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INTERNATIONAL NEWS

US-China trade war continues to impact textile industry

The Joe Biden-led new US government is continuing with the Section 301 tariffs on finished apparel and textile imports from China. Tariffs were first imposed by the US in May 2019 to address intellectual property theft and other predatory trade practices by China. Since then, a number of tariffs and counter tariffs were imposed on import of goods.

However, due to the COVID-19 pandemic, the US government gave exclusions on some Chinese products, including textiles and apparel, which have now been extended till March 31, 2021.

Meanwhile, the Chinese government has reduced sliding tariffs on cotton cargoes imported under additional quotas. It has increased the number of products with lower than MFN tariffs and imported under temporary import tariffs from 859 earlier to 883 from January 1, 2021. The lower sliding tariffs would reduce the cost of importing cotton fibre into China, according to Fibre2Fashion's market analysis tool TexPro.

On the other hand, the US residents and businesses have received more than $72 billion in additional tariffs on products after the China 301 tariffs were put into place. It affected the money in the pockets of US residents, less speed of US manufacturing, and decreased competitiveness for American businesses.

Click here to read the complete article on US-China trade tariff impacts on textiles and apparel industry.

Source: fibre2fashion.com– Feb 12, 2021

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2020 worst year on record for UK retail sales growth: BRC

The year 2020 was the worst year on record for UK retail sales growth, with in-store non-food declining by 24 per cent compared with 2019, according to the British Retail Consortium (BRC), which recently said these results have also been reflected in footfall, which was down by over 40 per cent last year. The three lockdowns cost 'non-food' stores–mainly 'non-essential' retail—an estimated £22 billion in lost sales.

Furthermore, tighter restrictions in the crucial run-up to Christmas hampered retailers' ability to generate much-needed turnover, which would have helped power their recovery in 2021, BRC said in a press release.

Retailers contributed £17 billion in business taxes in 2019, collecting a further £46 billion in value-added tax.

BRC believes action on rates, rents and grants is crucial in the upcoming budget to the recovery of 'non-essential' retailers and the wider economy, preventing the further loss of thousands of jobs in communities across the country.

An extension to business rates relief for the worst-affected businesses will reduce the unsustainable cost burden on retailers, giving them a fighting chance to continue trading, employing staff and serving their communities, it said.

An extension to the moratorium on debt enforcement will support thousands of retailers who face accumulating rents even while their stores are unable to trade due to government restrictions, it said.

The decision to apply European Union state aid limits to lockdown grants should be reversed and all bureaucratic restrictions stopping businesses receiving these vital support funds promised by the chancellor of the exchequer should be removed, it suggested.

These short-term actions will be crucial to allowing 'non-essential' retail to survive through a prolonged period of closure, avoiding administrations, shop closures and job losses, it added.

Source: fibre2fashion.com– Feb 15, 2021

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China's Challenge Fashions new SEZ will modernize Pakistan's textile sector

Already an exporter of $45 million textile products to Pakistan annually, Chinese private undertaking Challenge Fashion now aims to set up a Special Economic Zone in Pakistan. As per a Pakistan Today Profit report, Challenge has many global clothing and accessories brands like adidas, Icebreaker, Polartec, The North Face, Smartwool, Uniqlo, and Reebok as customers. One of the most admired and appreciated apparel producers of China, the group deals in outdoor and sports apparel and has been involved in the technical circular knit business for nearly two decades.

Eyeing $1billion exports in 3 years

Known as the one of the top three innovative textile companies in China, Challenge Fashion has a very creative product line and offers some of the most sustainable products in the textile industry. The group plans to invest $150 million in Pakistan over the next three years. This will help to not only create 20,000 jobs but also increase its exports to $1billion over the next five years. This investment will also make Pakistan one of the most preferred FDI destinations and encourage others to invest in it.

Challenge aims to set up this SEZ in the vicinity of Lahore. Like most SEZs, this SEZ will also help modernize the Pakistani textile industry besides increasing its foreign investments and offering a better balance of payments. It will also help urbanize areas surrounding the SEZ.

Fiscal benefits for Pakistan's SEZs

Pakistan has various industrial areas offering variety of benefits. Its Punjab district has 26 industrial estates, while Sindh has 30, Baluchistan has seven and Khyber Pakhtunkhwa has 12. Though some of these estates, located in larger cities have been successful, others located in remote areas have failed to stimulate economic growth as they lack skilled labor and basic facilities.

Some of prominent SEZs include Sialkot, known for its sports goods and surgical instruments, Faisalabad and Gujranwala. These SEZs now plan to switch to another model either under the Federal or Provincial Governments or in collaboration with the private sector.

They enjoy several fiscal benefits like a one-time exemption from custom duties and taxes for all capital goods imported into Pakistan for their development, operation and maintenance and exemption from income taxes for a period of ten years.

Challenge Fashion plans to set up the SEZ on 80 acre near the Lahore-Kasur road. Currently, categorized as agricultural, the land is yet to be converted into an industrial land by the Lahore Development Authority.

The company has already set up a 370,000 sq. ft. stitching facility as a part of this project. Housing 4,000 employees, the facility exported products worth $70 million this year, which it hopes to increase to $100 million next year.

Source: fashionatingworld.com– Feb 12, 2021

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NCC releases 2021 cotton economic outlook

The National Cotton Council (NCC) economists have point to a few key factors that will shape the U.S. cotton industry's 2021 economic outlook. This past year was characterised by significant uncertainty and volatility in both the global economy and the world cotton market. The most challenging issue facing the cotton market in 2020 was the pandemic.

According to the analysis of the NCC Annual Planting Intentions survey results by Jody Campiche, vice president, economics and policy analysis, the NCC projects 2021 US cotton acreage to be 11.5 million acres, 5.2 per cent less than 2020. The expected drop in acreage is primarily the result of strong competing crop prices. With abandonment assumed at 18.1 per cent for the US, Cotton Belt harvested area totals 9.4 million acres. Using an average 2021 US yield per harvested acre of 855 pounds generates a cotton crop of 16.7 million bales, with 16.3 million upland bales and 431,000 extra-long staple bales. US cottonseed production is projected to increase to 5.2 million tons in 2021, NCC said.

Regarding domestic mill cotton use, the NCC is projecting a partial recovery in US mill use at 2.8 million bales during the 2021 crop year. US mills were severely impacted by the COVID-19 shutdowns in 2020. As one of largest markets for US cotton, US mills continue to be critically important to the health of the cotton industry, according to NCC.

World trade is estimated to be higher in the 2020 marketing year as consumption recovers from the COVID-19 pandemic. Based on sales and shipments for the year-to-date, US exports are projected to reach 15.8 million bales in the 2020 marketing year. As a result of a large carryover sales from the 2019 crop year and increased purchases from China, US export commitments and shipments have been very strong for the 2020 crop year. As of February 4, 2021, total commitments reached 14.1 million bales while 7.8 million bales have been shipped. Current commitments are at the highest level at this point in the marketing year since the 2010 crop year, NCC said in a press release.

While export competition from Brazil remains strong, the US was able to regain market share in China in 2020 as a result of the Phase I agreement. The US also had increased opportunities for higher export sales to other markets in the 2020 crop year due to lower production in Australia, Pakistan, and Turkey. US exports are projected to drop slightly to 15.4

million bales in the 2021 marketing year. With large stocks in other major exporting countries and a partial recovery in Australia's production, the US will continue to face strong export competition in 2021. When combined with US mill use, total offtake exceeds expected production, and ending stocks are projected to fall to 2.6 million bales. If realised, US stocks represent one of the lowest levels in the last 20 years, according to NCC.

World production is estimated to increase by 1.5 million bales in 2021 to 115.6 million due to a slight increase in acreage. World mill use is projected to increase to 120.9 million bales in 2021. Ending stocks are projected to decline by 5.4 million bales in the 2021 marketing year to 90.4 million bales, resulting in a stocks-to-use ratio of 74.8 per cent, Campiche said in a NCC media statement.

Although global stocks remain high, a tighter US balance sheet, low supply chain inventories, increased purchases from China, speculative money flow, weaker US dollar, higher grain and oilseed prices, and post-COVID demand expectations are contributing to bullish sentiment for cotton prices. However, additional restrictions related to the COVID-19 pandemic, large stocks outside of China, and low man-made fibre prices could put downward pressure on cotton prices in 2021.

Source: fibre2fashion.com– Feb 12, 2021

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Import restrictions stifle Lanka's potential for trade with EU - Ambassador Chaibi

Sri Lanka needs to recognise the obstruction to trade with the European Union (EU) due to the import ban which has stifled trade between the two markets, a sizeable component of trade for Sri Lanka, said Ambassador Delegation of the European Union to Sri Lanka and the Maldives, Denis Chaibi last week.

"Sri Lanka competes on price and quality and has a unique advantage on quality over its competitors on certain products exported to the EU which Sri Lanka must capitalise and make good use of to boost trade with one of its largest trading markets," the Ambassador said.

However, he said that trade restrictions will not help advance trade with the bloc which Sri Lanka has gained since the reinstallation of the GSP Plus trade preferential scheme. "Trade between Sri Lanka and the EU has increased since resuming the GSP Plus scheme in 2017 which Sri Lanka should strive to sustain," the Ambassador said adding that trade barriers need to be lifted for people to invest and Sri Lanka to boost FDIs.

He also noted that the EU considers the government's priorities when it comes to providing assistance to a country. Agriculture and rural development has been a key sector the EU has assisted Sri Lanka. The EU granted Sri Lanka better access to the region in 2017 under the Generalised Scheme of Preferences Plus (GSP+).

The trade preferential scheme enables Sri Lanka to export more to the EU which will help Sri Lanka's economy develop and create more and better jobs for its people. However, the scheme is conditional on Sri Lanka advancing human and labour rights and working towards sustainable development.

"The EU is a demanding market which focuses on quality standards. Therefore trading with the region requires meeting the conditions," the Ambassador said.

The EU is Sri Lanka's second-largest trading partner after India but its main export destination, absorbing 31% of Sri Lankan exports in 2015.

In 2016, Sri Lanka was the EU's 62nd largest trading partner in goods accounting for 0.1% of EU trade. Sri Lanka's exports to the EU are dominated by textiles and clothing, accounting for 82% of Sri Lanka's total exports to the EU in 2016.

Textiles and clothing account for 61.9% of Sri Lanka's exports to the EU, followed by food products with 12.3% in 2016.

On the step-by-step trade procedures functionality of the Sri Lanka trade information portal launched last week the EU ambassador said the trade information portal will help bridge the information gap for Sri Lankan exporters especially for those in the regions who lack vital information to trade with the region.

The portal currently housed at the Department of Commerce contains trade related information in Sinhala, Tamil and English.

Technical support for the project was provided within the framework of the EU-Sri Lanka Trade Related Assistance project implemented by the International Trade Centre and funded by the EU.

Source: sundayobserver.lk– Feb 14, 2021

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UKVFTA hoped to promote Vietnam's exports

The UK-Vietnam Free Trade Agreement (UKVFTA), which became effective on January 1, is expected to create a strong motivation pushing Vietnam forwards on the path of economic development and international integration. According to Kenneth Atkinson, head of the British Business Group in Vietnam (Britcham), the deal will help strengthen trade and support employment, while promoting growth in both countries.

The erasing of 65 percent of the total tariff immediately after the deal takes effects and 99 percent of the tariff in 6-7 years will bring about practical benefits to British exporters of machineries, chemicals, and brandy, he held. Along with the reduction of legal barriers as well as burden in administrative procedures in the two markets, the official said, highlighting that the UKVFTA will help observe the regulations and commitments that the two Governments and business communities have agreed on.

The deal will also ensure the increase in the trade by more than 3,000 UK businesses engaged in export activities to Vietnam, while meeting the demand for Vietnamese goods of UK customers, he said. Atkinson asserted that the area of solar and wind power will receive priorities from the business communities and governments of both sides.

Experts held that Vietnamese products account for only 1 percent of the 700 billion USD import revenue of the UK, so Vietnam has high potential to provide more products to the promising market, including telephones, accessories, garment and textile products, footwear, seafood, wood and furniture, computers, cashew, and peppercorn.

The UK is currently the third largest trade partner of Vietnam in Europe.

Hoang Quang Phong, Vice President of the Vietnam Chamber of Commerce and Industry (VCCI), said that the UKVFTA not only facilitates the trade of goods and services but also helps promote partnership in many other areas, including green growth and sustainable development.

As the UK has officially left the EU, which means the preferential policies that Vietnam enjoys thanks to the EU-Vietnam Free Trade Agreement (EVFTA) will not be applied in the UK anymore, the UKVFTA has eased concern of the business community about the interruption of trade with the European country, he added.

Source: en.vietnamplus.vn– Feb 14, 2021

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Pakistan: PRGMEA seeks duty-free fabric import as prices skyrocket

Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) on Sunday sought the duty-free import of fabric along with yarn, as the cotton prices found no respite from an unabated spike with the industrial input trading at season's highest rates because its muted local production continues to widen demand and supply gap.

The PRGMEA Vice Chairman and north zone head Adeeb Iqbal Shikeh said that a huge number of export orders are being received by the value-added garment industry, however, exporters are not accepting the orders for the calendar year 2021 due to skyrocketing price of fabrics in the country along with short availability, especially of the denim fabric.

Adeeb Iqbal urged the government to also abolish duties on the import of fabrics in line with the import relaxation provided on import of cotton yarn, as value-added garment sector is facing severe shortage of basic raw material of fabrics, which may lead to a drastic decline in value-added textile export.

It is to be noted that price of cotton of Sindh were Rs10,000 to Rs10,700 per maund. Cotton of Punjab was sold at Rs10,200 to Rs11,000 per maund, while lint from Balochistan was sold at Rs10,500 per maund. Prices also increased in Brazil, Argentina, Central Asia and India.

Cotton production in India is expected around 37 million bales. Cotton production in Pakistan came down to 5.5 million bales from as much as 15 million bales recoded annually in previous years. Cotton exports from the USA during the week increased 113 percent. Out of which, the highest import orders of 152,000 bales were placed by India, followed by Pakistan with orders for 56,600 bales but shortage of fabric continues to persist.

Due to an increase in the prices of cotton yarn the rates of fabrics are also going up while brokers are also active to stock it maximum, the garments manufacturers appealed to government to get the yarn and fabrics export banned besides allowing duty-free import of them from all countries.

Source: pakobserver.net– Feb 15, 2021

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Pakistan: Export push: an encouraging trend in economic recovery

The recently published summary on trade by the Pakistan Bureau of Statistics (PBS) indicates a continued promising trend.

Exports from Pakistan surpassed $2.1 billion in January 2021. Imports were reported at $4.7 billion.

Although the figures were lower than the values reported in December 2020, the year-on-year growth rate of exports was impressive, at 8.11%. On the other hand, imports too continued to increase year-on-year, at 14.85%.

Furthermore, exports in the first seven months of FY21 increased 5.53% over the value reported for the previous period. Imports increased 6.92% in the seven months. The trade deficit widened 8.27%.

Although Pakistan has reported a decrease in exports of 9.89% in January 2021 in comparison to December 2020, the overall trend in the last seven months does suggest an upward trajectory as compared to the stagnancy reported in recent years.

According to a statement of the World Trade Organisation (WTO) titled "World trade volume rallies in third quarter after Covid-19 shock", the third quarter of 2020 showed a recovery in global trade as the volume of trade increased 11.6% compared to the second quarter of 2020.

However, it was still 5.6% lower than the volume reported in the same period of previous year. The total value of merchandise trade declined 4% year-on-year in the third quarter of 2020.

A closer look at the monthly data published by the WTO suggests that China was an exception as its exports increased not only 21% year-on-year in November 2020, but it also continued to report positive export growth rates since July 2020.

On the other hand, the United States reported negative monthly year-on-year growth rates since July 2020.

Although the Asian region did recover in the third quarter of 2020 and reported a positive export growth of 2%, primarily driven by China, it was an anomaly compared to the sharp decline in trade experienced by other regions such as North America, South and Central America and Europe.

Furthermore, the year-on-year monthly import growth in the European Union and the US was on average negative between July 2020 and October 2020. Figures for November 2020 showed a recovery as positive values were reported for both.

On the other hand, imports into China showed positive growth values since September 2020.

Finally, all commodities experienced a positive quarter-on-quarter price growth in the third quarter of 2020. The largest increase was in prices of fuels, which rose 34% in the third quarter of 2020, having decreased 18.5% and 35.1% in the first and second quarters respectively.

Prices for manufactured goods remained relatively stable with their quarter-on-quarter percentage change oscillating between -1.1% and 3.5%.

Market share

Unctad published a report titled “East Asian economies drive global trade recovery” in February 2021, identifying the countries that had either gained or lost their market share in 2020.

According to the report, the recovery process has been uneven with several countries facing significant challenges. China was a clear winner in terms of market share it gained, followed by Taiwan.

On the other hand, countries such as India, Japan and Mexico lost both their global export share and the global import share, signifying their predicament as the pandemic ravaged their economies.

Further analysing Pakistan’s export trend, the exports of textile products increased 7.8% in dollar terms in the first seven months of FY21 over the same period of previous year.

Exports of knitwear, bed wear and towels grew more than 16%. Interestingly, the exports of cotton cloth declined 7.7%.

With a large spike in exports of finished textile products, there is increasing demand for intermediate goods in the industry that were previously exported rather than domestically consumed.

Exports of leather manufactures showed a growth of 6.4%, driven by exports of leather gloves. Exports of pharmaceutical products increased 23.6%. This is crucial given that the pandemic took a much higher toll on other countries compared to Pakistan. There was a similar surge right before the pandemic hit Pakistan. This provides an opportunity to seek long-term benefits for the pharmaceutical industry from the trade linkages developed by the local pharma companies.

Higher demand for cars

As reported earlier in this article, imports into Pakistan have also increased. They breached $5 billion in December 2020, which was 24.5% higher than the value reported for December 2019.

Imports of textile machinery increased 28.2%, while those of office machinery rose 42.4%. Imports of mobile phones increased 82.5%.

A significant increase was reported in imports of transportation equipment, particularly CKD/SKD units of motor cars, which increased 5,000% in December 2020 over the value in December 2019.

This suggests that the demand for motor vehicles has increased, which was heavily subdued in the last couple of years.

Furthermore, there is an increase in imports of raw cotton and synthetic fibre, indicating an increase in activity in the textile sector. This is matched by the improving business confidence indicators reported by the SBP-IBA Business Confidence Survey in December 2020.

The industrial sector not only reports current economic conditions to be favourable but the expected economic conditions in the next six months to improve as well.

With exports increasing in recent months, the challenge is to ensure that this increase is sustainable given that exports from other similar economies are likely to recapture their lost market share.

The recent announcement by the State Bank of Pakistan (SBP) to facilitate startups, fintechs and exports is a step in the right direction. Furthermore, there is a need to upgrade machinery and equipment to ensure better competitiveness of domestic producers. The rising trend in the Temporary Economic Refinance Facility (TERF), which is aimed at promoting investments, balancing, modernisation and replacement (BMR), suggests an encouraging trend.

Lastly, the removal of regulatory duty on imports of unfinished goods for the textile industry is definitely a positive step to boost its production capacity and exports. This new trend in export growth after years of stagnancy must be made sustainable.

Source: tribune.com.pk– Feb 14, 2021

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COVID: Bangladesh's textile industry hit hard by pandemic

Global demand for clothing plummeted amid the COVID pandemic and big fashion brands remain reluctant to place big orders, posing a major problem for Bangladesh's vital textile industry.

In 2020, textile exports from the South Asian nation dropped by nearly 17%. Shipments to Europe, which is the destination for 60% of Bangladesh's garment exports, recorded a significant decline of just under 19%.

There hasn't been any uptick in demand and exports so far this year, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said.

"Apparel exports declined by 5.83% year-over-year in January," Rubana Huq, president of the association, told DW.

"Based on current scenarios and the global trade or economic outlook, retail sales trends in the West, and the slowdown in order situation by our customers, it appears that exports may continue suffering till the third quarter of this year."

Bangladesh is hugely dependent on the export of textiles for its national income as the industry accounts for more than 80% of overall exports.

About 4 million workers are employed by the garment industry, most of them female seamstresses who often support several family members and live from paycheck to paycheck.

Clothing surplus piles up

Many clothing retailers have seen their stocks pile up over the past year.

According to the US-based business consultancy McKinsey, the value of unsold clothing in stores and warehouses worldwide ranges from $168-192 billion (€140-160 billion), which is more than double the level seen before the pandemic.

Also, global fashion brands continue to cancel orders from local suppliers. Britain's Marks & Spencer and Germany's Hugo Boss, for instance, said they had placed smaller orders than usual for this year’s spring collection.

Swedish firm H&M said a drop in demand worldwide will "inevitably" have an impact on their purchases.

"Our purchasing strategy is long-term but considering the uncertainties with how the pandemic will develop, we are of course closely evaluating the situation," H&M told DW in an emailed reply.

"A drop in customer demand and temporarily closed stores inevitably have an impact on our purchases."

The retailer also said that it is keen to work closely with suppliers to find solutions to support garment workers.

"That's why we have joined the ILO global call to action where we are working together with the ILO and trade unions to establish social protection systems, which the pandemic has highlighted the need for in many countries around the world," the company said.

Delayed recovery

"Until mid-January, 24% of our existing orders were postponed," Arshad Jamal Dipu, a vice-president of BGMEA, told DW. "We will get the whole picture in April-May. We fear a 30% order loss."

The European Union is Bangladesh's biggest garment export market, while the US is the largest single-country market.

In 2020, Bangladesh's textile exports to the EU dropped by nearly 19%, whereas to the US they fell by 16% and to Canada by as much as 25%.

With the increasing spread of new variants of the virus, BGMEA fears the economic recovery will be delayed further as countries tighten restrictions on business and public movement to combat their spread.

"We are observing a 'go slow' approach by buyers since the end of last year, which appears to be taking a further drastic turn," BGMEA president Rubana Huq told DW. "We are not getting pleasant signals from the local liaison offices of the buyers."

Source: dw.com– Feb 12, 2021

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NATIONAL NEWS

Triggering growth: Are free trade agreements the answer?

The signing of the Regional Comprehensive Economic Partnership (RCEP) agreement by 15 countries of the Asia-Pacific, accounting for 30% of the global trade, late last year, and the launch of the African Continental Free Trade Area (AfCFTA) comprising 54 countries in January 2021, have revived the narrative on free trade agreements (FTA). The parallel development to 'take back control' that propelled Brexit highlighted the backlash against globalisation and free trade.

Nobel laureate Milton Friedman held that the economics profession has been almost unanimous on the desirability of free trade. However, good economics is not always good politics. From India, which in the last five years has hiked tariffs on a fourth of all products traded, to the US, which promotes buy American, protectionism is the flavour of the season.

Trade, one of the engines of economic growth, has not fired for India in the last decade. Merchandise exports that create jobs in manufacturing have been flat around $300 billion. Simultaneously, import of goods—which generates employment in services like transportation and logistics, provides value and choice to consumers and cheap inputs for our exports—has also remained stagnant. This is a double whammy as our comfortable foreign exchange reserves allow us to safely leverage the advantages that imports offer. It is noteworthy that India's trade as a percentage of GDP has plummeted from 56% in 2011 to 40% in 2019, a period during which we have not signed any FTA.

What is an FTA?

FTAs between two or more countries increase trade by reducing customs duties and non-tariff barriers on substantially all trade. They also cover services and non-trade issues like investment. 'High standard' FTAs, being aggressively promoted by the US, also include rules on e-commerce, intellectual property, labour standards and environment protection measures. FTAs became popular as the world lost patience with the 'consensus by exhaustion' approach of the World Trade Organisation. Today, the spaghetti bowl of FTAs includes about 500 arrangements with linkages and overlaps.

India's first comprehensive FTA was in 2005 with Singapore, an entrepôt with a near-zero tariff regime. We reduced duties on a range of products, getting little in return. Perhaps it was the price we paid for entry into the ASEAN+6 club. The ASEAN FTA in 2009 was worse. A 'goods only' agreement with a number of manufacturing tigers, when our main strength was services, ended up sacrificing many industrial sectors. Moreover, bereft of negotiating leverage, we were forced to accept a dud as the ASEAN Services Agreement.

Surprisingly, the better deals were with stronger economies like South Korea and Japan. These FTAs of 2009 and 2011, respectively, enhanced our trade deficit, but also our competitiveness in some key areas.

Take for example automobiles. The Japanese and Koreans negotiated lower tariffs for their special steel. Investment in car production in India increased, riding on robust promotion and protection measures incorporated in the FTAs. Their auto majors expanded factories in India to meet the huge domestic demand and by leveraging cheap skilled labour helped transform India into a small-car hub. Later, with economies of scale, they made inroads into the extremely competitive export market.

Negotiating FTAs can be a challenge as it involves an element of give and take. Since companies trade and not countries, some benefit while others lose out. That is the nature of the beast! Negotiators can fight for the king, the queen and bishops, but have to throw away the pawns. This is contentious as it can create losers who end up kicking and screaming. However, FTAs can help India gain substantial access to large markets at concessional duty for products where we are competitive.

Sectors like automotive, textiles, handicrafts, leather, pharmaceuticals, light electricals, some chemicals, many agricultural items, jewellery and professional services, which are all employment-intensive, could benefit. It can trigger huge job creation riding on exports.

In textiles and clothing, our competitors Vietnam and Bangladesh enjoy tariff-free access to the large and lucrative EU and US markets on account of their FTAs or LDC status. Tariff elimination under FTAs can provide our exporters a level-playing field and stop erosion of our market share and profits.

What should then be the path for the future?

Reduction in tariffs on intermediates enhances competitiveness of finished goods. Doing so under FTAs allows trading off liberalisation. Therefore, we need to restart our FTA journey urgently and scale it up rapidly with the past experience serving both as a lesson and a warning. Conclusion of the India-EU agreement should be a priority.

Negotiations tottered on differences on Indian tariffs on wines, Scotch whisky and luxury cars, and EU intransigence on country-specific quotas for Indian IT professionals. But the real deal breaker in 2015 was India's insistence on free cross-border data flows, which the EU found inconsistent with its privacy law. In the era of artificial intelligence, data is the new oil. With technological evolution there is an opportunity of monetising India's data so our position on this issue has reversed, removing a major hurdle to a deal.

An FTA with the UK should be a low-hanging fruit too in view of the complementary interests in services and the desire of the UK to rapidly diversify trade to cushion the impact of Brexit. Leaders' meetings leading to the G7 summit in the UK in June 2021 offer an opportunity to prepare and cement the vision for a deal. Engagement with the Eurasian Economic Union (EAEU), comprising Russia and many of the erstwhile Soviet republics, should be another high priority area. The EAEU is rich in energy resources, has a hunger for our pharmaceuticals, textile and agriculture exports, and traditional goodwill for India. Africa is another large, growing market and we should leverage their apprehension of Chinese dominance and take a lead in initiating a dialogue with the AfCFTA.

Equally important is drawing up a negative list of FTA partners. China, the factory of the world, with its huge subsidies and scale of manufacturing, is clearly one. The government wisely abandoned the RCEP, where the proposed tariff elimination on 80% trade would have wrecked our domestic industry. The US, with its insistence on binding rules on digital trade and intellectual property and ambitious market access for US exports, is another one to avoid. Many experienced negotiators liken an FTA with the US to the software licensing agreement of a website. Ultimately, you have to put aside all your concerns and sign off 'I agree'.

Source: financialexpress.com– Feb 15, 2021

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CBDT may take a look again at equalisation levy

The Central Board of Direct Taxes (CBDT) may relook at the 'equalisation levy' for purchases where Indian businesses use overseas ecommerce platforms to sell goods and services to Indian consumers. The 2% levy paid by foreign 'ecommerce operator' on gross consideration attempts to address tax challenges in an increasingly digital economy.

But in cases where a local buyer and seller transact over a foreign e-commerce platform, a straight imposition of the equilisation levy on the total consideration would amount to double taxation.

Consider an Indian business traveller booking an apartment for Rs 15,000 on rent from a local property owner over an US rental online marketplace which collects a commission of Rs 3,000 and pays Rs 12,000 to the property owner. The e-commerce operator should ideally pay a levy on Rs 3,000—and not on the entire amount because the person renting out the property would pay tax on the Rs 12,000 rental income. Similarly, there would be a duplication of levy when a local buyer orders an ethnic wear or handicraft listed on a foreign online market by an Indian seller.

At present, the language of the law or the amendments proposed in the Finance Bill, 2021 makes no exception or offers a carve-out to avoid double taxation.

The point was raised by a leading industry body in a post-budget discussion with CBDT joint secretary Kamlesh Varshney who agreed it was a "valid point".

'Not All Issues Addressed'

"...(there) may be situations where e-commerce participants are Indians and their gross consideration gets into the consideration of the e-commerce operators... There are issues and the government is not saying that all issues have been handled by the proposal in the Finance Bill," said Varshney during the interaction. When asked by ET whether CBDT could re-examine the proposal or the law, a CBDT official said, "It would be considered at an appropriate time." There was no official response from the CBDT spokesperson.

"The levy provisions, as they stand today, fasten a liability of 2% on a non-resident ecommerce operator if there is supply or facilitation of supply to residents in India. Therefore, it applies when the buyer is an Indian resident and the platform facilitating the sale is owned or operated by a non-resident company. The law is silent on the status of the seller," said Ajay Rotti, partner at Dhruv Advisors.

"Technically, if an Indian resident is registered as a seller on any of the overseas websites and another Indian buys those goods, equilisation levy would be payable by the non-resident platform. The levy is applicable on gross consideration. This could lead to an unintended double taxable in India since the seller, being an Indian resident would be liable to income tax on profits earned by him on such sale....

"It would be good if the government can amend the law or issue suitable clarifications to exclude those transactions carried out on overseas ecommerce websites where the seller and buyer are both Indian residents," he said.

The Finance Act, 2020 had expanded the scope of equalisation levy to consideration received by 'e-commerce operators' from 'e-commerce supply or services'. The levy has been in the effect from April 1, 2020. For this purpose, an "e-commerce operator" is defined as a non-resident that owns, operates or manages a digital or electronic facility or platform for online sale of goods or the online provision of services.

Industry Taken Aback

Besides the fact that an e-commerce operator may not have adequate margin to absorb the levy, the industry is taken aback by the Finance Bill, 2021 proposal to broaden the scope of the levy.

According to Shefali Goradia, partner, Deloitte India, "As per the Finance Bill, any activity connected with the sale lifecycle which takes place online, will make the entire transaction subject to the levy. Say, an Indian subsidiary of an MNC group purchases laptops by placing a procurement order on the ERP system of the group which then ships them to India."

Here, it is unclear if an internal portal accessible to all group companies would qualify as electronic platform. If so, will such a transaction be subject to equilisation levy? There also needs to be some clarity that payment gateways will not be subject to EL on the gross consideration, especially where the foreign marketplace has already paid equilisation levy," she said.

Source: economictimes.com– Feb 15, 2021

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New Textile Policy is at draft stage, says minister Smriti Irani

The new textile policy, which would help in promoting exports and creating employment opportunities, has not been finalised and is at the draft stage at present, Parliament was Informed on Friday.

In a written reply to the Lok Sabha, Textiles Minister Smriti Irani said the policy is being formulated by holding widespread consultations with various associations, industry bodies, states and other stakeholders, representing sub-sectors such as cotton, silk, jute, handloom, handicrafts, and powerloom.

"At present, New Textile Policy has not been finalised and it is at the draft stage," she said, adding the policy will give thrust on enhancing export performance and creating better employment opportunities.

In a separate reply, she said during the current cotton season 2020-21, (from October 2020 to September 30, 2021), as on February 6," Cotton Corporation of India (CCI) has procured 90.87 lakh bales under the minimum support price (MSP) operations.

"CCI is procuring around 25,000 to 30,000 bales per day in the cotton growing areas wherever the prevailing kapas prices are ruling below MSP," she added.

Replying to another question, the minister said certain Indian textile products are listed in the US Trafficking Victims Protection Re-authorisation Act (TVPRA) child labour/ forced-labour List 2020.

She added that steps have been taken through Embassy of India in the US for delisting of such products.

Source: financialexpress.com– Feb 12, 2021

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Measures to protect domestic industries

Government launched a portal SAMADHAAN on 30.10.2017. The portal gives information about individual CPSEs/ Central Ministries, State Governments etc. and other buyers regarding the payments pending with them in respect of the MSEs. The said portal also facilitates MSEs to file their delayed payments related complaints online. After 15 days of online filing of the case, it is registered by the MSEFC.After the announcement made by the Hon'ble Finance Minister under Atmanirbhar Bharat, a special sub-portal has been created within SAMADHAAN to track delayed payment to the MSMEs from the CPSEs.

From May 2020 to January 2021, dues of Rs 31,315.11 crore have been settled through this portal. Further, in order to provide relief from the problem of delayed payment from the MSMEs and as an initiative from the Hon'ble Prime Minister in the 'MSME outreach programme', notification dated 02.11.2018 has been issued with the direction that all CPSEs and all companies with the turnover of Rs 500 crore or more shall be required to get themselves onboard on the TReDS platforms.

SIDBI vide letter dated 26.08.2020 informed about the fees exemption for onboarding of registration of MSMEs on the TReDS till 31.03.2021. Government has also publicized the exemption of fees and charges for registration on TReDS platform to the MSMEs. However, it may be noted that traders are not considered as MSMEs and the provisions of the Act are not applicable to them.

Government consistently engages with the industry stakeholders to protect the domestic industry through suitable measures including tariff and non-tariff barriers.

The Government of India announced a special economic and comprehensive package viz. AatmaNirbhar Bharat package for boosting economy of the country and making India self-reliant. Relief and credit support measures have been announced for various sectors including MSMEs.

Cabinet has approved Production-Linked Incentive (PLI) Scheme in the 10 key sectors for enhancing India's manufacturing capabilities and enhancing exports- Atmanirbhar Bharat. Textiles products: MMF segment and technical textiles has been figured out among the 10 key sectors with approved financial outlay of Rs 10,683 crore over a five year period. Accordingly this Ministry is formulating a scheme to promote identified MMF Apparel and Technical Textile lines to capture substantial share in global trade.

Union Budget announcements 2021-22 include the launch of Mega Integrated Textile Region and Apparel (MITRA) Parks scheme. To enable the textile industry to become globally competitive, attract large investments and boost employment generation, 7 Textile Parks will be established over 3 years. This will create world class infrastructure with plug and play facilities to enable and create global champions in exports.

This information was given in a written reply by the Union Minister of Textiles, Smt. Smriti Zubin Irani in Lok Sabha today.

Source: pib.gov.in– Feb 12, 2021

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PPE KITS

Personal Protective Equipment (PPE) refers to protective gears used for personal protection of users working in different hazardous conditions, including for healthcare professionals. During the COVID-19 pandemic bio hazard Personal Protective Equipment (PPEs) suitable for COVID-19 protection (ISO-16003 Class – 3) were developed and manufactured in the country. Development and production of two of its major components i.e. Body Coveralls and N-95 Masks were coordinated by the Ministry of Textiles. As per estimates based in inputs provided by the industry, the country has manufactured nearly 6 crore PPE Body Coveralls and 15 crore N-95 masks during April to December 2020 period.

Nearly 1100 manufacturers had registered for PPE Body Coveralls and more than 200 manufacturers for N-95 mask manufacturing. The production capacity in the country achieved is 4.5 Lakh per day for PPE Body Coveralls and 32 Lakh per day for N-95 production. As per Ministry of Health & Family Welfare, Government of India has procured 1.56 crore PPE Body Coveralls and 2.79 Crore N-95 masks. In addition, State Government agencies, private hospitals, individuals also have procured PPE Coveralls and N-95 masks extensively.

Technical requirements of PPE Coveralls and N-95 masks are governed by Bureau of Indian Standards (BIS), IS 17423:2020 for PPE Body Coveralls and IS 9473:2002 for N-95/ FFP-2 masks. The average market size of this newly created industry is around Rs.7000 crores.

(Countries which received official assistance from Government of India are China, Israel, Iran, Italy, Bhutan, Bangladesh, Ethiopia, Jordan, Botswana, Azerbaijan, Serbia, Germany, Spain, USA, UAE, DR Congo, South Africa, Afghanistan, Australia, Malaysia, Saudi Arabia, Bahamas, Barbados, Dominica, Grenada, Haiti, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago, Jamaica, Belize, Costa Rica, Dominican Republic, El Salvador, Honduras, Nicaragua, Panama, Guatemala, Ecuador, Bolivia, Cuba, Peru, Venezuela, Paraguay.

This information was given in a written reply by the Union Minister of Textiles, Smt. Smriti Zubin Irani in Lok Sabha today.

Source: pib.gov.in– Feb 12, 2021

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Impact of Lockdown on Textile Sector

The global pandemic of Covid-19 affected the textile sector initially due to restriction of social gathering, migration of laborers as well as affecting all the stakeholders from farmers to traders/exporters in the value chain. However, the situation has improved in recent months and production and exports have looked up. At the same time, it has opened new window of opportunities which were previously less explored. India became globally the second largest manufacturer of PPEs.

Textiles sector being largely unorganized, no comprehensive information/details regarding impact of lockdown are available. However, level of production fell in jute, silk, etc.

The export of textiles and apparel decreased also for the period January, 2020 to November, 2020 due to the pandemic. But now export orders have started increasing.

No exhaustive data of MSME units in textile sector is available. However, as per the information of M/o Micro Small and Medium Enterprises (MSMEs), the total number of MSMEs registered under Udyog Aadhar Portal (since Sep, 2015 to June,2020) in manufacturing of textiles and wearing apparel are 651512 and 428864 respectively . MSMEs registered under Udyamportal(since 01.07.2020 to 09.02.2021) in manufacturing of textiles and wearing apparel are 115855 and 85564 respectively.

The production of man-made fibre, filament yarn and spun yarn increased during last three years: 2017-18 to 2019- 20. Similarly, the production and exports of Handicrafts also increased during this period.

This information was given in a written reply by the Union Minister of Textiles, Smt. Smriti Zubin Irani in Lok Sabha today.

Source: pib.gov.in– Feb 12, 2021

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CCI sells 1.28 cr bales to millers & traders

The Cotton Corporation of India (CCI) has sold around 1.28 crore bales (170 kg each) to millers and traders in the 2020-21 season, top officials at the corporation said. In addition to domestic sales, the CCI has also sold 30,000 bales to Bangladesh last week, Pradeep Agrawal, CMD of the CCI, told FE.

"CCI has sold almost all stocks of the previous season of around 108 lakh bales and some 20 lakh bales from the current season, which means a total of 128 lakh bales or 1.28 crore bales. Last year, the CCI had stocks of 115 lakh bales and only 7 lakh bales remained unsold," Agrawal said.

According to data available on the CCI website, the Committee on Cotton Production and Consumption (CCPC) — a body represented by growers, traders, textile industry and officials of ministries of textile and agriculture — has estimated the carryover stocks at 120.95 lakh bales for the current season. The CCPC has estimated that India could still carry over a high 97.5 lakh bales of cotton stocks to the next season, while the Cotton Association of India (CAI) has estimated it at 115 lakh bales.

According to the CAI, the present carryover stock is estimated to be 125 lakh bales. The situation of high carryover stocks arose due to the lockdown in March last year, which had resulted in the textile industry, particularly spinning and garment units, shutting down. Production began in full swing only after September.

According to Agrawal, the CCI has procured some 92 lakh bales this season. With kapas (raw unginned cotton) prices crossing Rs 6,200 per quintal, farmers no longer require CCI intervention and minimum support price (MSP) purchase continues only in rural far-flung areas," he said, adding that only some 8,000 to 10,000 bales are being purchased on a daily basis.

The CAI had estimated cotton production at 360 lakh bales, which is the same as the previous season.

Source: pib.gov.in– Feb 13, 2021

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India to insist on govt-to-govt pact versus taking tender route

Reckons tender route to be risky in realising its strategic goal

India is looking to strike a hard bargain with Sri Lanka and would want a government-to-government agreement for a terminal presence in Colombo port — a regional transhipment hub through which a large portion of India's export-import cargo containers are transhipped — for strategic and security reasons.

On February 1, the Sri Lankan cabinet scrapped a tripartite memorandum of cooperation (MoC) signed in May 2019 with Japan and India to jointly develop the East Container Terminal (ECT) at Colombo Port in the wake of strong protests from port unions.

Sri Lanka, instead, is believed to have offered the proposed West Container Terminal (WCT) project to India and Japan.

But, India is insisting on the sanctity of the agreement on ECT and want Sri Lanka to "give in writing" its offer to allow India take WCT, a government source briefed on the matter said.

'Tender route risky'

If there is no government-to-government agreement, the WCT has to be put to public tender, as per Sri Lankan government rules and procedures in which many global terminal operating giants including a State-owned Chinese firm would be keen to participate. With aggressive bids, they may walk away with the deal.

This could scuttle India's efforts to have a presence in Colombo port forever as both ECT and WCT would then be no longer available.

"The public tender route to gain a presence in Colombo is a highly risky proposition for India," a port industry source said.

Secondly, India wants a similar equity arrangement as in the case of Colombo International Container Terminals Ltd where China Merchants Port Holdings Company Ltd holds 85 per cent stake, and other similar terms and conditions for WCT.

Operational autonomy

This would give operational autonomy and freedom to carry on the terminal business, without being subjected to government audit and public procurement rules.

While both ECT and WCT would be similar capacity terminals, WCT has an added advantage in terms of deeper depth at 20 metres.

The only point in ECT's favour is that it can be put to operations faster by installing ship-to-shore cranes as the berth is partly built.

Source: thehindubusinessline.com– Feb 14, 2021

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Expect business to be back to normal by August: Arvind Fashions

Arvind Fashions Limited (AFL), which runs stores of Calvin Klein, Tommy Hilfiger and Sephora, said the country's fashion retail segment should fully recover only by mid-year, paced by the vaccination drive.

To be sure, the retailer had reported robust sales during the festive period – from Dussehra through the winter.

“The launch of fall season collection in August is when business would be back to normal, led by the ongoing vaccination drive,” said Shailesh Chaturvedi, who was appointed chief executive of AFL earlier this month. “The fashion business is completely linked to social interaction driven by consumers visiting malls, department stores and flagship stores. We have already achieved 80% recovery September onwards. It is a fair assumption that six months from now, things will sort out as the fear of going to crowded places will fade with vaccination.”

Fashion was one of the worst-hit segments by the lockdowns and retailers continue to grapple with low footfalls in high-street stores and malls despite easing curbs. In a bid to cut losses, AFL pruned its portfolio of brands and exited some, including Gap, The Children’s Place and Hanes. In July, Walmart-owned Flipkart had picked up about 27% stake in AFL’s newly formed subsidiary Arvind Youth Brands, which owns denim label Flying Machine.

To strengthen its balance sheet this year, AFL recently announced its plans to raise Rs 200 crore in a rights issue.

“We need funds as growth in the business will be sharp and rapid compared to last year. The growth funds may also help reduce our debt,” said Chaturvedi.

Chaturvedi’s mandate from parent company Arvind Ltd is to focus on its six core brands - Calvin Klein, Tommy Hilfiger, US Polo Assn, Arrow, Flying Machine and cosmetic chain Sephora.

Adjacent categories of these brands will also gain focus this year. “Inner-wear and footwear divisions were on the growth path in the third quarter. Children’s wear of Tommy Hilfiger and US Polo Assn will be given scale,” said Chaturvedi. “In the Covid world, we need to look at existing portfolio instead of adding new brands.”

In the third quarter ended December, the Bengaluru-based retailer registered 106% sequential growth driven by festivals, winter sales and online shopping. “Our ecommerce business recorded 230% growth over last year and now contributes to 20% of our business,” Chaturvedi said.

AFL, owned by Ahmedabad-based textile manufacturer Arvind Ltd, started operations in 1993. Currently, the BSE-listed company is present through 1,200 exclusive brand outlets, 14,000 multi-brand outlets and 3,400 large format stores.

Source: economictimes.com– Feb 14, 2021

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Industrial production grows by 1 per cent in December

India's industrial production grew by 1 per cent in December, official data showed on Friday.

According to the Index of Industrial Production (IIP) data, the manufacturing sector output grew by 1.6 per cent in December 2020.

Mining output declined by 4.8 per cent, while power generation grew 5.1 per cent in December 2020.

The IIP had grown by 0.4 per cent in December 2019.

Industrial production has been hit due to the Covid-19 pandemic since March last year when IIP contracted by 18.7 per cent in the month.

Source: thehindubusinessline.com– Feb 12, 2021

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Govt finalises rules under 4 labour codes, reform to be a reality soon

The Ministry of Labour and Employment has finalised rules under the four labour codes paving the way for making reforms a reality by notifying those for implementation soon.

The four broad codes on wages, industrial relations, social security and occupational safety, health & working conditions (OSH) have already been notified after getting the President's assent. But for implementing these four codes, the rules need to be notified. Now the ministry has completed the process of consultation on draft rules on the four codes and firmed up those for notification.

Talking to PTI, Labour Secretary Apurva Chandra said, "We have finalised the rules under the four codes which are required to implement the four labour codes. We are ready to notify these rules. The states are doing their work to firm up rules under the four codes."

Parliament had passed four codes on four broad codes on wages, industrial relations, social security and occupational safety health & working conditions (OSH) which would ultimately rationalise 44 central labour laws. The Code on Wages was passed by Parliament in 2019 while the three other codes got clearance from both the Houses in 2020.

The ministry wants to implement all four codes in one go. After firming up of rules, now four codes can be notified in one go.

Earlier on February 8, 2021, Chandra had said in a press conference, "Rule-making process is already underway and likely to be completed in the coming week. All stakeholders are also consulted in the framing of rules. This ministry would soon be in a position to bring into force the four Codes, viz., Code on Wages, Industrial Relations, Occupational Safety, Health and Working Conditions (OSH) and Social Security Codes."

Since labour is a concurrent subject, certain rules would also be framed by the states under the four codes. The states are also in the process of notifying draft rules and holding tripartite consultations to firm up those for implementation.

Source: business-standard.com– Feb 14, 2021

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DGFT notifies Amendment of IEC related provisions of Foreign Trade Policy, 2015-2020 [Read Notification]

The Director-General of Foreign Trade (DGFT) notified the amendment of Importer-Exporter Code (IEC) related provisions under Chapter-1 and Chapter 2 of Foreign Trade Policy, 2015-2020.

As per the existing policy IEC is a mandatory for export/import from/ to India. DGFT issues Importer Exporter Code in electronic form (e-IEC). For issuance of e-IEC an application can be made on DGFT website. Applicants can upload the documents and pay the requisite fee through Net banking.

Applicants shall, however, submit the application duly signed digitally. As per the amended text IEC is mandatory for export/ import from/to India as detailed in paragraph 2.05 of this Policy. DGFT issues Importer Exporter Code in electronic form (e-IEC). Application for issuance of e-IEC can be made directly on the DGFT web portal.

As per the existing policy Application process for IEC is completely online and IEC can be generated by the applicant as per the procedure detailed in the Handbook of Procedure. As per the amended text application process for IEC and updation in IEC is completely online and IEC can be generated by the applicant as per the procedure detailed in the Handbook of Procedure.

The DGFT notified that an IEC holder has to ensure that details in its IEC is updated electronically every year, during April-June period. In cases where there are no changes in IEC details the same also needs to be confirmed online. An IEC shall be deactivated, if it is not updated within the prescribed time. An IEC so de-activated may be activated, on its successful updation. This would however be without prejudice to any other action taken for violation of any other provisions of the FTP.

An IEC may also be flagged for scrutiny. IEC holder(s) are required to ensure that any risks flagged by the system are timely addressed; failing which the IEC shall be deactivated.

Source: taxscan.in– Feb 14, 2021

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GST officers to immediately suspend taxpayer's registration for 'significant anomalies' in sales return

GST officers will immediately suspend registration of taxpayers whose sales return or GSTR-1 forms show "significant differences or anomalies" from the return filed by their suppliers, a move aimed at curbing tax evasion and safeguarding revenues.

The Central Board of Indirect Taxes and Customs (CBIC) has issued a Standard Operating Procedure (SOP) for suspension of registration of a person on observance of such discrepancies /anomalies which indicate violation of the GST Act.

As per the SOP, the registration of specified taxpayers shall be suspended and system generated intimation for suspension and notice for cancellation of registration in form GST REG-31, containing the reasons of suspension, shall be sent to such taxpayers on their registered e-mail address.

The registration would be suspended in cases where a comparison of the returns furnished by a registered person with the details of outward supplies furnished in form GSTR-1, or the details of inward supplies derived based on the details of outward supplies furnished by his suppliers in their GSTR-1, show 'significant differences or anomalies', indicating contravention of the provisions of the GST Act.

"Till the time functionality for FORM REG-31 is made available on portal, such notice/intimation shall be made available to the taxpayer on their dashboard on the common portal in Form GST REG-17.

"The taxpayers will be able to view the notice in the 'View/Notice and Order' tab post login," the SOP said.

Goods and Services Tax (GST) officers have already intensified their drive against fake invoicing and this has also contributed to increase in tax collections in the past couple of months.

GST collections have crossed the Rs 1 lakh crore mark for four consecutive months and surged to an all-time high of about Rs 1.20 lakh crore in January.

The SOP further said the taxpayers whose registrations are suspended would be required to furnish reply to the jurisdictional tax officer within 30 days from the receipt of such notice / intimation, explaining the discrepancies / anomalies and the reasons as to why their registration should not be cancelled.

Reply has to be sent to the jurisdictional officer through the common portal within 30 days from the receipt of notice / intimation.

In case the intimation for suspension and notice for cancellation of registration is issued on ground of non-filing of returns, the said person may file all the due returns and submit the response, the SOP added.

Source: economictimes.com– Feb 14, 2021

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‘E-comm platforms have reduced export barriers’

The advent of e-commerce platforms has not just enabled India’s micro, small and medium enterprises (MSMEs) to sell their products across different markets in the country but has also reduced many of the entry barriers that small businesses face as they try to foray into the export market, according to players from the e-commerce, exports and small business sectors.

“When we studied the export ecosystem, we realised that the entry barrier was indeed high. There were challenges around market access, market intelligence, supply chain, payments and compliance. So, we went back to the drawing board and said how can we use technology as an enabler to solve some of these challenges,” said Abhijit Kamra, Director Global Trade at Amazon India.

He was speaking at a panel discussion as part of a special webinar – ‘Taking Local Global - Accelerate your exports business with Ecommerce’ – organised by the Hindu BusinessLine and Amazon on Saturday.

Highlighting the benefits of e-commerce-led exports as opposed to offline exports, Kamra said, “First thing is about market intelligence. If you are doing it offline, then it comes down to your own research. But in online exports, by virtue of our data, we can provide machine learning-based insights to help Indian manufacturers and MSMEs understand the kind of products that are in demand in a particular geography.”

He also added that in offline exports, an exporter has to travel to different trade fairs like CES in Las Vegas to get electronics orders, Germany for toy fairs and Europe for linen fairs, etc, which involves a lot of fixed investment. “If anyone chooses to create an account with Amazon, they could do so in five minutes on mobile. Market access has become that easy.”

Amazon, which started its Global Selling programme in 2015, hit $2 billion in cumulative exports in early 2020 benefitting over 70,000 exporters and MSMEs over the years.

Shanti Srinivasan, MD, Premier Fine Linens, said there will be a time in any business when sales will start plateauing and businesses need to look at new avenues for growth and expansion. ‘We launched our brand Westbrooke

Linens on Amazon US in 2017 and it has been a real learning experience," said Srinivasan.

"People who never shopped online (before pandemic) are now beginning to. That is how we saw a higher growth in 2020. For 2021, we are definitely building our team and looking at e-commerce as a large contributor of our total revenue," she added.

On global perception about Indian products, Raja Rajan, Founder CEO, Boston Creative Company, said the company is selling products in six countries through e-commerce platforms and 98 per cent of the feedback is positive. 'Earlier, we were focussed on certain products like leather and textiles and handicrafts but now people have started to accept other industry products as well," he added.

Angel Investor and Business Strategist Lloyd Mathias said that India's foreign trade policy document — which guides the country's international trade priorities — is weighted towards the offline world.
'Policy not MSMEs focussed'

"In a sense, the government is looking at exports through the prism of large manufacturers who have full-fledged export departments, and a lot of incentives and schemes are really tailor-made towards that," Mathias, who is also the former President of Tata Docomo, said. "I think the recognition ought to come, that to really make the Atmanirbhar mission successful, it's really important to enable the MSMEs, who account for 48 per cent of India's exports," he added.

Earlier delivering the keynote address, Neeraj Mittal, MD & CEO, Guidance TamilNadu, said Tamil Nadu is a great place for e-commerce because it has the highest urbanisation rate in the entire country at about 50 per cent.

"E-commerce creates lot of job opportunities in the service sector and has a good multiplier effect," Mittal said, adding, "The e-commerce space is integrally linked to good logistics and warehousing ecosystem and Tamil Nadu is seeing a very good development of logistics with investment from DHL, Nippon Express and Flyjac Logistics in recent times."

Source: thehindubusinessline.com– Feb 14, 2021

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Luxury brands Philipp Plein and Billionaire to enter India

International luxury brands Philipp Plein and Billionaire inked a deal with New Delhi-based Bequest Group to enter the Indian market within the year. The group is slated to open its Philipp Plein and Billionaire stores in Mumbai and Delhi before the end of the year.

The luxury clothing brand offers high-end clothing for men, women and children. It also has lines of jewellery, accessories and a home collection.

The business that started in Munich in 1998 by founder/designer Philipp Plein, is headquartered in Lugano, southern Switzerland and has over 92 showrooms across 28 countries in Europe, US and parts of Asia and most recently opened an outlet in China.

"Philipp Plein Group (has signed) a distribution agreement and strategic commercial partnership with the Bequest Group which also extends to the online business. Such an agreement and partnership was executed some days ago. For the time being, the agreed expansion markets are New Delhi and Mumbai. Moreover, our plans also include the Billionaire brand," said Carmine Rotondaro, management advisor to Philipp Plein via email.

In the past, Bequest Group has brought Berluti (part of the LVMH group), Saint Laurent (part of the Kering group), Tods, Brunello Cucinelli, Creed and Molton Brown to India.

The project is likely to be a joint venture between Bequest Group and real estate firm Bhutani Infra. Bequest is also said to be in the running for partnership with Cavalli. However, mails sent to the company did not elicit a response till time of press. Typically, companies spend anywhere between Rs 10-20 crore in a top end mall to set up a luxury store of about 1500-1800 sq ft. in size. Of late, high operating costs and soaring rentals have been the bane of luxury retailers who have seen footfalls nosedive post-pandemic.

According to Statista, revenue in the luxury goods market is projected to reach $8,417 million in 2021 and the market is expected to grow annually at 7.7% CAGR 2021-2025.

Source: economictimes.com– Feb 13, 2021

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E-comm players work on strategies to woo the next 200 million

Having won close to 300 million customers, e-commerce companies are now reaching out to the next 200 million potential e-shoppers. Experts say getting to the first 300 million, who live in the country's top 30 cities and towns, hasn't been easy. As for the potential universe of the next 200 million, experts believe it's somewhat different; the consumers are less well-off, less trusting of online transactions and not as familiar with latest trends.

But they're as aspiring as anyone else. That means retailers will need to carefully curate the merchandise and price products to match the purchasing power, says Ankur Pahwa, partner, EY. Buyers would need a lot more hand-holding and this would call for a lot more interaction across multi-level touch points, perhaps even micro sites with a simple user interface within the main platform. In sum, Pahwa believes there will be a far greater use of the 4Vs – voice, vernacular, visual and video.

Anurag Mathur, partner, PWC, points out local brands could be a lot more more in demand. That would require e-commerce platforms to onboard more local vendors and enable and equip them to sell better. Also, electronic gadgets, which typically account for the bulk of the merchandise, might need to yield space to apparel, fashion products and even groceries.

"A portfolio with a good mix of local, regional brands and at several price points would be ideal," Mathur says, pointing out it would be very helpful to have enough of a selection across the affordable price points. To be sure, good Internet connectivity is critical. And as Harsha Razdan, partner, KPMG, says given the mistrust of payment gateways, e-commerce companies need to make sure there are no cyber frauds. "Beyond a point it's hard to manage cash on delivery transactions so it's important to make users comfortable with paying online," Razdan says.

Razdan stresses the importance of getting the logistics right. "Given the next 200 million live far out, the cost of logistics could outweigh the costs of the product," he cautions. Teaming up with the right partners is important to ensure suitable products are made available, something e-retailers are already working on.

An Omni channel strategy could be equally important. EY's Pahwa says the route to market for the next 200 could be different with an omni channel piece a big part of the strategy. Indeed, there is a fairly large catchment of consumers that continues to browse on the net and buy in the stores.

Deeper collaboration with brands and local manufacturers will help companies create demand as they are typically aware of customers' consumption and purchasing patterns. With many more e-commerce platforms coming up to join the Amazons and Flipkarts, experts say it's possible to build the catchment of the next 200 million e-shoppers in a much shorter time than the seven years it took to build the universe of 300 million. But as PWC's Mathur points out much will depend on how well players manage the logistics and how soon vendors are trained to get on to the platform.

Source: financialexpress.com– Feb 15, 2021

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