in the February issue of NRF's Monthly Economic Review, which said 2020's $789.4 billion in holiday spending during November and December was the highest on record despite the coronavirus pandemic.

But consumers' ability to spend was boosted by government stimulus checks received earlier in the year and money saved by not traveling, dining out or attending entertainment events, NRF said in a press release.

Rising home values and stock prices also provided support for holiday spending while the availability of COVID-19 vaccines helped ease worries over the virus and state restrictions on activity. Nonetheless, millions of Americans remained out of work and others were working fewer hours, NRF said.

"Household emotions likely played into holiday economic decisions as consumers wanting to offset the anxiety and stress experienced during 2020 spent on gifts to enjoy a better-than-normal holiday," Kleinhenz said. "This was clearly a year when animal spirits outweighed conventional wisdom."

The season's 8.3 per cent growth over the same period a year earlier was the highest holiday growth rate in records going back to 2002—beating since 6.8 per cent in 2004—and more than double the 3.5 per cent average of the previous five years, including 2019's 4 per cent gain.

The results easily exceeded NRF's holiday forecast, which cited economic indicators such as growing employment and wages to predict that holiday sales would increase between 3.6 percent and 5.2 percent over 2019 to between $755.3 billion and $766.7 billion. The numbers exclude automobile dealers, gasoline stations and restaurants to focus on core retail.

The holiday spending total includes online and other non-store sales, which were up 23.9 per cent at $209 billion as consumers shopped more online whether they made their purchases from pureplay online sellers or traditional retailers' websites. That compared with 14.7 per cent growth in 2019 and represented 26.5 per cent of total sales during the holiday season.

Kleinhenz called online holiday sales 'a standout' that showed how retailers had innovated during the pandemic. Even as it became too late for reliable delivery of online orders in late December, many consumers still ordered online but took advantage of in-store and curbside pickup services retailers had perfected over the previous several months.

Source: fibre2fashion.com– Feb 06, 2021

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Uzbekistan to produce 3.1 million cotton bales in MY2020-21

Uzbekistan aims to produce approximately 3.1 million cotton bales in the marketing year (MY) 2020-21. Its cotton production area will be 980,000 hectares, says a report by international textile magazine, Textilegence.

As a part of its new marketing strategy, Uzbekistan plans to sell cotton not as a raw material but as products to the global market. Its domestic consumption is estimated to be 2.75 million bales in 2020/21. On the other hand, raw cotton exports are expected to remain at 50 thousand tonne.

The Uzbekistan government is encouraging new partnerships to increase local cotton use. It has approved new textile investments and factories. Existing textile factories continue to increase their capacities. Government officials aim to use all local cotton production in the country's own textile sector in the 2020-21 marketing year, due to the rapid increase in domestic consumption.

The government will also provide tax, customs and land benefits to foreign companies through clusters to encourage investment and promote vertical integration in the textile and clothing industry.

Source: fashionatingworld.com– Feb 05, 2021

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Africa Needs Focus on Infrastructure, Supply Chain, Skills

The textile and apparel industry in Africa has grown rapidly in the past couple of years, and is estimated to grow at a compounded annual growth rate of around 5 per cent over the next five years. Even faster growth is possible if the countries pay attention to grey areas like infrastructure, strategic supply chain and skill management. Fibre2Fashion takes a look at some individual nations in the continent.

The US African Growth and Opportunity Act (AGOA) is a key driver for boosting the textile-garment industry in Africa as it allows 39 sub-Saharan African nations to export goods, which includes textiles and garments, to the United States free of duty. Countries like Kenya and Ethiopia are turning garment manufacturing hubs in the continent, followed by Rwanda, Uganda and Tanzania to a great extent.

Kenya led the East African Community (EAC) members in its use of the AGOA, scoring 98 per cent. However, it came second to Ghana which recorded 99.1 per cent with Madagascar coming third at 93.7 per cent. According to US government data, Ethiopia at 81.9 per cent and the Democratic Republic of Congo (DRC) at 68.2 per cent are the other east African countries that have also taken advantage of the treaty to increase exports to the United States, mainly of products like textile and apparels, metals, agricultural products and artefacts.

Kenya, Tanzania and Rwanda are the only EAC countries that have complete AGOA utilisation strategies in certain industries, including textile, apparel and handicrafts.

As African countries gradually shift to ratify the African Continental Free Trade Area (AfCTA), merging the continent's markets into a single market of more than 1.2 billion people and a GDP of over $2.5 trillion will be a challenge.

With 21 members, a population of around 560 million and a combined GDP of $769 billion, the Common Market for Eastern and Southern Africa (COMESA) is one of Africa's biggest regional economic communities and has made significant progress in many areas of integration. Growth of trade among COMESA members, however, remains low compared to the region's trade with the rest of the world, both in exports and imports.

Millions of dollars have been invested in east Africa's garment industry. The number of nations growing genetically-modified (GM) cotton in Africa has doubled since 2018. Ethiopia, Kenya, Malawi and Nigeria have joined South Africa, Sudan and Eswatini in adopting GM crops.

The Parsons School of Design in New York is working with the African Development Bank (AfDB) to leverage digital tools to support the African textile and fashion industry. The goal of the bank's Fashionomics Africa initiative is to enable African entrepreneurs operating in the textile, apparel and accessories industry to create and grow their businesses. It aims to create jobs, stimulate regional integration, intra-African trade and entrepreneurship development.

Through the Fashionomics Africa Digital Marketplace-which targets Cote d'Ivoire, Nigeria, Kenya, Ethiopia and South Africa-and mobile app, the bank is also analysing the impact of the textile sector on climate change and environment to deploy climate-friendly solutions.

German fashion house Hugo Boss in November launched a sustainable collection in support of Cotton made in Africa (CmiA), an internationally recognised standard for sustainably-produced cotton from the continent.

Sales of Moroccan textiles and clothing in the EU and US import markets were down sharply during the first half of 2020 as was production by Tunisian textile, clothing and fur manufacturers. The textile and apparel industry in Africa has grown rapidly in the past couple of years, and is estimated to grow at a compounded annual growth rate of around 5 per cent over the next five years. Even faster growth is possible if the countries pay attention to grey areas like infrastructure, strategic supply chain and skill management.

Let us take a look at some individual nations in the continent.

Ethiopia Attracts Investors With Prc Knowhow, Low Labour Costs

Ethiopia is the fifth-largest recipient of foreign direct investment (FDI) in Africa, along with Egypt, South Africa, the Congo and Morocco. Apart from the AGOA benefit, Ethiopia has duty-free access to the EU under GSP. The government expects textile exports to reach $300 billion by 2025. IMF has slashed the country's GDP growth forecast for 2020 down to 3.2 per cent from 6.2 per cent. It was 9 per cent in 2018-19.

The east African country has now positioned itself as one of the most attractive hubs for global fashion brands interested to shift production out of China. Chinese know how and investment, low labour cost and government commitment to infrastructure are the main incentives there. Worker wages are much lower compared to those in China and Bangladesh.

Ethiopian workers are the lowest paid in the global garment supply chain. According to a report by the NYU Stern Center for Business and Human Rights, the minimum wage for Ethiopian garment workers is $26 a month. Campaigners and unions have been highlighting the need for a statutory minimum wage to help protect workers from abuses, but the government's reported reluctance and the pandemic's fallout seemed to have halted any move in that direction.

A key attraction for investment in the country is the lack of minimum wage and poor labour regulations, combined with the government's prioritisation of economic growth over rights-based development. Four out of ten garment workers on Ethiopia's flagship industrial park lost their jobs after the onset of the pandemic, according to a study published in Word Development Journal. A five-month state of emergency was declared by the government in April to fight the pandemic and mitigate its impact, prohibiting companies, including clothing factories, from laying off workers despite significant sales and order reductions.

At the start of the pandemic, textile and garment factories in Ethiopia's industrial parks employed 95,000 people, with women accounting for 70 per cent of these. The country's Jobs Creation Commission estimates that between 1.4 and 2.5 million jobs could be lost nationwide in the three months beginning November if safety nets are not put in place.

Factories produce wool, cotton and nylon fabrics, acrylic and cotton threads, sewing thread and garments. Some major players that already source from there include Inditex, H&M, PVH, Decathlon or Primark. The Ethiopian Textile Industry Development Institute (ETIDI) claimed the pandemic's impact on the country's textile-garment sector was not as sluggish as imagined earlier.

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Source: fibre2fashion.com– Feb 05, 2021

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Cotton Index reports sharp decline in cotton prices

The Cotlook-A index has reported a sharp decline in the cotton prices for 2020. The prices slipped to 63.53-81.02 cents per pound in 2020 compared to the prices of 70.75-87.25 cents per pound in the prior year. The index remained in between 65.00-70.00 cents per pound from March-August 2020 and was lowest in April at 63.53 cents per pound.

The cotton prices moved down with decrease in global cotton demand by 7.60 million bales, or 6.40 per cent in March 2020, according to United States Department of Agriculture's (USDA). The reduction was due to Covid-19 impacts on countries around the world.

It represented a loss of around 3.5 weeks of global spinning or about 16.00 per cent of the expected spinning in March through July based on the March USDA forecasts. The USDA report also noted that Covid-19-driven changes in behaviour and regulations significantly impacted the supply chain of the cotton sector. Recent travel restrictions in India, Pakistan, and Vietnam were likely to have similar impacts on cotton supply and demand in the short-term.

In addition to physical disruption across the global supply chain from farm to retailer, global cotton end-use had slipped amidst large portions of the global population limiting activity outside their homes or confined by stay-at-home orders and with many "non-essential" businesses including apparel stores closed. The two largest importers of apparel, EU and US, saw a widespread closure of shopping malls and retail stores, while three-quarters of US population were under travel restrict.

Source: fashionatingworld.com– Feb 04, 2021

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India says restructuring export basket a must for growth similar to Bangladesh

India needs to restructure its export basket on lines of Bangladesh for achieving achieve high growth in exports, says Economic Survey, an annual document of India's Ministry of Finance. It adds that India's current approach violates the first principles of trade theory in economics. The Survey has used the example of India's eastern neighbour Bangladesh to explain what needs to be done, reports Hindustan Times. The report mentioned that Bangladesh's exports grew at 8.6 per cent in the last decade (2011-2019), whereas India's export growth was a paltry 0.9 per cent.

"One of the biggest reasons for India's poor export performance is that it is not exporting goods where Indian manufacturers have an edge vis-a-vis the rest of the world." This is against the basic principle of modern trade theory of comparative advantage which says that a country should export goods which it can produce cheaply and import goods which are more expensive to produce domestically.

"Both India and Bangladesh are considered to be labour abundant economies and therefore expected to have a comparative advantage in producing goods which are labour intensive." While Bangladesh's export basket is in keeping with this economic reality — textiles, footwear and apparel constitute 90 per cent of its exports — around 40 per cent of India's exports are capital or technology intensive. Using the Bangladesh's export example, the survey asked the country's (exporters) to learn from this and specialise in products in which it is competitive.

Biswajit Dhar, professor of economics at Jawaharlal Nehru University, said that successive governments have treated the export-oriented labour intensive MSME's such as textile industry as a sunset sector. According to him, for such sectors to grow there has to be fundamental change in government approach towards them. "There has to be effective dialogue between the government and the industry to address the pain points like-infrastructure problem, labour issues and others just like Bangladesh has done," he added.

Source: thefinancialexpress.com.bd– Feb 05, 2021

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Pakistan: Exports cross $2bn for fourth consecutive month

For the first time in eight years, Pakistan's exports have crossed the $2-billion mark for four successive months (Oct-Jan FY21), data released by the Ministry of Commerce showed.

During a consultative meeting of MoC officials held via video link on Friday, it was informed that exports in January 2021 increased 8pc to $2.13 billion as compared to $1.97 billion in January 2020.

The meeting was conducted by Adviser to Prime Minister on Commerce Abdul Razaq Dawood to review the provisional (pre-PBS) trade data till the month of January 2021.

The officials attributed the rise in Jan exports to the increase in value-added and non-traditional exports, as the exports of jerseys & cardigans surged 72pc YoY, while that of pharmaceutical increased 55pc, T-shirts 43pc, plastics 24pc, women's garments 21pc, home textiles 19pc, made-up textile 11pc, men's garments 8pc and rice 7pc.

On the other hand, a declining trend was noted mostly in the export of non-value-added products, as the exports of maize decreased 82pc, raw leather 23pc, cotton yarn 11pc, cotton fabric 14pc and meat 5pc.

Canada emerged as top export destination of Pakistan during the month of January, as exports to the country rose 43pc, followed by Australia (42pc), the United States (36pc), South Africa (27pc), China (21pc), the United Kingdom (21pc), Belgium (18pc), and Saudi Arabia (14pc). On the contrary, exports to Jordan decreased 68pc, Senegal (-59pc), Italy (-24pc), Turkey (-21pc), Bangladesh and the United Arab Emirates (-19pc each).

The seven-month performance of exports was also discussed in the meeting. The provisional export data for the July-January 2020-21 period showed that the country's exports increased 5.5pc to $14,245 million as compared to $13,507 million in the same period of last year.

During July-January 2020-21, exports of value-added and non-traditional products increased, particularly tents & canvas (49pc), jerseys & cardigans (37pc), pharmaceuticals (28pc), cutlery (27pc), socks & stockings (26pc), women's garments (22pc), home textiles (17pc) and textile made-ups (9pc), as compared to the same period last year.

However, cotton exports plunged 96pc YoY during the period under review, followed by maize (-49pc), raw leather (-30pc), cotton yarn (-24pc) and cotton fabric (-9pc).

With 43pc share in Pakistan's overall exports, Indonesia emerged as the top export destination for the country during 7MFY21, followed by Australia (22pc), the United States (21pc), the United Kingdom (21pc), Poland (14pc), Germany (12pc), the Netherlands (11pc) and China (9pc).

On the other hand, exports to Thailand fell 43pc, Malaysia (-24pc), Sri Lanka (-23pc), UAE (-21pc), Bangladesh (-18pc), Italy (-7pc) and Spain (-5pc) during the period under review.

During the meeting, Dawood paid rich tributes to Pakistani exporters for showing credible performance despite challenges imposed by Covid-19 pandemic and contraction in major markets. He urged them to aggressively focus on capturing a larger share of international markets.

Source: profit.pakistantoday.com.pk– Feb 05, 2021

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Pakistan: Trade unions' new challenge

Just six months before the Covid-19 pandemic hit the world, trade unions had reiterated the urgency of protecting workers' rights on a global platform and warned against "an unprecedented level of income inequality, shrinking democratic space and an age of anger where corporations have too much power and people too little". This was at the 100th conference of the International Labour Organisation held in May 2019.

Then came the pandemic which wreaked havoc on peoples' lives and livelihoods across the board. In Asia-Pacific alone, about 81 million jobs were lost by December 2020. Cases of violations of workers and trade unions' rights with regard to lay-offs, working hours and the payment of wages increased manifold.

Though trade unions have weakened globally in the 21st century, their role is still considered vital in promoting equity and stability in society and their participation essential in tripartite and bipartite social policy dialogues. Trade union density across the world varies from high (90.4 per cent in Iceland) to medium (43.2pc in Egypt) to low (12.6pc in India) and very low (2.3pc in Pakistan).

Trade unions had never before confronted a task as daunting as to stand up for their fellow workers in the year of the Covid-19 virus. The pandemic proved a wake-up call for trade unions whose activities were severely impacted due to lockdowns and restrictive measures, and required innovative ways to provide support to fellow workers and access entitlements through collective bargaining power. Trade unions, angered but energised, have stood up to fight to retain the rights already gained and to mitigate the fallout of the infection on fellow workers.

For instance, in March 2020, the South African Clothing and Textile Workers' Union negotiated an agreement which guaranteed six weeks of full pay for 80,000 workers when the country went into lockdown. In April, the ILO Call to Action (Covid-19: Action in the Global Garment Industry)was negotiated between the International Organisation of Employers, the International Trade Union Confederation (ITUC) and IndustriALL Global Union to protect garment workers and set urgent priorities and specific commitments by the governments and employers.

In May, the trade unions in Brazil reached agreements on health and safety measures to fight the spread of Covid-19 in the workplace, allow at-risk workers to stay off-site, provide compulsory paid leave and temporary job security. In Tunisia, trade unions reached a tripartite agreement which ensured that workers receive full salaries, paid partly by employers and partly by the government in several sectors including the garment industries.

In many countries, the governments took measures to strengthen the existing tripartite mechanisms or established new forums to tackle the fallout of the pandemic.

In Argentina, informal workers were incorporated into a national dialogue forum through an emergency social committee that was set up to tackle the issues of food security, income security and job security. In Pakistan, the government, employers and workers committed themselves to reactivating the dormant tripartite mechanism in Sindh. At the World Economic Forum which was held in the last week of January 2021, the trade unions demanded a New Social Contract for Recovery and Resilience based on the ILO Centenary Declaration which states that the fundamental rights at work and social protection comprising the Labour Protection Floor apply to all workers. Trade unions demanded that Covid-19 be recognised as an occupational disease.

The labour force in Pakistan entered the Covid-19 pandemic with a very low rate of union density, informal work conditions and weak labour protection. Trade unions are generally found in large-scale national and multinational companies. Textile and clothing is the largest sector employing 40pc of the labour force. Yet, the sector has the least number of trade unions and few have collective bargaining power.

The pandemic struck a blow to the global garments supply chain. Falling consumer demand led to cancelled orders. Production slowed down and the enterprises suffered losses. Negotiation with employers became even more difficult, as shared by a trade union member. The axe fell on contract workers who comprise about 80pc of the workforce in all enterprises, multinational or national.

A machine operator of an MNC textile factory told this writer that 32 contract workers were laid off in his unit a month before the lockdown was announced, but his employers maintained the remaining workforce, paid wages to all and quarantined (with full pay) workers aged 55 years and older for about seven months.

Workers in the majority of large enterprises and small and medium units have not been not so lucky. Massive lay-offs, non-payment of dues and pay cuts resulted in sporadic protests in front of the factories' gates. The trade union federations have been highlighting the impact of the pandemic on workers' lives through rallies, press conferences and meetings with state officials.

In Pakistan, where the rights to form a union and collective bargaining are severely curtailed due to repressive legislation and the conniving between the officials and the employers, many non-unionised workers seek support of federations active in their cities to help them negotiate with employers or seek legal remedy.

The devastating impact of Covid-19 on the majority of workers should be a wake-up call for Pakistan which excludes the majority of its citizens from protective measures against contingencies. Setting up a universal social protection floor should be the first remedial measure.

Pakistan has the basic infrastructure for social protection in place. A push from trade unions and political will from the state is required to ensure a universal social protection floor which is the provision of economic security and essential social services to all citizens — women, men, children — accessible to them throughout their life cycles and life contingencies (ie sickness or injury, war or pandemic).

Source: dawn.com– Feb 06, 2021

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Pakistan: Exporters asked to focus on capturing larger share of international exports

Adviser to the Prime Minister on Commerce and Investment Abdul Razak Dawood on Friday urged the exporters to aggressively focus on capturing a larger share of international exports.

Dawood paid rich tributes to Pakistan's exporters for achieving handsome growth in exports in last few months in difficult times due to the COVID-19 pandemic and contraction in Pakistan's major markets. He advised the officials of the ministry of commerce that much more needs to be done. He made these remarks while chairing a consultative meeting via video link to review the provisional (pre-PBS) trade data till the month of January 2021. Pakistan's exports have crossed $ 2 billion mark in four months running for the first time in last eight years.

He was informed that exports in January 2021 have increased by 8% percent to USD 2,135 million as compared to USD 1,978 million in January 2020. He was informed that this is the first time in last eight years that exports have crossed the $ 2 billion mark for four consecutive months.

He was briefed that in January 2021, an increasing trend has been witnessed in the export of value-added and non-traditional products. The exports of jerseys & cardigans increased by 72%, pharmaceutical by 55%, t-shirts by 43%, plastics by 24%, women's garments by 21%, home textiles by 19%, textile made-up by 11%, men's garments by 8% and rice by 7% as compared to January 2020.

He was also informed that decreasing trend was noted in export of mostly non-value-added products. The exports of maize decreased by 82%, raw leather by 23%, cotton yarn by 11%, cotton fabric by 14% and meat by 5% as compared to January 2020.

The meeting was informed that geographically, in January 2021, exports increased to Canada (43%), Australia (42%), the United States (36%), South Africa (27%), China (21%), the United Kingdom (21%), Belgium (18%), and Saudi Arabia (14%). While there was decrease in exports to Jordan (-68%), Senegal (-59%), Italy (-24%), Turkey (-21%), Bangladesh and the United Arab Emirates (-19% each).

The 7-months' performance of exports was also discussed in the meeting. The advisor was informed that the provisional (pre-PBS) export data for the period July-January 2020-21 showed that the exports increased by 5.5%, to USD 14,245 million as compared to USD 13,507 million during the same period last year.

During July-January 2020-21, the exports of value-added and non-traditional products increased especially for tents & canvas (49%), jerseys & cardigans (37%), pharmaceuticals (28%), cutlery (27%), socks & stockings (26%), women's garments (22%), home textiles (17%) and textile made-ups (9%) as compared to the same period last year.

He was informed that as compared to the same period in the previous year, during July-January 2020-21 the export decrease was observed in mostly non-value added products, such as cotton (-96%), maize (-49%), raw leather (-30%), cotton yarn (-24%) and cotton fabric (-9%).

Dawood was informed that on the basis of export growth Pakistan's top markets for 7-month period are Indonesia (43%), Australia (22%), the United States (21%), the United Kingdom (21%), Poland (14%), Germany (12%), the Netherlands (11%) and China (9%).

He was further informed that compared to last year, the markets showing declining exports during July-January 2020-21 were Thailand (-43%), Malaysia (-24%), Sri Lanka (-23%), the United Arab Emirates (-21%), Bangladesh (-18%), Italy (-7%) and Spain (-5%).

Source: nation.com.pk– Feb 06, 2021

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NATIONAL NEWS

White goods: PLI scheme to be launched on April 1

The government will roll out on April 1 a proposed production-linked incentive (PLI) scheme for white goods, under which eligible investors in air-conditioners and LED lights will be granted incentives worth Rs 6,238 crore over five years.

The expenditure finance committee last week cleared the proposal of the department for promotion of industry and internal trade (DPIIT). It will now be placed before the Cabinet for final clearance. Potential investors will have at least six months after the scheme's launch to apply for it and submit plans, DPIIT secretary Guruprasad Mohapatra said on Friday.

Under the scheme, eligible investors are now proposed to get incentives of 4-6% on incremental sales (to be calculated over the base year of 2019-20) of goods manufactured in India for a period of five years. Of course, the benefits will be subject to certain conditions, including on the threshold of cumulative incremental investments. "PLI is a game-changer scheme. It will promote global champions in India," Mohapatra told reporters.

The PLI scheme for white goods, which is being spearheaded by the DPIIT, was one of the 13 such schemes announced by the government in the wake of the Covid-19 pandemic last year. The idea was to lure mainly large companies to ramp up manufacturing base and boost exports. The total incentives under the PLI schemes, covering sectors including telecom, electronics, auto part, pharma, chemical cells and textiles, stood at `1.97 lakh crore over a five-year period. Various departments are firming up proposals relative to the sectors they oversee.

The DPIIT expects the incentive to result in incremental production of ACs and LED lights worth Rs 1,68,000 crore over five years. It will likely lead to additional exports of Rs 64,400 crore, extra direct tax collection of Rs 11,300 crore and GST mop-up of Rs 38,000 crore over five years.

Stressing the potential of various PLI schemes and the surge of interest of global investors in India, Mohapatra said, "We are actively monitoring more than 1,000 companies in the world which are either already in India and thinking of expanding or thinking of entering India. We are carefully and closely monitoring their discussions."

Source: financialexpress.com– Feb 06, 2021

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Union Budget 2021-22 has provided impetus to growth: RBI

The Union Budget 2021-22 has introduced several measures to provide an impetus to growth, and the projected increase in capital expenditure augurs well for capacity creation thereby improving the prospects for growth and building credibility around the quality of expenditure, the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) has said.

"The recovery, however, is still to gather firm traction and hence continued policy support is crucial. Taking these developments into consideration, the MPC in its meeting today decided to continue with an accommodative stance of monetary policy till the prospects of a sustained recovery are well secured while closely monitoring the evolving outlook for inflation," the MPC said in its Monetary Policy Statement.

On the basis of an assessment of the current and evolving macroeconomic situation, the MPC decided to keep the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 4.0 per cent. Consequently, the reverse repo rate under the LAF would remain unchanged at 3.35 per cent and the marginal standing facility (MSF) rate and the Bank Rate at 4.25 per cent.

The MPC also decided to continue with the accommodative stance as long as necessary – at least during the current financial year and into the next financial year – to revive growth on a durable basis and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward. "These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth," the statement said.

On the outlook for the Indian economy, MPC said that the Union Budget 2021-22, with its thrust on sectors such as health and well-being, infrastructure, innovation and research, among others, should help accelerate the growth momentum. Taking these factors into consideration, real GDP growth is projected at 10.5 per cent in 2021-22 – in the range of 26.2 to 8.3 per cent in H1 and 6.0 per cent in Q3.

Source: fibre2fashion.com– Feb 05, 2021

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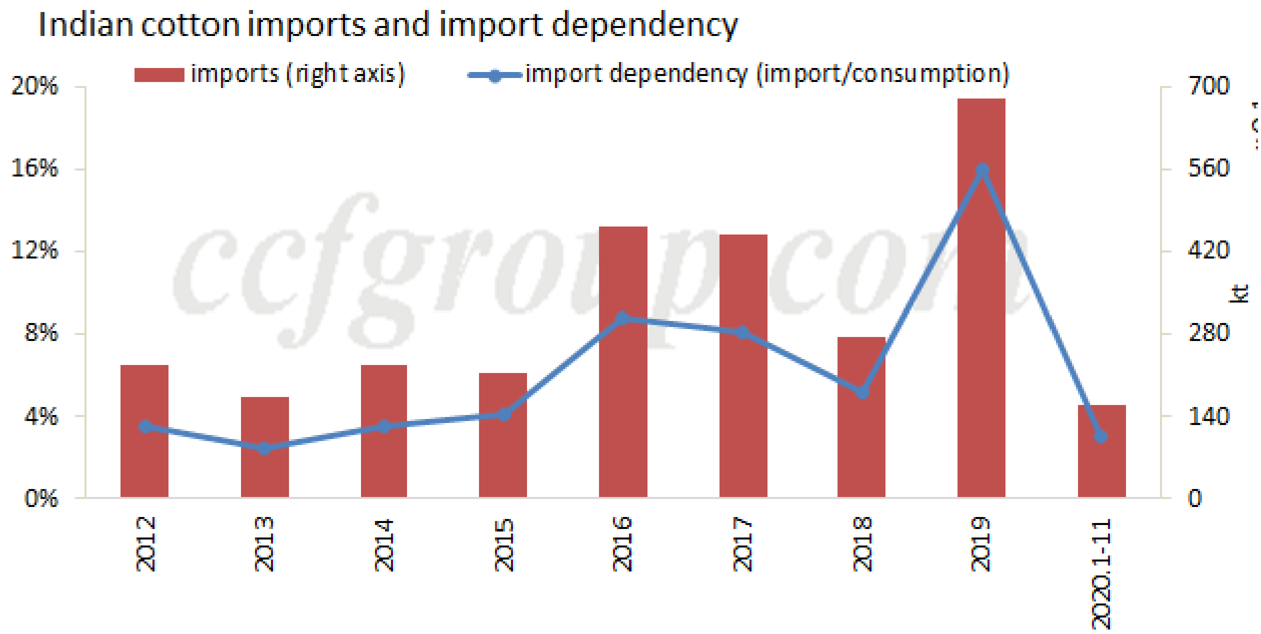
India imposes duty on cotton imports, how about the impact?

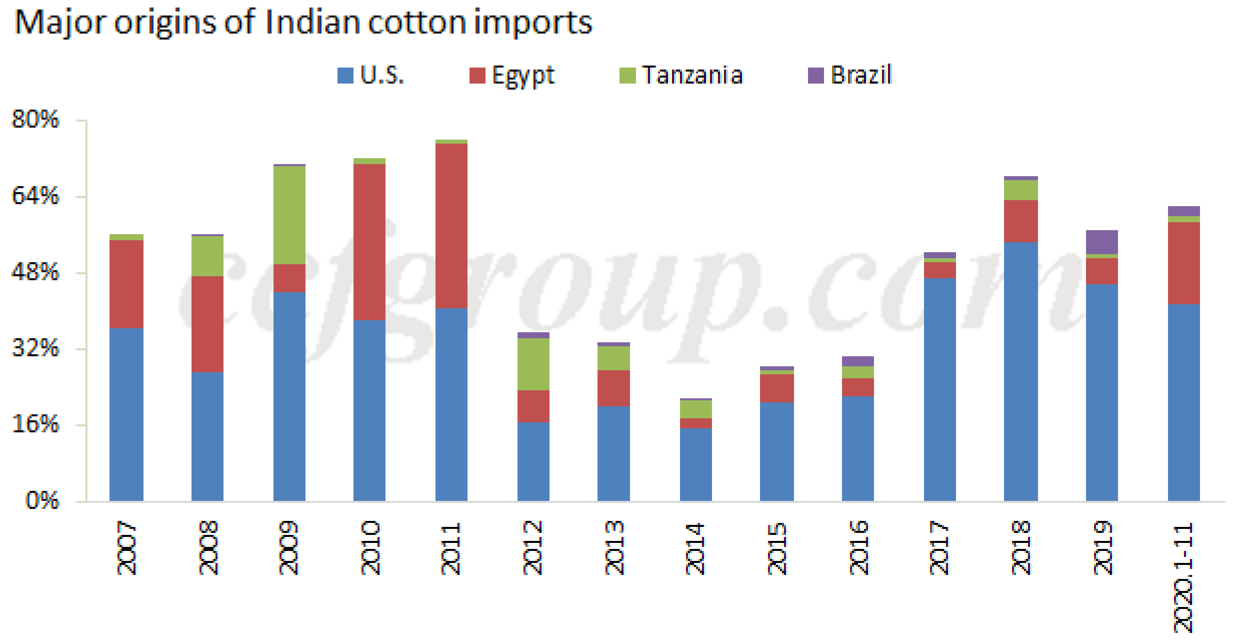
On Monday, Finance Minister Nirmala Sitharaman of India says in her budget speech in parliament that India will impose 10% duty on cotton import to help farmers. A levy on overseas purchases will potentially support local prices amid higher domestic production and prevent distress sales by the growers. There is no duty on cotton imports until now.

After our analysis, this move is mostly to digest its domestic cotton inventory, improve Indian cotton prices and reduce the loss of CCI via cotton auction. In addition, cotton imports of India have decreased apparently. In short, this move may have limited influence on global cotton liquidity and prices.

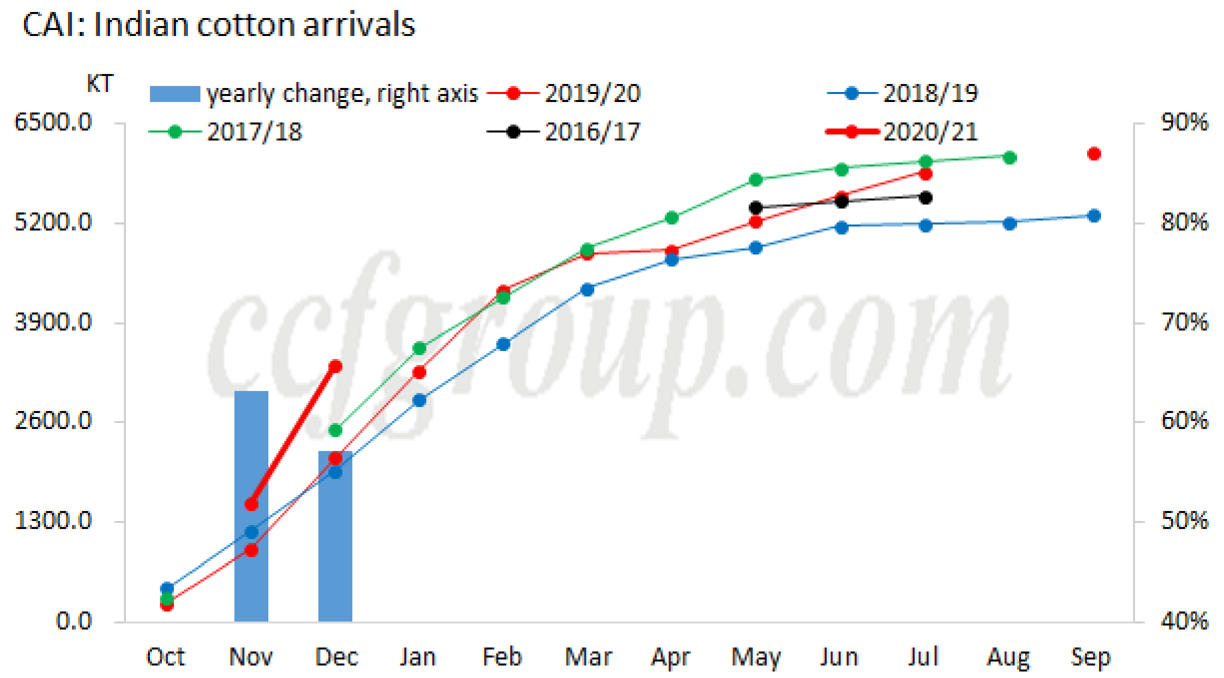
According to data traced by CCFGroup, cotton imports of India reach 161kt in Jan-Nov, 2020, a fall of 75.6% from the same period of previous year, to be a relatively low volume in recent years. Its import dependence (import/consumption) fell down to around 3%. A levy on cotton imports have limited influence on cotton consumption, but may have certain impact on the consumption structure.



In terms of cotton import structure, the major cotton suppliers change much. The major import origins were U.S., Egypt and Tanzania in 2007-2011, Australia, Cote d'Ivoire and U.S. in 2012-2016, and U.S., Egypt and Brazil in 2017-2020.

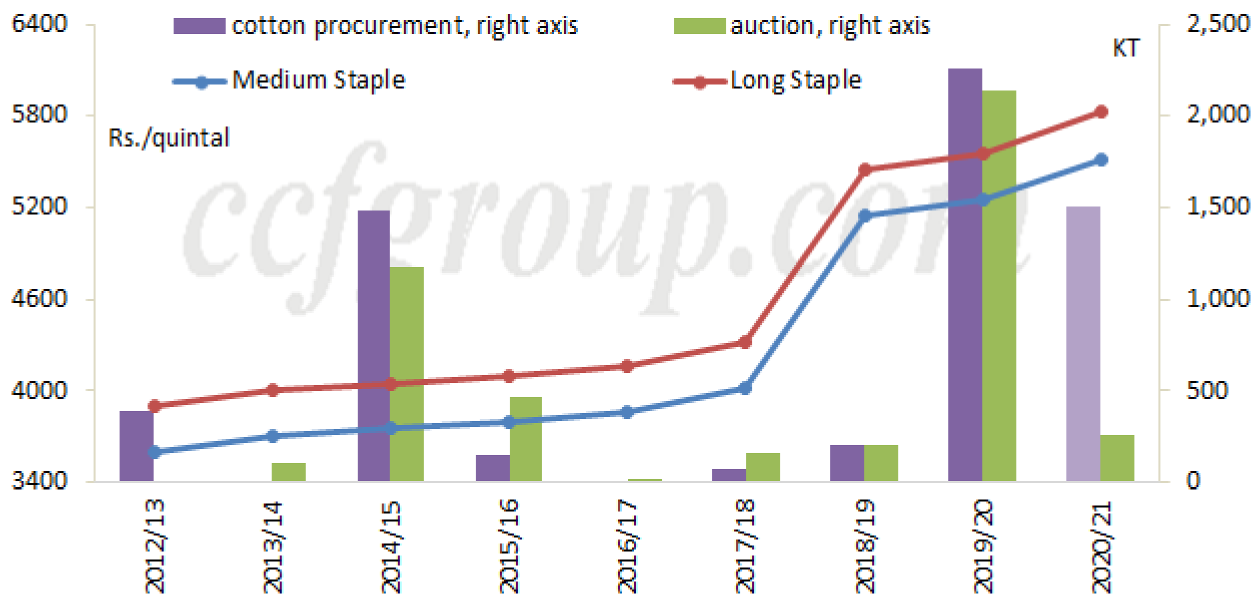


Currently, the U.S. cotton takes a relatively high proportion in Indian cotton imports, but according to the U.S. cotton weekly export sales data, the export sales and shipments of U.S. cotton to India have declined significantly this season and maintain low. It is expected that the imports of U.S. cotton may continue to decrease in the later period, which will also limit the total imports of cotton imports later. From the perspective of changes in Indian cotton imports, a levy on cotton imports may have small influences on U.S. cotton and its domestic market.



However, from the perspective of Indian cotton production and inventory, domestic cotton supply is ample, and cotton production and inventory maintains high. Among them, CCI's inventory is relatively high. A levy on cotton imports may make downstream buyers purchase domestic cotton instead and reduce domestic cotton inventory.

Indian cotton MSP and sales and auction of CCI



In recent years, Minimum Support Price in India has been constantly increasing. Cotton Corporation of India has purchased large quantity of cotton under MSP, and sell its cotton inventory via auction at lower prices in 2020. Therefore, CCI faces large losses.

Besides, farmers are protesting the Three Farm Bills and the government faces huge financial pressure. To impose 10% tariff on cotton imports is likely to ease the capital and inventory pressure, then to enhance the local cotton prices. But Indian cotton imports have reduced largely, and the final influences may be limited.

In summary, a levy on cotton imports in India is mainly purposed to reduce domestic cotton inventory and capital pressure, but Indian cotton imports have decreased largely, for import origins or the domestic cotton market, the influences may be limited in short.

Source: ccfgroup.com– Feb 04, 2021

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Efforts to increase exports

During April-November, 2020-21, India's overall (merchandise and services) exports were USD 304.53 billion, higher than overallimports of USD 293.56 billion, resulting in a trade surplus of USD 10.97 billion.

The following are some of the key steps taken by Government to increase exports:

1. Foreign Trade Policy (2015-20) extended by one year i.e. upto 31-3-2021 due to the COVID-19 pandemic situation.
2. Interest Equalization Scheme on pre and post shipment rupee export credit has also been extended by one year i.e. upto 31-3-2021.
3. A new Scheme, Remission of Duties and Taxes on Exported Products (RoDTEP), has been launched with effect from 01.01.2021.
4. Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase FTA utilization by exporters.
5. A comprehensive "Agriculture Export Policy" to provide an impetus to agricultural exports related to agriculture, horticulture, animal husbandry, fisheries and food processing sectors, is under implementation.
6. Promoting and diversifying services exports by pursuing specific action plans for the 12 Champion Services Sectors.
7. Promoting districts as export hubs by identifying products with export potential in each district, addressing bottlenecks for exporting these products and supporting local exporters/manufacturers to generate employment in the district.
8. Active role of Indian missions abroad towards promoting India's trade, tourism, technology and investment goals has been enhanced.
9. Package announced in light of the covid pandemic to support domestic industry through various banking and financial sector relief measures, especially for MSMEs, which constitute a major share in exports.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri Hardeep Singh Puri, in a written reply in the Rajya Sabha today.

Source: pib.gov.in– Feb 05, 2021

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India's apparel exports decline 24.52 per cent in 2020

Provisional data released by Ministry of Commerce and Industry reveals, India's apparel exports declined by 24.52 per cent during 2020. India was able to ship apparels worth $12.26 billion in 2020 as against $16.25 billion in 2019 as market sentiments were down due to COVID-19. The country shipped most garments in September when its exports grew by 10.22 per cent Y-o-Y to $1.19 billion.

However, in the remaining months, apparel exports continued to decline. The year 2020 witnessed a heavy negative trajectory in apparel exports. The US remained the largest export destination in 2020 with shipments worth $3.30 billion though these declined by 24.04 per cent on Y-o-Y basis.

The second biggest importer was UAE which imported apparels worth $1.52 billion during the year which was a 18.47 per cent decline from the previous year. UK was the top destination for India in Europe as it shipped apparels worth $1.12 billion to the country, a 29.24 per cent yearly decline.

Source: fashionatingworld.com– Feb 05, 2021

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Budget 2021-2022 minimizes Regulatory Compliance Burden to improve Ease Of Doing Business for industry, says Secretary DPIIT

Department for Promotion of Industry and Internal Trade(DPIIT) Secretary, Ministry of Commerce and Industry, Dr. Guruprasad Mohapatra today said that the Budget 2021-22 has proposed various measures to reduce regulatory compliance burden which will improve ease of doing business for industry and ease of living for citizens.

While addressing the media here,Dr. Guruprasad Mohapatra said that the Government of India has undertaken an all-encompassing systematic approach to carry out sustained efforts to reduce and simplify the regulatory compliances for businesses and citizens. Hon. Prime Minister has directed that this exercise may be completed by 15th August 2021 to coincide with the 75th year of independence of India.

He said that a systematic exercise across Central Ministries/Departments and States/UTs is being undertaken to bring in Simplification, Rationalization, Digitization and Decriminalization in the current regulatory regime.

A Regulatory Compliance Portal has been launched by the DPIIT on 1st January 2021. The objective of this portal is to act as an online repository of all Central and State-level compliances and to minimize Regulatory Compliance burden, he further added.

Key Announcements made in this Budget 2021 -22

Faster Dispute Resolution

Budget 2021 -22 has introduced multiple initiativesrelated to digitization, faceless dispute resolution and simplification to enable faster resolution of disputes.

Digitization

NCLT framework to be strengthened, e-Courts system shall be implemented and alternate methods of debt resolution and special framework for MSMEs shall be introduced.

Faceless Dispute Resolution

For reducing litigation and to give an impetus to the dispute resolution for small taxpayers, a Dispute Resolution Committee is proposed to be constituted.The procedure of the Committee will be conducted in a faceless manner.

In order to provide transparent tax appellate mechanism, it is proposed to the make the Income Tax Appellate Tribunal faceless and jurisdiction-less. A National Faceless Income Tax Appellate Tribunal Centre shall be established, wherein all communicationbetween Tribunal and appellant shall be made electronically.

Simplification

It is proposed to replace the Authority for Advance Rulings with a Board for Advance Rulings and provide appeal against the order of such Board to the High Court.

Streamlined Export Import Procedures

Several reform measures have been initiated and implemented to make customs clearance process faster, flexible and free from human intervention. This ledto reductionin overall time and cost of exports and imports clearances. Budget 2021 has announced measures to bring easeof compliance for exporters and importers.

Time-bound Service Delivery

It is proposed to mandate filing of bills of entry before the end of day preceding the day of arrival of goods by amendments in the Customs Act, 1962 (Section 46)

New section 28BB in Customs Act 1962 is proposed to prescribe a definite time-period of two years subject to certain exceptions, for completion of investigations.

Digitization

To encourage paperless processing, it is proposed to recognize the use of common portal to serve notice, order etc and the portal to act as a one-point digital interface for the trade to interact with the Customs.

Easier Tax Compliance

Budget 2021 announced various measures in keeping with its commitment to ease theburdenon taxpayers by bringing ease of filing of tax returns. Large number of senior citizens across India will be benefited with the simplification introduced in filing income tax returns.

Digitization

Details of capital gains from listed securities, dividend income, and interest from banks, post office, etc. will be pre-filled in income tax returns.

To incentivise digital transactions and to reduce the compliance burden, it is proposed to increase the limit for tax audit for persons who are undertaking 95% of their transactions digitally from INR5 crore to INR10 crore.

Simplification

For Senior citizens who are of 75 years of age or above and who only have pension and interest income, it is proposed to exempt them from the requirement of filing of income tax if the full amount of tax payable gets deducted by the paying bank.

Removal of mandatory requirement of getting annual accounts audited and reconciliation statement, filing of the annual return on self-certification basis and charging interest on net cash liability with effect from the 1st July, 2017.

Rationalized Securities Transactions

The provisions of SEBI Act, 1992, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956 and Government Securities Act, 2007 are proposed to be consolidated into a single Securities Markets Code.

Simplified Compliance for Companies

Budget 2021 focused ondecriminalization and simplification measures to make it easier for starting and operating a business in India.

Decriminalization

Decriminalization of the Limited Liability Partnership (LLP) Act, 2008 is being undertaken.

Simplification

The compliance requirements for more than two lakh companies would be eased with proposed revision in definition for Small Companies – increase in thresholds for Paid up capital from INR50 lakh to INR2 Cr and turnover from INR2 Cr to INR20 Cr.

Use of New-Age Technologies

During the coming fiscal 2021-22, data analytics, artificial intelligence, machine learning driven MCA21 Version 3.0 will be launched. This Version 3.0 will have additional modules for e-scrutiny, e-Adjudication, e-Consultation and Compliance Management.

Liberalized regulatory regime will not only boost productivity, employment and economic growth but would also further the vision of AtmaNirbhar Bharat, making India the globally preferred investment destination.

Source: pib.gov.in– Feb 05, 2021

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Finance Minister Smt. Nirmala Sitharaman holds bilateral meeting with Rt Hon Mary Elizabeth Truss, Secretary of State for International Trade, UK

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman here today met Rt Hon Mary Elizabeth Truss, Secretary of State for International Trade, United Kingdom.

The Rt Hon Mary Elizabeth Truss, Secretary of State for International Trade, UK congratulated India for a forward-looking modern budget with its focus on investments and recovery in the post COVID-19 world.

Ms Truss acknowledged India as an influential player in FinTech, Digital Economy, Start-ups, Innovation and Data. Ms Truss further complimented India on the prompt and effective response to COVID-19 pandemic. The close collaboration in the sphere of COVID vaccine, demonstrated the close and trusted partnership between the two countries. The UK government looks forward to working closer with the world's largest democracy.

Smt. Sitharaman highlighted the reforms brought in through the Budget and suggested areas of closer cooperation with UK, including investments in infrastructure, insurance sector, integrating small and medium enterprises in the global value chain.

The Finance Minister recognised that close collaboration between the two countries in various fields being pursued through India-UK annual Economic and Financial Dialogue. It was noted that India and UK are also working on Customs Cooperation and Mutual Administrative Assistance in Customs matters.

The meeting underlined the importance of UK as one of the important bilateral partners of India with strong liberal democracies, shared diaspora, trade and investment. It was recognised by both sides that the bilateral trade has been growing steadily since past decade and there exists immense potential for the two countries to enhance it further in the light of the wide spectrum of complementarities and strengths in the post-COVID-19 and post-Brexit period.

Source: pib.gov.in– Feb 05, 2021

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Beneficiaries of National Skill Development Mission

The National Skill Development Mission (NSDM) was launched by the Hon'ble Prime Minister on 15.07.2015 to create convergence across sectors and States in terms of skill training activities and for skilling at scale with speed and standards. Training is not only done by the Central Ministries and Departments but also by the State Governments. Training is also done by industries/employers in their premises.

There are more than 20 Central Ministries/ Departments which are running schemes/programmes to impart skill training to the youth of the nation.The Ministry of Skill Development and Entrepreneurship (MSDE) is implementing its flagship scheme known as the PradhanMantriKaushalVikasYojana (PMKVY) on pan-India basis, besides Jan ShikshanSansthan (JSS) and National Apprenticeship Promotion Scheme (NAPS) in the short-term skilling eco-system, while long-term training is being imparted through the Industrial Training Institutes (ITIs) under the Craftsmen Training Scheme (CTS). The numbers of persons who have been imparted training from 2016-17 to 2019-20 under the Ministry's eco-system are given below:

Sl. No.	Schemes	Year-wise beneficiaries (in lakh)				Total (in lakh)
		2016-17	2017-18	2018-19	2019-20	
1.	PMKVY + Fee based training of NSDC	22.37	49.27	43.61	70.13	**185.38**
2.	JSS	2.14	1.72	1.67	4.15	**9.68**
3.	NAPS	1.11	1.61	1.99	2.54	**7.25**
4.	CTS	11.91	12.13	14.52	13.48	**52.04**
Total		**37.53**	**64.73**	**61.79**	**90.30**	**254.35**

The Sub-Missions are part of the NSDM. The Governing Council of the NSDM, chaired by the Hon'ble Prime Minister, has the power to identify Sub-Missions in high priority areas as per need. Seven Sub-Missions on: (i) Institutional Training; (ii) Infrastructure; (iii) Convergence; (iv) Trainers; (v) Overseas Employment; (vi)Sustainable Livelihoods, and (vii) Leveraging Public Infrastructure were approved. Click here for more details

Source: pib.gov.in– Feb 05, 2021

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Single Window Approval System for Industries

The Central Government is working on setting up a Single Window System for clearances and approvals of industry in the country. Despite the presence of several IT platforms for investing in India such as in departments of the Government of India and State Single Window Clearances, investors need to visit multiple platforms to gather information and obtain clearances from different stakeholders.

To address this, the creation of a centralized Investment Clearance Cell which would provide end-to-end facilitation support, including pre-investment advisory, information related to land banks and facilitating clearances at Central and State level was proposed and the same is also a Budget Announcement 2020-21.

The cell is being planned as a One-stop digital platform to obtain all requisite central and state clearances/ approvals required to start business operations in India.

The Investment Clearance Cell will be a National portal that integrates the existing clearance systems of the various Ministries/ Departments of Govt. of India and of State Governments without disruption to the existing IT portals of Ministries and will have a single, unified application form. This will eliminate the need for investors to visit multiple platforms/ offices to gather information and obtain clearances from different stakeholders and provide time-bound approvals and real time status update to investors.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri Som Parkash, in a written reply in the Rajya Sabha today.

Source: pib.gov.in– Feb 05, 2021

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India disagrees with USTR's report on ecommerce tax

India disagrees with the United States Trade Representative (USTR) report that the country's 2 per cent equalisation levy on foreign e-commerce firms discriminates against US firms, according to Indian commerce secretary Anup Wadhawan, who recently said some countries are protesting as they have huge domination in that kind of activity whether it is Facebook or Google or Amazon.

"We do not agree with that conclusion," he was quoted as saying by a news agency.

Last month, an USTR investigation concluded that India's 2 per cent digital services tax on e-commerce supply discriminates against US companies and is inconsistent with international tax principles.

"Basically, if there is an economic benefit from a certain jurisdiction then there has to be some taxation in that jurisdiction...OECD [Organisation for Economic Co-operation and Development] is also moving in that direction that if you have an economic presence and economic gain, then you must have taxation in that jurisdiction. You have billions of dollars of revenue in a certain jurisdiction, you have to pay taxes," he added.

Source: fibre2fashion.com– Feb 05, 2021

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