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NEWS CLIPPINGS

INTERNATIONAL NEWS

US Retail Apparel Prices Jumped 2.2% to Get the Year Going

U.S. retail apparel prices increased a seasonally adjusted 2.2 percent in January, the third consecutive monthly gain, the Bureau of Labor Statistics (BLS) reported Wednesday in its Consumer Price Index (CPI) report.

The price hike was broad-based, with a rise in all sectors. Children's wear led the way, with price increases of 6.2 percent in girls' apparel and 3.4 percent in boys' clothing.

Women's apparel prices were up 2.4 percent in the month, topped by a 5.5 percent hike in suits and separates, followed by a 2.1 percent increase in outerwear and a 0.2 percent rise in the underwear, nightwear, swimwear and accessories group. Bucking the trend was dresses, with a 1.3 percent price decline.

Men's apparel prices rose 1.1 percent last month, with a 5.3 percent gain in pants and shorts pushed down by smaller increases of 0.8 percent in shirts and sweaters and 0.3 percent in the underwear, nightwear, swimwear and accessories group, and a 0.8 percent decline in suits, sport coats and outerwear. Prices for infants' and toddlers' apparel were up 0.5 percent.

The apparel price increases can likely be traced back along the raw materials supply chain. U.S. spot cotton prices averaged 77.40 cents per pound for the week, up from 77.35 cents the prior week and from 62.97 reported the corresponding period a year earlier, according to the Department of Agriculture.

Last month, BLS reported the synthetic fiber producer price index rose 1.3 percent, with prices of U.S.-made fabrics, yarns and thread also inching up.

The overall CPI increased 0.3 percent in January on a seasonally adjusted basis, BLS reported Wednesday. Over the past 12 months, CPI was up an unadjusted 1.4 percent.

The core index, excluding the volatile food and energy sectors, was unchanged in January. The core CPI also rose 1.4 percent in the year.

The energy index, which is important for business operations such as manufacturing and logistics, increased 3.5 percent in January. The gasoline index was the dominant factor, rising 7.4 percent over the month.

The fuel oil index also rose in January, increasing 5.4 percent. However, other energy component indexes declined–the index for electricity dipped 0.2 percent over the month and the index for natural gas fell 0.4 percent.

Source: sourcingjournal.com– Feb 10, 2021

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U.S. Ran $310.8 Billion Pandemic-Year Trade Deficit With China

The United States ran a merchandise trade deficit of $310.8 billion with the People's Republic of China in 2020, according to data released Friday by the Census Bureau.

That was the largest merchandise trade deficit the United States ran with any country last year.

It was also the ninth straight year this nation's merchandise trade deficit with China (in non-inflation-adjusted dollars) has exceeded $300 billion.

A nation where, as the State Department puts it, "the Chinese Communist Party is the paramount authority" persistently and dramatically beats the United States in the exchange of goods for money.

China hauls in all of this money from the United States, year after year, at the same time it denies the God-given rights of its own people.

In China, according to the State Department's latest human rights report, there are "arbitrary or unlawful killings by the government; forced disappearances by the government; torture by the government; arbitrary detention by the government; ... physical attacks on and criminal prosecution of journalists, lawyers, writers, bloggers, dissidents, petitioners, and others."

There are also "severe restrictions on religious freedom" and "a coercive birth-limitation policy that in some cases included forced sterilization or abortions."

In 1985, when President Ronald Reagan started his second term, the U.S. merchandise trade deficit with the People's Republic was only $6 million.

When President George H.W. Bush took office in 1989, it was $6.2 billion.

When President Bill Clinton took office in 1993, it was $22.7 billion.

When President George W. Bush took over in 2001, it was $83 billion.

By 2009, President Barack Obama's first year, it had risen to $226.8 billion. In 2012, the last year of Obama's first term, it topped $300 billion for the first time — hitting $315.1 billion.

In all four years of Obama's second term, the U.S. merchandise trade deficit with China stayed above $300 billion — closing at $346.8 billion in 2016.

Then — through all four years of President Donald Trump's term — the merchandise trade deficit with China remained above $300 billion.

It hit an all-time high of $418.9 billion in 2018.

Then, in the past two years, after the Trump administration imposed tariffs on some Chinese goods, it declined to $345.2 billion in 2019 and then to $310.8 billion in 2020. But it did not drop back below the $300 billion threshold.

The next-largest merchandise trade deficit the United States ran in 2020 was with Mexico. But that deficit was only $112.7 billion — or just 36.2% of the $310.8 billion deficit with China.

In fact, both Mexico and Canada spent more buying U.S. exports in 2020 than China did. Specifically, China last year bought only $124.6 billion in merchandise from the United States, while Mexico bought $212.7 billion and Canada bought $255.4 billion.

This is despite the fact that China's population and economy are significantly larger than those of Mexico and Canada.

China, according to the CIA's World Factbook, has a population of 1,397,897,720, while Mexico has a population less than one-tenth that size (130,207,371) and Canada has a population less than one-thirty-sixth that size (37,943,231).

Similarly, China's real GDP in 2019 was $22.5 trillion (in constant 2010 dollars), according to the CIA World Factbook, while Mexico's was $2.5 trillion (about 11% of China's), and Canada's was $1.84 trillion (about 8.2% of China's).

So, the $255.4 billion in American merchandise that Canada bought last year equaled approximately $6,731 per person in Canada. The $212.7 billion in American merchandise that Mexico bought equaled approximately

$1,634 per person in Mexico. But the $124.6 billion that China bought equals only approximately $89 per person in China.

South Korea, which has a population of 51,715,162, according to the CIA World Factbook, purchased $51.2 billion in imports from the United States last year. That equaled about $990 per capita — or more than 11 times the $89 in per capita imports the People's Republic of China bought from the United States last year.

What did America buy from China in 2020 that caused this country to run its largest bilateral merchandise trade deficit with a country where the "Communist Party is the paramount authority"?

Americans, according to the Census Bureau, spent $61.87 billion on "cell phones and other household goods" imported from China last year. That was the most-expensive category of imports.

Then came $50.82 billion in "computers" (not counting another $16.9 billion in "computer accessories"). Then came $34.28 billion in "apparel, textiles, nonwool or cotton." Then came $27.65 billion in "toys, games and sporting goods."

At the same time this nation has been running up massive annual merchandise trade deficits with China, the People's Republic has been slowing down the rate at which it loans money to our deficit-running federal government.

In November 2020, according to the Treasury Department, entities in Mainland China owned $1.063 trillion in U.S. Treasury securities. That was less than the $1.0891 trillion in U.S. Treasury securities China had owned in November 2019 — before the COVID-19 pandemic struck.

And it was $253.7 billion — or 19.2% — less than the peak of $1.3167 trillion in U.S. Treasury securities that entities in China owned in November 2013.

In January 1985, the manufacturing sector employed 18,009,000 Americans, according to the Bureau of Labor Statistics. This January, it only employed 12,217,000.

Source: cnsnews.com– Feb 10, 2021

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Canada huge export market for Vietnam's garments-textiles

Vietnam's textile and garment exports to Canada in 2019 moved past $1.1 billion for the first time, a rise of 20 per cent compared to 2018, according to International Trade Centre (ITC) data, which indicate the country has surpassed Cambodia to rank third in textile-apparel exports to the Canadian market. Last year too, textile-garment exports to Canada maintained robust growth.

Among members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Canada can be considered a market with strong potential moving forward, second only to Japan, according to Le Tien Truong, vice chairman of Vietnam Textile and Apparel Association (VITAS).

Canada's import scale reached up to $14 billion with Vietnamese garments and textiles, accounting for only 8 per cent of the overall market share, according to a Vietnamese newspaper report.

Experts have therefore advised local firms to meet rules of origin detailed within the CPTPP, with yarn and fabric being purchased from CPTPP member countries as a means of increasing exports to the Canadian market in the near future.

Source: fibre2fashion.com– Feb 10, 2021

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UK retail sales slip 1.3% in January 2021

On a total basis, retail sales in UK decreased by 1.3 per cent in the four weeks from January 3 to January 31, 2021, against a decline of 0.4 per cent in January 2020 (when there was an extra week), according to the BRC-KPMG Retail Sales Monitor. This is below the 3-month average growth of 0.6 per cent and above the 12-month average decline of 0.4 per cent.

However, on a like-for-like basis, UK retail sales increased 7.1 per cent from January 2020, when they had decreased 0.8 per cent from the preceding year, the January sales monitor said.

Over the three months to January, in-store sales of non-food items declined 36.5 per cent on a total and 19.8 per cent on a like-for-like basis. This is worse than the 12-month total average decline of 28.3 per cent. For January, the like-for-like excluding temporarily closed stores remained in decline.

Over the three-months to January, non-food retail sales increased by 5.6 per cent on a like-for-like basis and declined 5.6 per cent on a total basis. This is above the 12-month total average decline of 5.8 per cent. For the month of January, non-food was in decline year-on-year.

Online non-food sales increased by 83.0 per cent in January, against a growth of 1.0 per cent in January 2020. This is the highest on record and above the 3-month average of 57.3 per cent and the 12-mth average of 43.1 per cent.

Non-food online penetration rate increased from 31.2 per cent in January 2020 to 63.6 per cent in January 2021.

"January saw retail sales growth decline to its lowest level since May of last year. The current lockdown has hit non-essential retailers harder than in November, with the new variant hampering consumer confidence and leading customers to hold back on spending – especially on clothing and footwear. Meanwhile, retailers have worked incredibly hard to expand their online delivery and click and collect offerings to ensure everyone can get the products they need during lockdown. This has led to record growth for online non-food sales and is a testament to the resilience and innovation of retail, which in the face of the pandemic, has rapidly adapted and invested in online platforms and delivery logistics," said British Retail Consortium (BRC) chief executive Helen Dickinson.

“Retail firms are supporting the government’s efforts to combat the virus and the industry will continue to play its part in the fight by stepping up safety measures to keep their teams and customers safe. However, three periods of prolonged closure for some and the ongoing uncertainty around reopening puts many retailers in a precarious position.

If the government wants to avoid further administrations of otherwise viable businesses and thousands of jobs losses, it must provide those firms which have been hardest hit with the necessary financial support, including targeted business rates relief beyond March,” Dickinson added.

“For the first time since last spring, we saw total monthly sales decline and even the on-going demand for groceries and home-related categories was not enough to halt the fall. Although online channels continued to experience historic growth with more than 60 per cent of all non-food sales transacted online, the lockdown meant that the traditional January sales period did not really materialise for the rest of the retail sector, with just a handful of categories recording any growth," said KPMG's UK head of retail Paul Martin.

“Clothing retailers continued to struggle with physical sales down across all categories," Martin added.

With much of the UK in lockdown for the foreseeable weeks, conditions for retailers will continue to be incredibly challenging, according to Martin. "On the one side dealing with a continued increase in online demand versus subdued demand on the high street – and overall in many cases, thinner margins and rising logistics costs and complexities post Brexit. Consumers are well versed in lockdown living now, and looking ahead, fortunes will be mixed but pent up savings and a successful vaccine roll out should help to support recovery in the retail sector later in the year.”

Source: fibre2fashion.com– Feb 11, 2021

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Turkey wants to be among world's 10 biggest economies

Turkish President Recep Tayyip Erdogan recently announced an ambitious plan to make the country the tenth largest economy in the world by engaging in major investments that would boost the gross domestic product (GDP). "...We've turned towards bigger investments in bigger projects," he said in his video message during the inauguration of a bridge in the Malatya province.

He also said Turkey is realising more than half of all global mega projects by itself and the country is planning to support ventures in space technology and artificial intelligence.

"With the courage we derive from our strong infrastructure, we constantly raise our targets in every field, enhance our capacities, and, especially, expand new production areas," Erdogan was quoted as saying by Turkish media reports.

The economy reportedly shrank around 10 per cent year on year in the second quarter, when the first wave of COVID-19 hit, but it managed to swing back to growth from July through September. Economists expect it to narrowly avoid a contraction for 2020 as a whole.

Source: fibre2fashion.com– Feb 11, 2021

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Italian firms to expand in ASEAN, Philippines a priority

Italy wants to expand its businesses in Southeast Asia and the Philippines is a favoured destination for Italian businesses aiming to expand their operations in that region, according to Enrico Letta, president of the Associazione Italia-ASEAN, who addressed an online webinar recently organised by his organisation and the Italian Chamber of Commerce.

"Letta said Italy intends to expand its businesses in the ASEAN region, with the Philippines as its top priority, as the said seminar aims to strengthen relations and bridge opportunities between Italy and the Philippines," said the Philippine board of investments (BoI), an agency under the department of trade and industry.

"With our Rebuild Strategy and 3Ps (Policies, Projects & Programs, Promotion) of industry development supported by the country's strengths, there is a wide scope of business opportunities for Italian investors, complementing Italy's expertise to support Philippine infrastructure projects and other industries, such as garments," Lanie Dormiendo, BoI officer in charge-director, was quoted as saying in a statement.

She added that the government's 'Make It Happen in the Philippines' branding campaign, which was launched in November, also stressed "the strength and adaptability of the Philippines to weather through challenges, exuding strength and adaptability, even in times of difficulties."

Sectoral opportunities for Italian investors, focusing on garments and textiles, specifically for natural fibres like abaca and pineapple, were also discussed by Dormiendo, Philippine media reportd.

Source: fibre2fashion.com– Feb 11, 2021

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Pakistan: Textile sector issues will be raised with PM: Razak

Commerce Adviser Abdul Razak Dawood on Tuesday assured value-added textile sector stakeholders of raising their problems with Prime Minister Imran Khan and the federal cabinet.

In an online meeting with representatives of textile and value-added sectors, the adviser said the government would consider and resolve some of the issues that were highlighted during the meeting.

The associations representing textile industry urged Mr Dawood to abolish all duties and taxes through a presidential ordinance and allow duty-free import of cotton yarn which is a basic raw material of the value-added textile sector

The online meeting was attended by Chairman of the Council of All Pakistan Textile Associations Zubair Motiwala, Chairman of the Pakistan Apparel Forum Muhammad Jawed Bilwani, Central Chairman of the Pakistan Hosiery and Manufacturers Exporters Association (PHMA) Riaz Ahmed, PHMA Chairman (South Zone) Tariq Munir, Senior Vice Chairman of the PHMA (North Zone) Farukh Iqbal) as well as businessmen Ijaz Khokhar, Haroon Shamsi and Zia Alamdar.

The participants called upon the government to place a ban on export of cotton yarn of 30 single or below count till June 2021 in order to ensure availability of quality yarn to the export sector so that orders can be completed without hassle and unrest. They said the government should consider allowing import of cotton yarn from India via the Wagah border as quality yarn is not available and prices are soaring.

Likewise, anti-dumping duties on goods imported meant for re-export by export-oriented units and manufacturing bond should also be abolished, they said. The industry representatives further sought freeze in the special tariffs of 7.5 cents for electricity and $6.5 for gas for at least next three years and provision of uninterrupted electricity and gas for meeting export orders, the industry representatives said.

The value-added textile sector said that Prime Minister Imran Khan’s plans for industrialisation, increasing exports, creating trade surplus, generation of employment opportunities and earning precious foreign exchange can only become possible only when cotton yarn and uninterrupted supply of utilities is ensured on special -tariffs.

The associations also expressed severe concern on the recent announcement of the federal government regarding discontinuation of gas to industrial captive power plants (CCPs).

Source: dawn.com– Feb 10, 2021

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Pakistan: Uzbek businessmen invited to invest in textile, other sectors

Punjab Governor, Chaudhry Mohammad Sarwar, visited Uzbekistan with a business delegation including head of APTMA, Gohar Ijaz.

During the visit, investors of Uzbekistan's Namangan province announced to invest in the textile and other sectors of Punjab. They also assured to provide full technical assistance to Pakistan for increased cotton production.

According to a statement issued from Governor's House Lahore, Governor Ch, Sarwar along with leading businessmen visited Namangan province of Uzbekistan upon the invitation of Governor of Namangan Shavkat Abdurrazakov.

During the visit, the Governor along with delegation members visited the Uzbekistan Business Forum and met with delegations of experts working in the field of textile, health, agriculture and trade. During the interaction, matters regarding enhanced cooperation and trade between the two countries came under discussion. Chaudhry Sarwar also called on Governor of Namangan-Shavkat Abdurrazakov at his Secretariat and invited him to pay a visit to Pakistan.

Sarwar said that Uzbek investors will be provided with all out facilities under one window and their security will also be ensured. The Punjab government is also establishing new Special Economic Zones in various cities of Punjab for domestic and foreign investors, he added.

Source: brecorder.com– Feb 11, 2021

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Pakistan: KPTMA criticises demand for allowing Indian cotton yarn import

Chairman, Khyber Pakhtunkhwa Textile Mills Association (KPTMA), Salim Saifullah Khan has expressed dismay over the value added textile sector's demand of allowing import of Indian Cotton Yarn and termed it disastrous for the spinning industry of the country.

In a statement issued here on Wednesday, he said that allowing import of cotton yarn from India, on the one hand, would create a crisis for the spinning industry of Pakistan and lead to mills closure whereas, on the other hand, it will strengthen the economy and the spinning industry of India.

He further said that the plea of the value-added textile sector is not correct that the quality yarn is not available in Pakistan as more than 90 percent of the yarn produced in Pakistan is available for the value-added sector.

He highlighted that India has been violating all the resolutions passed by the UNO and other international organizations and has occupied Kashmir and the people of Kashmir have not been given their legitimate right of living independently.

Allowing Indian Yarn would be like adding insult to their injuries.

Source: brecorder.com– Feb 11, 2021

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NATIONAL NEWS

In Lok Sabha, PM Modi says 'abusing private sector no longer acceptable', cites telecom, pharma success stories

Prime Minister Narendra Modi on Wednesday stressed on the private sector's vital role in the economy and asserted that the culture of "abusing" it for votes is no longer acceptable.

If the public sector is important, the role of the private sector is also vital, he said during his reply in Lok Sabha to the discussion on the motion of thanks to the President's address.

Modi cited the examples of telecom and pharma sectors to note as to how the robust presence of private firms in these fields has helped people, with even the poor using smart phones, and mobile calls costing virtually nothing due to competitiveness. If India is able to serve humanity during the COVID-19 pandemic, it is also due to the role of the private sector, he said.

"To use improper words against the private sector may have got votes for a few people in the past but those times are gone. The culture of abusing the private sector is not acceptable any longer. We cannot keep insulting our youth like this," he said.

The Modi government has announced in the Budget its fresh push for disinvestment in the public sector, drawing criticism from the Opposition.

Source: financialexpress.com– Feb 11, 2021

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RoDTEP scheme: Low outlay to hurt revival of exports

The government has budgeted only Rs 13,000 crore for a scheme that is supposed to reimburse embedded levies paid on inputs consumed in exports in FY22, drawing a sharp reaction from exporters who warn of a delay in recovery in outbound shipments in the wake of the Covid-19 outbreak.

The outlay for the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme is way below the annual allocation of Rs 50,000 crore that the government had initially envisaged. Also, it's only a third of the Rs 39,097 crore the government approved for exporters in FY20 under the Merchandise Exports from India Scheme (MEIS) that the RoDTEP has replaced.

Following a Covid-induced plunge in revenue mop-up, the government had drastically cut MEIS allocation to Rs 15,555 crore in the first three quarters of the current fiscal, much to the consternation of exporters.

Similarly, exporters said the latest finance Bill has proposed to amend the IGST Act, which would scrap an existing "seamless" refund facility for exporters (other than the designated ones) against their IGST payment on shipments. Any such change will force them to claim the IGST refund through the more time-consuming ITC (input tax credit) route. Exporters say while they currently get the refund as quickly as in 15 days, under the ITC route, it would take well beyond six months, in addition to a surge in paperwork for them. Moreover, their working capital, to that extent, will remain blocked for a longer period.

Commenting on the sharp cut in the RoDTEP outlay for FY22, Federation of India Export Organisations (FIEO) president Sharad Kumar Saraf said it is impossible to offset the blow of all the embedded levies within an annual outlay of just Rs 13,000 crore (about $1.8 billion) when exports are typically above $300 billion a year.

Also, since these are mere reimbursements of various taxes that exporters are not supposed to pay in the first place, these are not "benefits" or "incentives" as touted to be. Some exporters said they fear the government would effect a steep cut in the RoDTEP rates to rein in the outgo within the stipulated amount.

Also, they asked the government to firm up the RoDTEP rates for the export of different products at the earliest. Since exporters typically factor in the "incentives" they get under key schemes while firming up deals, the absence of clarity on RoDTEP rates is hurting their prospects, they said. While the government has rolled out the scheme from January 1, it is yet to announce the rates.

A committee set up under former commerce secretary GK Pillai in late July last year is yet to finalise the RoDTEP rates for all products, as it's a humongous exercise.

The RoDTEP scheme is proposed to cover levies that are not subsumed by the GST (petroleum and electricity are still outside the GST ambit, while other imposts like mandi tax, stamp duty, embedded central GST and compensation cess, etc, remain unrebated).

In a media interaction, FIEO director general Ajay Sahai said the Budget has also announced a confiscation of goods under wrongful claim of refund/remission. This is particularly "harsh, as confiscation of goods will not only hurt the exporters but will also affect the country's exports as well as its image". Moreover, the word "wrongful claim" is subject to various interpretations and will put exporters at the mercy of field formations, bringing back the fear of 'inspector raj'.

According to a FIEO estimate, after a Covid-induced contraction this fiscal, India's exports could rise to $340-350 billion in FY22 as the advanced economies are expected to recover from the shock of the pandemic. However, much depends on how the government implements the RoDTEP and remove other irritants, they say. Exports are expected to drop by about 8%, year on year, to $290 billion in FY21.

Source: financialexpress.com– Feb 11, 2021

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Exporters send an SOS after Budget jolt

Moves to disallow IGST refunds, allow confiscation of goods will hurt India's image as supplier: FIEO

India's exporters have red-flagged proposals in the Budget that aim to disallow IGST refunds for exports and empower customs officials to confiscate goods for making a 'wrongful claim', warning that these changes will severely hurt exports and could impact India's image as a reliable global supplier.

Asserting that exporters were flush with orders and in a position to deliver high growth provided working conditions were easier, the Federation of Indian Export Organisations (FIEO) said the Budget's proposals had come on the back of other policy 'missteps' that were taking the system towards 'Inspector Raj'.

More than 2,000 exporters had recently been served notices by the Department of Revenue Intelligence (DRI) and the Directorate General of GST Intelligence (DGGI) for what exporters contend are 'revenue-neutral' issues. About 5,000 exporters continued to be tagged as 'risky', which was leading to delays in their shipments and tax refunds, said the FIEO's top officials.

"As per a new sub-section inserted in Section 113 of the Customs Act, the government has provided for confiscation of goods for wrongful claim of remission or refund," said FIEO Director General Ajai Sahai. "Now, for a number of products, the drawback rate is 1%, and the remission rate is 2% — even if you say it was unintended, for a benefit of 3%, the entire 100% of the goods will be confiscated," he added.

"Now how do you interpret the wrongful claim. If I have put zero wrongly or claimed 1.5% instead of 1%, it becomes a wrongful claim," he said, adding that this would give huge powers to officials at the field level who would interpret the law.

"You are imposing a cost that it is hugely disproportionate... The bigger question is by confiscation of goods, you are not only harming the exporter but also the country as a reliable supplier. If the goods don't reach on time, it is not just the exporters who lose face," Mr. Sahai said.

He also questioned the 'sudden' withdrawal of IGST refunds for exports and said almost two-thirds of all exporters by value would be affected as they had opted for the 'seamless' system that had worked well for three years. "If it is dropped, we will be back to the old VAT days and sales tax rate, and no refund will flow without a cost attached to that," he said.

FIEO had written to Finance Minister Nirmala Sitharaman flagging the Budget proposals' adverse effects, and plan to also discuss their concerns with Commerce and Industry Minister Piyush Goyal on Thursday. Mr. Goyal had already taken up the issue of DRI and DGGI notices served on exporters with the finance ministry.

"I would like to appeal (to the government) — let exporters do their job. Give them enough time to perform," said FIEO president Sharad Saraf. "Today, 80% of the time is going on the compliance... MSMEs are the worst sufferers because they cannot afford to employ multiple company secretaries or auditors. With all humility, I appeal to the government to have faith, trust and confidence in us."

Source: thehindu.com– Feb 10, 2021

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Indian economy to contract by 7% in FY21: SBI Research

Pencilling in a GDP growth in third and fourth quarters, SBI Research on Wednesday revised its contraction forecast for the current fiscal year to 7 per cent. The agency had earlier forecast a 7.4 per cent contraction in 2020-21 GDP numbers.

In April-September, the economy contracted 15.7 per cent but the second half may see a surprise 2.8 per cent growth, if the SBI analysis turns out to be correct.

Soumya Kanti Ghosh, group chief economic adviser at State Bank of India (SBI) said of the 41 high frequency leading indicators, 51 per cent are showing acceleration which should help the economy turn around to the green from the third quarter with a 0.3 percentage point growth which is likely to surprise positively when the final numbers are out.

In April-June, the Indian economy contracted by a record 23.9 per cent, but dramatically improved to -7.5 per cent in the second quarter. In 2019-20, the economy had grown 4 per cent and in the current fiscal year, it is on course to tank by 7 per cent.

The consensus is -7.5-8 per cent with the NSO pegging it at -7 per cent and RBI at -7.5 per cent. We now expect GDP decline for the full year to be around -7 per cent compared to our earlier prediction of 7.4 per cent.

Also, Q4 growth will also be in positive territory at around 2.5 per cent, Ghosh said, adding promptly that the projections are conditional to the absence of any rise in infections.

We retain our GDP forecast for FY22 at 11 per cent (RBI has pegged it at 10.5 per cent and the economy survey at 11.5 per cent and the budget did not offer a GDP estimate), but with the caveat that 11 per cent will be the floor below which it cannot fall, he said.

Corporate results so far also reinstate the fact that third quarter would be much better than the previous one. The corporate GVA of 1,129 companies has expanded by 14.7 per cent in October-December compared to 8.6 per cent in second quarter (of 3,758 companies ex- telecom).

On the fiscal gaps, it said 9.5 per cent may be on the higher side. Excluding off-balance sheet liabilities, fiscal deficit will be 8.7 per cent gross tax collection estimate based on revised 2020-21 numbers and collections till December show tax collections will have a degrowth of 8.9 per cent in March quarter on a sequential basis.

But in 2021-22 collection may top the budget estimate of Rs 22.17 lakh crore, or 9.9 per cent of GDP. Meanwhile, cash balances of the Centre has declined from the peak Rs 3.4 lakh crore to around Rs 2.3 lakh crore as on February 8.

Given that 85-90 per cent of such cash balances belonged to states that was invested with the Centre, it is possible that states before the closing of accounts of 2020-21 want to spend the cash rather than preserving.

Source: financialexpress.com– Feb 10, 2021

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Parliament passes landmark Major Port Authorities Bill, 2020

Parliament today passed the Major Port Authorities Bill, 2020. Shri Mansukh Mandaviya, Minister of State (I/C) for Ports, Shipping &Waterways moved the bill in Rajya Sabha today and it was passed. Now the Bill will go to the President of India for his assent.

With a view to promote the expansion of port infrastructure and facilitate trade and commerce, the Major Port Authorities Bill 2020 bill aims at decentralizing decision making and to infuse professionalism in governance of major ports. It imparts faster and transparent decision making benefiting the stakeholders and better project execution capability.

The Bill is aimed at reorienting the governance model in central ports to landlord port model in line with the successful global practice. This will also help in bringing transparency in operations of Major Ports. This will empower the Major Ports to perform with greater efficiency on account of full autonomy in decision making and by modernizing the institutional framework of Major Ports.

The **salient features** of the Major Port Authorities Bill 2020 are as under:
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1. The Bill is more compact in comparison to the Major Port Trusts Act, 1963 as the number of sections has been reduced to 76 from 134 by eliminating overlapping and obsolete Sections.

2. The new Bill has proposed a simplified composition of the Board of Port Authority which will comprise of 11 to 13 Members from the present 17 to 19 Members representing various interests. A compact Board with professional independent Members will strengthen decision making and strategic planning.

   Provision has been made for inclusion of representatives of State Government in which the Major Port is situated, Ministry of Railways, Ministry of Defence and Customs, Department of Revenue as Members in the Board apart from a Government Nominee Member and a Member representing the employees of the Major Port Authority.

3. The role of Tariff Authority for Major Ports (TAMP) has been redefined. Port Authority has now been given powers to fix tariff which will act as a reference tariff for purposes of bidding for PPP projects. PPP operators will be free to fix tariff- based on market conditions. The Board of Port Authority has been delegated the power to fix the scale of rates for other port services and assets including land.

4. An Adjudicatory Board has been proposed to be created to carry out the residual function of the erstwhile TAMP for Major Ports, to look into disputes between ports and PPP concessionaires, to review stressed PPP projects and suggest measures to review stressed PPP projects and suggest measures to revive such projects and to look into complaints regarding services rendered by the ports/ private operators operating within the ports.

5. The Boards of Port Authority have been delegated full powers to enter into contracts, planning and development, fixing of tariff except in national interest, security and emergency arising out of inaction and default. In the present MPT Act, 1963 prior approval of the Central Government was required in 22 instances.

6. The Board of each Major Port shall be entitled to create specific master plan in respect of any development or infrastructure.

7. Provisions of CSR & development of infrastructure by Port Authority have been introduced.

8. Provision has been made for safeguarding the pay & allowances and service conditions including pensionary benefits of the employees of major ports

Source: pib.gov.in– Feb 10, 2021

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FIEO asks FinMin to relook at 'harsh' provision in Budget for exporters

Apex exporters body FIEO on Wednesday asked the finance ministry to relook at a proposed "harsh and draconian" provision in Budget 2021 related to customs as it will hurt the exporting community and the country's image as a reliable supplier of goods. Federation of Indian Export Organisations (FIEO) President S K Saraf said certain provisions brought through the Finance Bill have "serious" bearing on exports. He said the proposed amendment in Section 113 of the Customs Act (which deals with confiscation of goods attempted to be improperly exported) needs a relook as it is "harsh and draconian".

A sub-section is proposed to be inserted in Section 113, which states that goods would be liable for confiscation if products entered for exportation under claim of remission or refund of any duty or tax or levy make a 'wrongful claim' in contravention of the provisions of this Act. "The word 'wrongful claim' is subject to various interpretations and will put exporters at the mercy of field formations even if the remission rates are wrongly calculated or dispute about classification of the product under a particular rate arises.

"The remission rates may be 2 per cent of the product value and for such a small benefit, the entire goods should not be confiscated. We request the government to kindly look into the newly created Sub-Section(ja) of Section 113 of the Customs Act," he told reporters. Saraf also said the Finance Bill has amended the Section 16 of the IGST Act withdrawing the facility of exports on payment of IGST (Integrated Goods and Services Tax) as originally envisaged in the law. Until now, till the changes are notified in the Act, exporters have the option to ship either under bond/LUT (letter of undertaking) or on payment of IGST.

Most of the exporters were availing the IGST payment facility as the mechanism of refund was entirely seamless without any transaction cost, he claimed. If the IGST system was functioning seamlessly and was preferred option for the exporters, there was no need to dispense with such option, Saraf said adding if there are any challenges faced by the tax authorities, it should be discussed so that an amicable solution is found rather than dropping an "excellent" facility extended to the exporters while entering the GST regime.

"With this I feel that exporters probably are considered by the government as a drain on the economy. Exports play a key role in economic development, but we find that the treatment meted out to exporters is rather sad and sorry," he said. He added that a large number of exporters both of goods and services are still awaiting for their claims for 2019-20 and 2020-21 (up to December 2020) both in respect of Merchandise Exports India Scheme (MEIS) and Services Exports India Scheme (SEIS).

"Their liquidity has entirely dried up. Many of them in the micro and small sector are not in a position to take new orders due to rising uncertainty and lack of liquidity at their disposal," he said. Recently about 2,000 exporters are receiving notices from Directorate of Revenue Intelligence (DRI) and GST departments for import against Advance Authorization prior to exports, he said.

The FIEO President also demanded immediate announcement of rates under RoDTEP (remission of duties and taxes on export products) scheme as exporters are not able to finalise their contracts. Talking about exports, he said going by the current trend, the country's exports may reach USD 285-290 billion by the end of 2020-21 as against USD 314 billion in 2019-20. In the next fiscal, if things come on track, Indian exporters should target USD 340-350 billion worth of exports, he said.

Source: financialexpress.com– Feb 10, 2021

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E-commerce registers over 30% growth in volume and value terms during Oct-Dec 2020: Report

According to the report, the growth accelerated in light of Covid-19 and the effects of lockdown led to a significant change in consumer habits.

Unicommerce -- e-commerce focused supply-chain SaaS technology platform -- and Kearney today released a ‘Q4-2020 -E-commerce Trends Report’ for the last quarter of 2020.

The report assessed the e-commerce growth in Q4 2020 and the sector-wise analysis. It has covered trends related to the overall e-commerce growth, D2C trend, and how it affects the industry in the post-Covid-19 world.

The report’s key highlights suggested that in the last quarter of 2020, e-commerce grew by 36 per cent and 30 per cent YoY in terms of order volume and value respectively. While the average order value declined by 5 per cent in Q4-2020 as compared to the same period last year.

According to the report, the growth accelerated in light of Covid-19 and the effects of lockdown led to a significant change in consumer habits. In contrast, offline retail continues to have single-digit growth.

Last year, the e-commerce industry reported 26 per cent order volume growth in Q4-2019 vis-a-vis Q4-2018.

Emerging segments

The report noted that personal care, beauty, and wellness (PCB&W), and FMCG & healthcare (F&H), were the biggest beneficiaries. They saw growth of 95 per cent and 46 per cent YOY respectively.

FMCG & Healthcare (F&H) is one of the fastest-growing categories, with value growth of 94 per cent in Q4-20 compared to the same period last year. The substantial value growth is supported by the 46 per cent order volume growth in Q4 2020.

The report stated that the electronics segment was buoyed by homebound consumers turning towards high-end products. The category witnessed a 12 per cent YOY increase in AOV in addition to 27 per cent YOY growth in volumes and continues to drive the highest share of the e-commerce value.

The lockdowns and reluctance to venture out resulted in many first-time online grocery shoppers. This has been an important category for mainstream e-commerce players like Flipkart and Amazon to actively focus and promote the grocery business.

Tier-2 continues to drive growth

As e-commerce companies start focusing on Tier 2 and Tier 3 cities, their contribution to the overall e-commerce pie has gradually increased over the last few years. These cities accounted for a whopping 90 per cent YOY incremental volume and value growth during the quarter in review.

Commenting on the report, Kapil Makhija, CEO, Unicommerce said, “The e-commerce industry has emerged as the backbone of the retail industry, and small and big players have realized the immense potential that e-commerce holds. The e-commerce volume growth continued to accelerate in the last quarter of the pandemic hit year.”

Source: thehindubusinessline.com– Feb 10, 2021

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Exports up 10.3 per cent during February 1-8: Official

Continuing with the positive growth, the country's exports grew by 10.3 per cent to USD 683 million during the first week of February on account of strong performance by key sectors such as engineering and chemicals, an official said on Wednesday.

Imports too increased by a marginal 0.7 per cent to USD 72.5 million during the week, the official added. Trade deficit narrowed by 19.4 per cent to USD 610 million.

Engineering goods showcased the maximum growth and the outbound shipments witnessed multifold increase to USD 1.6 billion during February 1-8.

Exports of organic and inorganic chemicals stood at USD 617 million during the period. However, some sectors which recorded negative growth include meat, dairy and poultry products; oil meals; and fruits and vegetables.

Further, gold imports increased by 70.7 per cent to USD 391.9 million during the week. Imports of petroleum products dipped 29.5 per cent to USD 951.7 million.

Exports in December 2020 and January had recorded positive growth.

Source: financialexpress.com– Feb 10, 2021

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No proposal to change FDI rules for e-commerce: Som Parkash

There is no proposal to bring in changes in FDI (foreign direct investment) norms for the e-commerce sector, Parliament was informed on Wednesday.

In a written reply to the Lok Sabha, Minister of State for Commerce and Industry Som Parkash also said there is no proposal at present to establish an e-commerce regulator.

“There is no proposal to bring in changes to FDI investment rules for e-commerce sector in India, at present,” he said.

To a query on prices of steel and cement, Parkash said complaints regarding cartelisation by cement companies have been received and Competition Commission of India (CCI) is the appropriate authority to deal with such types of complaints.

CCI has received seven complaints related to the steel sector, which are under examination.

“There is no proposal under consideration at present for setting up of a regulating authority for steel or cement sectors,” he added.

Further replying to a question, Commerce and Industry Minister Piyush Goyal said the government on August 28, 2018 had published the draft e-pharmacy rules and those are under stakeholder consultations.

Source: financialexpress.com– Feb 10, 2021

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Govt set to extend Shipping Corporation's EoI to March 1

SCI's diverse portfolio of assets could hinder its disinvestment

Delay by company management in hiring a consultant for real estate de-merger forces extension

The Department of Investment and Public Asset Management (DIPAM) is set to extend to March 1 the deadline for filing expressions of interest on privatisation of Shipping Corporation of India Ltd (SCI).

On December 22, DIPAM, the government's asset sale department, invited expressions of interest to privatise Shipping Corporation by selling the government's 63.75 per cent stake to a strategic buyer.

DIPAM had set a 13 February date for potential bidders to file their interest. Government officials briefed on the move said the deadline is also being pushed back due to a delay by the SCI management in hiring a consultant for undertaking de-merger/disposal of its non-core assets (real estate) ahead of the sale and to carry out corporate restructuring for better operational performance of the navratna company.

The corporate restructuring being planned involves de-merging whole or part of a division of SCI as identified by the management. The de-merged part may be merged with an existing subsidiary or hived off as a new subsidiary created for the purpose.

"The data that has come out in the preliminary information memorandum is very sketchy, there is a lot more data that we need to see," said an executive with a company weighing a bid for SCI.

The government has also not clarified how the de-merger of real estate will be done and in what form, aside from saying that it will be kept out of the deal.

"While placing a price bid now, will I have to include the real estate and later the government will return that portion or how does it happen. This is important because then the deal size increases," an executive with another entity planning a bid for SCI said.

Recalling the de-merger of the real estate of erstwhile Videsh Sanchar Nigam Ltd (VSNL), which was sold to Tata Communications Ltd in 2002, the second executive said: “The final demerger happened after 17 years in 2019. These are the issues that need to be answered, there should be greater clarity in what form this will be done”.

If the price bid is allowed to be submitted at ex real estate, which will be lower than the prevailing market price, the mandatory open offer that follows will have to be at the market price only.

“This is a basic point. If the government says you don’t have to pay for the real estate today, you subtract and then put in the bids, but the open offer is always at the prevailing market price.

Why will a shareholder tender shares at a price lower than the market? Otherwise, the government will have to split the company before the sale and give every shareholder two shares, one with real estate and one with shipping. All this needs a long process. That’s why we need clarity and how it will be done,” the second executive added.

Source: thehindubusinessline.com– Feb 10, 2021

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Garment industry wants infrastructure support from Rajasthan

In a bid to remain competitive in the highly competitive global garment industry, manufacturers want the state government to lay out a road map for creating supportive infrastructure in the Budget, which will be presented later this month.

Garment Exporters Association of Rajasthan (GEAR), whose members also cater to the domestic market, said common facility centres for keeping tabs on the latest technologies used in the sector globally, dormitories for workers near the industrial areas, upskilling of labour, recycle zones for waste fabric and subsidies in certifications which foreign buyers need will be the key to achieve sustainable growth in the sector.

GEAR president Vimal Shah said, "Technology is changing rapidly in the industry, with new and more efficient machines and processes coming up. We want the government to set up a textile technology centre to keep a track of the emerging technology in the sector which will help the industry to remain competitive. It will not only enhance the quality of work, but make manufacturing cost-effective."

He said the sector is a labour intensive with women comprising 30% of the workforce. "We would like the Budget making provisions for allotting cheaper land to the industry to set up dormitories for outstation employees. Similarly, residential apartments can be built for the families employed in the sector which will save transportation time and cost."

In the central Budget, the finance minister announced to set up seven mega textile parks. On Tuesday, Mewar Chamber of Commerce and Industry (MCCI) wrote a letter to Union textiles minister Smriti Irani to consider Bhilwara for sanctioning two parks.

GC Jain, president of MCCI, said the state government should approach the Centre to bring two projects to the state and if necessary it should allocate some funds for it.

Source: timesofindia.com– Feb 11, 2021

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