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NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Aided by strong Q4 recovery, decline in 2020 global trade less severe than earlier forecast: WTO
2	UK to continue GSP benefits for Bangladesh till 2027
3	Japan economy shrinks for 1st time since 2009
4	China's cotton imports rise 16.8% in 2020
5	EC sets course for sustainable EU trade strategy
6	USA: The PPE Saga: From Pandemic to Policy Issue
7	USA: Textile and Apparel Imports Continue Slide
8	€150 mn in Portugal's recovery plan for textile, footwear, resin
9	USA: Home furnishings stores rang up strong sales gains in January
10	Pakistan: Textile exports jump 8pc in 7MFY21
11	Pakistan: Shortage of cotton yarn will hurt industrial growth: PTEA chief
12	Cotton: Handling the White Gold Crisis of Pakistan
13	Bangladesh: Automation is inevitable, we must embrace it

	NATIONAL NEWS
1	India, EU express hope to forge host of bilateral cooperation arrangements
2	India's GDP to grow at 13.5% in FY22: Nomura
3	Cotton exports may increase 30% as global market surges
4	Exporters yet to receive tax refunds of Rs 25,000-30,000 crore from Centre as liquidity crisis hits hard: FIEO
5	Gangwar launches Software Applications and instruction manuals with questionnaire for five All India Surveys
6	Forex reserves down by USD 249 mn to USD 583.697 bn
7	Interest on net GST liability with retrospective effect to get legal backing
8	15 States complete ease of doing business reforms

INTERNATIONAL NEWS

Aided by strong Q4 recovery, decline in 2020 global trade less severe than earlier forecast: WTO

Outlook for 2021 to depend upon evolution of virus, dissemination of vaccines, points out Goods Trade Barometer

The decline in the volume of world trade in goods in 2020 may be "slightly less severe" than the WTO's recent forecast of 9.2 per cent due to strong performance of trade in the fourth quarter, according to the latest Goods Trade Barometer brought out by the multilateral body.

But prospects for 2021 and beyond are uncertain as new variants of Covid-19 have appeared.

"The outlook for merchandise trade will depend to a large extent on the evolution of the virus and the dissemination of effective vaccines," pointed out the report of the quarterly Goods Trade Barometer released by the WTO on Thursday.

World trade in goods remained strong in the fourth quarter of 2020 maintaining the third quarter's recovery. "The barometer's current reading of 103.9 is above both the baseline value of 100 for the index and the previous reading of 100.7 from last November, signalling a marked improvement in merchandise trade since it dropped sharply in the first half of last year", the report pointed out.

While all component indices are either above trend or on-trend, some, like export orders and auto products, already show signs of deceleration while others could turn down in the near future, it said.

"Furthermore, the indicator may not fully reflect the resurgence of Covid-19 and the appearance of new variants of the disease, which will undoubtedly weigh on goods trade in the first quarter of 2021," the report added.

The Goods Trade Barometer provides real-time information on the trajectory of world merchandise trade relative to recent trends.

Strong growth in exports from Asia to North America and Europe had revived world merchandise trade in the third quarter of 2020 from a sharp decline in the second quarter, although trade in the period was still down 5.6 per cent compared to the third quarter of 2019. While still very large, these declines are less severe than many analysts feared at the start of the pandemic, the report said, adding that the actual decrease in world trade volume in 2020 may be less severe than 9.2 per cent predicted earlier.

The container shipping and air freight indices are both rising, suggesting faster than average growth, although recent high-frequency data show that container shipping has dipped in the new year. The report said that indices for electronic components and raw materials are above trend and rising, possibly due to inventory stockpiling. “Overall, this suggests that trade’s upward momentum may have peaked,” it observed.

Source: thehindubusinessline.com – Feb 19, 2021

HOME

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UK to continue GSP benefits for Bangladesh till 2027

Bangladesh would continue to enjoy the generalised system of preferences (GSP) on trade until 2027, i.e., till three years after it graduates from the least developed country (LDC) status, according to British high commissioner in Dhaka Robert Chatterton Dickso, who recently said the two countries will find out a mechanism to maintain a trade regime beneficial for both after 2027.

Dickso was speaking to journalists at his residence on the outcome of the first-ever UK-Bangladesh Trade and Investment Dialogue held in Dhaka recently, according to Bangla media reports.

The GSP includes quota-free and duty-free market access to the United Kingdom for all products other than arms and ammunition.

The UK is the third largest export destination of Bangladesh and the country maintains a positive trade balance with the UK.

The major exportable items include readymade garments, frozen food, IT engineering, leather and jute goods and bicycle.

Source: fibre2fashion.com– Feb 19, 2021

HOME

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Japan economy shrinks for 1st time since 2009

Japan's economy shrank last year by 4.8 per cent for the first time in more than a decade due to the impact of the novel coronavirus pandemic, but the contraction was less than expected and it ended the year on a strong note, thanks to a rise in exports and government support. Analysts, however, caution the near-term outlook could be bumpy as fresh virus restrictions dampen domestic consumption.

The country is still closed to tourists six months before the postponed Olympics are scheduled to start.

The contraction was better than forecast in a Bloomberg survey of analysts because of a strong October-December performance, which saw the economy expand by 12.7 per cent from the previous quarter on an annualised basis.

But observers told a global newswire the economy will not likely receive the much-needed boost from the summer's postponed 2020 Olympics, even as organisers insist the event will go ahead even if the pandemic is not fully under control.

With doubts over whether foreign spectators will be allowed to attend and plans for athletes and officials to stay isolated during the Games, there will not be much chance for spending, said Anwita Basu, head of country risk for Asia at Fitch Solutions.

"The growth outcome of zero spectators and Games not being held would be roughly the same," she told the newswire.

Anti-virus measures and other delay-related costs have added 294 billion yen ($2.8 billion) to the event's price tag, which has ballooned to at least 1.64 trillion yen -- making Tokyo 2020 potentially the most expensive Summer Olympics in history.

Source: fibre2fashion.com– Feb 19, 2021

HOME

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China's cotton imports rise 16.8% in 2020

Total cotton imports by China increased by 16.8 per cent year-on-year to 2.16 million tonnes in 2020, according to the country's General Administration of Customs. Cotton imports declined during the first half of the year due to the impact of COVID-19 pandemic, but imports soared in the second half as production resumed and consumption recovered.

In the first six months of 2020, China's cotton imports decreased by 23.7 per cent year-on-year to 900,000 tonnes, the official data showed.

However, cotton imports surged 88.1 per cent to 1.26 million tonnes during July-December 2020, the customs data showed.

Source: fibre2fashion.com– Feb 19, 2021

HOME

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EC sets course for sustainable EU trade strategy

The European Commission (EC) has set out a course for an open, sustainable and assertive EU trade strategy for the coming years. The new strategy will strengthen the capacity of trade to support the digital and climate transitions. It includes a series of headline actions which focus on delivering stronger global trading rules and contributing to the EU's economic recovery.

Reflecting the concept of open strategic autonomy, the strategy builds on the EU's openness to contribute to the economic recovery through support for the green and digital transformations, as well as a renewed focus on strengthening multilateralism and reforming global trade rules to ensure that they are fair and sustainable. "Where necessary, the EU will take a more assertive stance in defending its interests and values, including through new tools," the EC said in a statement.

"Addressing one of the biggest challenges of our time and responding to the expectation of its citizens, the Commission is putting sustainability at the heart of its new trade strategy, supporting the fundamental transformation of its economy to a climate-neutral one," the statement added.

Responding to current challenges, the EU trade strategy prioritises a major reform of the World Trade Organization (WTO), including global commitments on trade and climate, new rules for digital trade, reinforced rules to tackle competitive distortions, and restoring its system for binding dispute settlement.

"The challenges we face require a new strategy for EU trade policy. We need open, rules-based trade to help restore growth and job creation post-COVID. Equally, trade policy must fully support the green and digital transformations of our economy and lead global efforts to reform the WTO. It should also give us the tools to defend ourselves when we face unfair trade practices.

We are pursuing a course that is open, strategic and assertive, emphasising the EU's ability to make its own choices and shape the world around it through leadership and engagement, reflecting our strategic interests and values," said EC executive vice-president and commissioner for trade Valdis Dombrovskis.

The new strategy will contribute to achieve the European Green Deal objectives. It will also contribute in removing unjustified trade barriers in the digital economy to reap the benefits of digital technologies in trade. By reinforcing its alliances, such as the transatlantic partnership, together with a stronger focus on neighbouring countries and Africa, the EU will be better able to shape global change.

In tandem, the EU will adopt a tougher, more assertive approach towards implementation and enforcement of its trade agreements, fighting unfair trade and addressing sustainability concerns. The EU is stepping up its efforts to ensure that its agreements deliver the negotiated benefits for its workers, farmers and citizens, EC said.

EC has framed the new EU trade strategy based on a wide and inclusive public consultation, including more than 400 submissions by a wide range of stakeholders, public events in almost every Member State, and close engagement with the European Parliament, EU governments, businesses, civil society and the public.

Source: fibre2fashion.com– Feb 19, 2021

HOME

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USA: The PPE Saga: From Pandemic to Policy Issue

As rumblings of a Wuhan-born pathogen began entering the global psyche in early 2020, not even the world's foremost health experts anticipated the chaos that would soon unfold. Also unforeseen was the pivot by many American producers to PPE manufacturing that would save lives, and in some cases, their businesses.

Over the Chinese New Year holiday that began in late January, China's population was battered by the rapid spread of the coronavirus, and the global sourcing superpower's supply chains ground to a quick and vicious halt. International partners panicked over products that might never arrive, still believing their bottom lines to be the most pressing risk.

But a bigger problem was brewing in the U.S., even before the first cases of Covid were confirmed on American shores. Soon, the nation would be overtaken by an invisible invader, and it would be powerless to slow its spread without the help of its largest overseas competitor.

It's likely that the term "personal protective equipment," along with its acronym, PPE, never crossed the lips of most Americans before 2020. But as the pandemic roiled the country's healthcare sector, these items—masks, face shields and gowns—became more valuable than virtually any other cargo. And the U.S. was deeply and inarguably dependent on China, its trade war adversary, for the millions of products needed to keep front-line workers safe.

A dystopian drama followed, winding its way through metropolitan meccas like New York and Los Angeles and wreaking havoc on small cities and towns. And as doctors, nurses and the American government cried out with an unending—and often, unmet—need for more life-saving gear, a contingent of American producers rose to meet the call.

The ramp up

"It was really just pure survival," Mitch Cahn, president of New Jersey-based Unionwear told Sourcing Journal of his company's move into PPE production. The manufacturer, which deals in sports, military and election-related merch like baseball caps, trucker hats, beanies, scarves and backpacks felt the PPE pull in early March, Cahn said, as horror stories about overwhelmed hospitals dominated the media cycle and the company's usual business dried up.

Unionwear saw orders canceled as spring sporting events were put on hold and even the presidential primary race became second-tier news. “The other business that we had was doing a lot of gear for the census takers,” he added—a lifeline that was cut when the U.S. Census Bureau delayed the nationwide survey for a period of months. The company had also been under contract for merchandise for the U.S. Olympic team, but the games were postponed until 2021. “We went from being way too busy to having nothing to do in like two weeks,” he said.

According to Cahn, his company’s union, Workers United, is affiliated with the Service Employees International Union (SEIU), which represents the nation’s healthcare workers. Having heard about troubles in nearby New York City medical centers, Cahn went through both organizations to reach the Greater New York Hospital Association. “In short order we were making gowns and face shields,” he said. “They knew we could do it, and that we could get FDA waivers for those products—and we hit the ground running and made a lot of them.”

Coincidentally, Unionwear’s capabilities mirror the technical expertise, along with the material and machinery investment, needed to create uber-specific PPE staples like face shields.

“I’d never heard of a face shield and had no idea what it was,” Cahn said, until he was sent a photo by a hospital administrator. The company happens to make three-ring binders, and Cahn immediately recognized the clear plastic as something he already had in his arsenal. “It’s wrapped around every binder that we make,” he said. Meanwhile, the band used to secure the shield around the wearer’s head was similar to the construction of a baseball hat, and the company created a comfortable cushion with the foam used to make its backpack straps. “We had a supply chain already set up for it,” Cahn added, and the company went on to make about 500,000 face shields for doctors across the region, along with hundreds of thousands of gowns.

The pandemic-driven pivot pulled companies like Unionwear back from the brink, but it also shone a spotlight on the versatility of American producers.

In North Carolina, technical fabric manufacturer Hanes Industries found its phones ringing off the hook in March, even as the need for many American-made textiles was quickly screeching to a halt. The company’s customers include furniture and bedding makers, as well as the automotive industry, and Hanes specializes in construction fabrics used for items like mattress dust covers. “It turns out that those goods are also what’s used in PPE for surgical masks and gowns," said Derek Cooperberg, the company's executive vice president.

As global panic set in, the group's clients began speed-reading the writing on the wall, investing in the machinery and infrastructure to produce PPE and keep their businesses afloat. Meanwhile, Hanes doubled down, quickly launching a dedicated medical division with the capacity to produce all grades of disposable and reusable fabrics for gowns and masks. "It was going gangbusters," Cooperberg added, recounting his surprise when a Florida senator reached out to him directly to ask for a shipment of fabrics to supply manufacturers in his state. "I don't know, to this day, how he got my number."

At least 28 of the company's customers across various industries made investments in mass-production machinery to craft these items, Cooperberg said, spending hundreds of thousands of dollars each. Meanwhile, Hanes' medical division's own business accelerated 25-fold. "It was an unfortunate way to fall into a new line of business," he said, "but we supported the domestic effort and frontline workers."

Nestled in the heart of Los Angeles' garment district, trend-focused womenswear manufacturer Lefty Production Co. would also have seemed an unlikely soldier in the fight against a global pandemic. But owner Marta Miller found herself desperate to keep her shop open as non-essential businesses across the city were shuttered in March and retail clients desperately pulled back on commitments. "We had almost $1 million in orders canceled in one day," she said.

But midway through the harrowing month, Miller received an unsolicited call from Kaiser Permanente. The California-based healthcare group was having trouble procuring masks for its workforce, and somehow, its search landed on Lefty. "Kaiser saved my company and every employee's job," Miller said. "They were our first contract," she added, but they haven't been Lefty's last.

Los Angeles Mayor Eric Garcetti soon announced the formation of the L.A. Protects program, which mobilized the county's many cut-and-sew facilities to produce makeshift protective gear to serve civilian needs, reserving the city's short supply of medical-grade N-95 masks for healthcare workers. The program also helped bring Miller's staff back to work, and the mask design Lefty developed with Kaiser became the template for the countywide program.

Since then, Miller has obtained FDA approval on her company's medical products. Lefty recently completed a large production run for Cedars-Sinai Medical Center, which found its stores completely depleted due to the devastating second wave that continues to pummel L.A. "Right now, we're working on a boot cover for another hospital chain," she added.

"This was not my dream as a 12-year-old child," Miller joked about her new role as a PPE producer. "I was a bathing suit manufacturer pre-Covid." However, she's bought into the concept—both monetarily and emotionally. "I find it fascinating, and now I plan on really building out this business that I've learned so much about over the past nine months."

PPE producers' second act

To date, the coronavirus has killed more than 460,000 Americans and sickened 27 million, while new, more virulent strains continue to permeate communities across the country. The pandemic has also thrust the nation's dependence on China into sharp relief, laying bare America's vulnerabilities with devastating clarity.

The mad dash for PPE that took place last spring was indeed unprecedented, but pandemic preparedness has been a longstanding federal government initiative—and for good reason. The H1N1 virus, or "swine flu," that rattled the globe in 2009 has since been fingered for more than 12,000 U.S. deaths, and just five years later, a deadly Ebola outbreak killed hundreds of thousands globally. These contagions behaved differently, to be sure, and their propensity to spread proved less pronounced than Covid-19 in the U.S.—but they provided a glimpse into what was possible.

Still, it appears that one scenario—wherein the world's preeminent PPE producer, with whom the U.S. shares a deeply contentious relationship, is knocked out of commission—was not a serious consideration until 2020. In July, the House of Representatives introduced the American PPE Supply Chain Integrity Act, which would require federal agencies like the Department of Health and Human Services, the Department of Homeland Security, and the Department of Veterans Affairs to purchase medical supplies and PPE from domestic producers instead of China. The legislation has yet to come to a vote.

And even as the virus continues to pummel cities across the country with unrelenting force, the future of newly-minted domestic PPE producers, heralded for their heroism just a few short months ago, hangs in the balance.

“I think that we’re definitely seeing a shift back to imports, which is unfortunate,” Hanes Industries’ Cooperberg said. “I’m not suggesting that anybody should pay a domestic manufacturer double what they would pay on any estimate from China, but I think if we’re competitive, then you need to tip the scales in our favor.”

The idea that U.S. producers, who rapidly and radically revamped their supply chains to contend with a dire need for PPE in the spring, could now be penalized for their inability to meet the same prices as a country like China is not sitting well with members of the manufacturing sector. Many stateside companies shelled out big money to build out the infrastructure to create these products and become FDA compliant—and now, they worry their investments could be for naught.

We’ve got a number of large manufacturers that are starting to feel that right now,” Cooperberg said. After being caught flat-footed without a self-sufficient source for PPE in the spring, it would be “mind boggling” if America were to find itself, again, at the mercy of overseas suppliers, he added.

“If we’ve learned nothing over the last nine months, it’s that we should never be wholly dependent on somebody else for stuff that we need,” he said. “And I’m hoping that governments at both state and federal levels step up again and make sure that they’re supporting the domestic supply chain.”

But as many healthcare systems find themselves in a better place than last spring, the full-throttle surge of domestic PPE production has slowed. Some manufacturers, like Unionwear, who were gung-ho in March, have all but halted their programs nearly a year later.

“We thought there was a possibility that it could be a more permanent part of our business,” Cahn said, when shipments weren’t flowing freely from China and FDA waivers were being granted more liberally. Now, he said, “There’s a tremendous supply of very inexpensive goods coming in from overseas.”

“Absent regulation forcing the government—and maybe government-funded health care institutions— to purchase domestic PPE, there’s really no room for domestic manufacturers,” he opined. While he admitted the concept of a return to China dependency sounds “shocking” given the trauma of the past year, he added that “there are very few products made in

America that can be remotely competitive" from a price standpoint with goods produced in that country.

FDA approval is also "slow, expensive and cumbersome," he said. Meanwhile, as the country clamors for fun and entertainment in the form of sporting and cultural events this year, Cahn believes his regular business "is going to fully return."

"A lot of hospitals were anticipating a second wave, and were able to prepare for it in a different way," Lefty's Miller said of the slowing business, adding that front-line healthcare workers "were literally wearing trash bags" instead of gowns during the height of the crisis. "We would run night shifts knowing how important the work we were doing was," she said. "Now, it's not as desperate."

Miller maintains contracts with hospital systems like Kaiser, but like her domestic manufacturing peers, she believes federal and state governments should lend support through contracts and legislation. "We don't have big orders from Bloomingdale's coming in, so there's a need to distribute these contracts among manufacturers," she said.

Hundreds of producers answered a request for proposals (RFP) from the Department of Defense (DOD) Defense Logistics Agency (DLA) for a PPE contract this fall, for example, and some invested heavily in materials and machines to meet the contract's sky-high demands for product. Ultimately, the $1 million contract for disposable medical gowns was awarded to a small handful of "inexperienced" contractors, the New York Times reported in October, including one run by a retired NFL player and one managed by a former arms dealer. Multiple government officials, including two U.S. senators, questioned how the contracts were distributed, and it is unclear whether they were ultimately fulfilled.

Lefty Production Co. and its fabric partner were devastated by the slight, having paid a "hefty sum" to invest in specialized machinery for the tooling of the garments, along with stores of textiles. "We thought we were a shoo-in," Miller said. "In order for us to be there for fashion when fashion comes back, we need these deals."

Chafe believes that the learnings of early 2020 will prove invaluable to U.S. suppliers, who gained both competence and strength as the country melted down around them. Government contracts could help bolster their capacity and drive down their costs, making pricing more competitive with China, and ultimately, more palatable to privately-owned hospital chains and healthcare groups, he said.

Despite the “real mess” of the past year’s government relations efforts, Chafe—along with a coalition of trade groups and unions from across the country—are lobbying the Biden administration, touting the sector’s capabilities and pushing their ideas for working together. The group believes that PPE procurement practices should favor domestic production and fabric sourcing, Chafe said, not unlike the terms laid out in the Berry Amendment, which dictates the way the military procures supplies like uniforms for soldiers.

The government should also be looking at best value contracting criteria, he added, “rather than just lowest cost. Responsible manufacturers in the U.S. are not going to be able to compete with Asian supply chain pricing,” he said, “So they need to account for various corollary benefits like job creation, economic recovery and ease to market.” It’s also imperative that the industry not operate under a “crisis framework,” he said. Manufacturers should be awarded “long-term, stable contracts,” so that companies that make significant investments have a chance to see them blossom into profits. Finally, the consortium hopes to establish a point person at each relevant agency who can help the manufacturing sector understand government needs before they reach crisis levels.

In late January, President Biden signed the Made in America executive order, which ensures that “when the federal government spends taxpayer dollars they are spent on American made goods by American workers and with American-made component parts.” Government contracts alone account for $600 billion in federal spending, the administration wrote.

“They’re embracing the idea of domestic manufacturing, whereas others really didn’t understand it, didn’t believe in it, and didn’t create an incentive to aspire to do this here at home,” Chafe said.

“We are on the other side of a pretty vicious learning curve from last spring,” he added. “If you talk to me again in January of 2022, I believe we’ll have our PPE supply chain reestablished, with product being supplied on an ongoing basis, and we’ll be ready for whatever comes next.”

Source: sourcingjournal.com– Feb 19, 2021

HOME

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USA: Textile and Apparel Imports Continue Slide

The Department of Commerce's Office of Textiles and Apparel reports that monthly imports of cotton, wool, manmade fiber, silk blend, and non-cotton vegetable fiber textile and apparel products totaled 6.31 billion square meter equivalents in December 2020, down 7.6 percent from November but up 22.3 percent from December 2019.

Textile imports totaled 4.42 billion SME, down 8.3 percent for the month but up 36.2 percent from the previous year, while apparel imports of 1.88 billion SME were down 6.0 percent from November and 1.4 percent from a year before.

For more information on trade-related issues affecting textiles and apparel, please contact Elise Shibles at (415) 490-1403.

Overall Imports. Total imports for 2020 were 67.3 billion SME, down 3.2 percent from 2019, as textile imports rose 5.4 percent to 44.2 billion SME but apparel imports plunged 16.4 percent to 23.1 billion SME.

Source Countries.

OTEXA has reported the following statistics on textile and apparel imports from major source countries for December 2020.

Source: strtrade.com– Feb 19, 2021

HOME

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€150 mn in Portugal's recovery plan for textile, footwear, resin

Portugal recently released for public consultation its Recovery and Resilience Plan (RRP), which provides for €150 million to promote incorporation of bio-based materials in the textile and clothing, footwear and resins sectors. The planned investment aims to support 30 research, development and innovation projects and 40 industrial property registration applications.

In the textile and clothing sector, the aim is to develop new production processes for textile articles, "from bio-based raw materials, incorporating forest biomass (cellulose and lignin) and alternative natural fibres from the agri-food sector (fibres from pineapple and banana leaves, hemp, rice cane, among others)".

The plan plans to contribute to 55 members per year joining the resin tappers programme and providing financial support for the improvement of 8,000 hectares of maritime pine woods with potential for resin tappers.

"The main purpose of this investment, which the Environmental Fund will implement, will be to incorporate biobased materials (as an alternative to fossil-based materials) in three sectors of national economic activity, ensuring greater competitiveness and contribute to the transition to carbon neutrality fairly and cohesively, essential for the achievement of environmental and economic goals in a sustainable way," the document said.

It is also intended to improve that sector in terms of circularity, "promoting innovative business models based on the reprocessing of biological, recycled and reused raw materials."

In the footwear sector, the investment is based on promoting the use and recycling of "agro-food or industrial by-products and bio-waste" and the "development of new concepts of bio and eco products with higher added value".

Regarding the resin sector, the aim is to foster the production of natural resin, with initiatives to increase its production and ensure "levels of self-supply to the industry and catalyse sustainable forest management, reduce the risk of fire and contribute to the development of the rural world".

Source: fibre2fashion.com– Feb 20, 2021

HOME

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USA: Home furnishings stores rang up strong sales gains in January

Retail sales got off to a strong start in January as momentum from the holiday season got an extra lift from stimulus checks, according to the National Retail Federation (NRF).

NRF's calculation of retail sales – which excludes automobile dealers, gasoline stations and restaurants to focus on core retail – showed January was up 5.9% seasonally adjusted from December and up 10.7% unadjusted year-over-year. That compared with a decrease of 2.2% month-over-month and an increase of 7.9% year-over-year in December. NRF's numbers were up 8.7% unadjusted year-over-year on a three-month moving average.

Sales at furniture and home furnishings stores more than kept pace – up 12% month-over-month seasonally adjusted and up 9.3% unadjusted year-over-year.

"Consumers and the economy as a whole remain in good shape despite unprecedented adversity over the past year, and congressional action has been a lifeline for households and businesses disproportionately impacted by the pandemic," said Matthew Shay, NRF president and CEO.

The trade association has been urging the federal government to work with retailers to get the COVID-19 vaccine into communities and administered as quickly and as safely as possible, he added.

NRF chief economist Jack Kleinhenz noted than January did not bring the falloff in spending that typically takes place following the holiday season. The strength was evident not only in January's retail sales but in the number of hours worked by retail employees, he said.

"Confidence is building thanks to the availability of COVID-19 vaccines and states and local governments are beginning to remove restrictions on economic activity. Going forward, I expect consumer spending to build on this momentum," said Kleinhenz.

The U.S. Census Bureau today said overall retail sales in January were up 5.3% seasonally adjusted from December and up 7.4% year-over-year. Those figures include sales from automobile dealers, gasoline stations and restaurants. Despite month-over-month declines in the last quarter of

2020, sales have grown year-over-year every month since June, according to Census data.

January saw month-over-month increases across the board and year-over-year gains in seven out of nine retail categories, led by electronics and appliance stores on a monthly basis and online sales on a yearly basis. In addition to the sales figures noted above for furniture and home furnishings stores, specifics from key retail sectors include:

- Online and other non-store sales were up 11% month-over-month seasonally adjusted and up 22.1% unadjusted year-over-year.
- Sporting goods stores were up 8% month-over-month seasonally adjusted and up 22% unadjusted year-over-year.
- Building materials and garden supply stores were up 4.6% month-over-month seasonally adjusted and up 13.7% unadjusted year-over-year.
- Grocery and beverage stores were up 2.4% month-over-month seasonally adjusted and up 11.6% unadjusted year-over-year.
- General merchandise stores were up 5.5% month-over-month seasonally adjusted and up 7.8% unadjusted year-over-year.
- Health and personal care stores were up 1.3% month-over-month seasonally adjusted and up 3.3% unadjusted year-over-year.
- Electronics and appliance stores were up 14.7% month-over-month seasonally adjusted but down 4.1% unadjusted year-over-year.
- Clothing and clothing accessory stores were up 5% month-over-month seasonally adjusted but down 11.3% unadjusted year-over-year.

Source: hometextilestoday.com– Feb 17, 2021

HOME

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Pakistan: Textile exports jump 8pc in 7MFY21

The July-January figures showed that growth in textile and clothing exports came from the value-added sector. In January, the export from the sector posted 10.79pc growth to $1.32bn as against $1.19bn over the corresponding month of last year.

The improvement in the value-added sector helped increase overall exports by 5.62pc to $14.25bn on a year-on-year basis.

Commerce Adviser Razak Dawood told Dawn that the growth was the outcome of the policy measures that the government took in the last over two years. Prior to the PTI government, Mr Dawood said, industries were closing down in Faisalabad.

He went on to recall the measures like abolishing of duty and taxes on industrial raw materials as well as paying off past pending refunds to exporters. The devaluation of the rupee and lower interest rate accelerated industrial growth, especially in the export-oriented industries.

Mr Dawood said that it was his government's policy to provide uninterrupted electricity and gas to the export sector. On the issue of delay in textile policy, the adviser said that the government is looking into various options on how to support small exporters. The delay, he added, is only because of this reason.

The government has decided to announce a five-year textile policy laden with over an Rs1 trillion support for the sectors.

Product-wise details reveal exports of knitwear increased by 18.74pc in value quantity, followed by 15.91pc in value of bedwear, respectively. Foreign sales of readymade garments rose by 5.48pc in value, while proceeds from towels inched up by 19.91pc in value during the July-January period.

Pakistan Apparel Forum Chairman Jawed Bilwani told Dawn that the growth in textile sector was mainly driven by higher-than-expected orders received by Karachi-based exporters.

He said uninterrupted gas supply to the industries in Karachi was one of the factors that boosted exports.

According to the PBS data, the export of cotton cloth dipped by 8.63pc between July and January this year from a year ago, followed by cotton yarn 23.97pc, and raw cotton by 96.27pc.

In the non-value-added sectors, the export of yarn other than cotton was up by 4.63pc, tents, canvas 48.95pc, art and silk 0.45pc, made-up articles excluding towels, bedwear 18.01pc and other textile products 37.75pc during the period under review.

Source: dawn.com– Feb 18, 2021

HOME

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Pakistan: Shortage of cotton yarn will hurt industrial growth: PTEA chief

Shortage of cotton yarn will reverse the wheel of industrial growth which will also open flood gates of unemployment in the country, said Muhammad Ahmed Chairman Pakistan Textile Exporters Association (PTEA), Mian Farrukh Iqbal Senior Vice Chairman Pakistan Hosiery Manufacturers & Exporters Association (PHMA).

Addressing a press conference, he said that the cotton crisis is a bigger threat than corona and if immediate remedial measures were not taken, the export of value added sector will record at least 50 percent decrease just within a couple of weeks. He appreciated the pro-industrial steps taken by the Prime Minister Imran Khan during the pandemic in addition to releasing refund claims of DDT to the exporters.

He said that the export sector was allowed to continue its operation during the lockdown period which helped Pakistan to capture new markets across the globe. He said that the export sector also performed well with high sense responsibility. "The industrialists and their labour strictly followed the SOPs and tried their optimum best to enhance export and pull out Pakistan from the economic crisis.

Commenting on the low cotton yield, he regretted that exporters have been highlighting the issue of shortage of cotton yarn for the last four month but still their issues are laying unresolved unresolved. He said that despite repeated assurances during the last fourth month, SAPM Abdul Razzak Dawood did nothing which is now creating unrest among the business community.

He demanded that the Government should immediately withdraw all import duties and allow import of cotton yarn through Wahga border under a presidential ordinance in addition to clamping a ban on export of cotton and cotton yarn.

He lamented that now Razzak has taken a new u-turn, contradicting his earlier stance to allow yarn import through Wahga border and working on a proposal to allow cotton import from Uzbekistan through Afghanistan in the month of May.

He alleged that this four month period has been given to the exploiters to hijack the entire market and sell the cotton at exorbitant rates. He feared it would also provide an opportunity to the domestic dealers to hoard the commodity to create artificial shortages in order to mint money.

Chaudhry Salamat Ali demanded that the government should conduct raids and seal the godowns in order to ensure the availability of cotton yarn in the domestic market. He also demanded the government should evolve a futuristic policy to avoid recurrence of such a situation in future.

Chaudhry Talat Mahood SVP FCCI assured that chamber will fully support the PHMA strike call if given. Arif Hussain Mailk of APBUMA said that the SME sector is worst hit by this crisis and proposed that all concerned trade bodies should forge unity and give a strike call against the shortage of cotton and cotton yarn.

Waheed Khaliq Ramey and Chuadhry Nawaz of the power looms sector said that Pakistan has become a haven for the mafias and the government must protect businessmen from them.

He said that the power looms owners are in touch with each other and would be given a strike call at the appropriate date after consultation with all concerned. He said that PM should seek resignation from Dawood if he fails to handle this critical situation.

Rana Talib Hussain of sizing also condemned the crisis and said that the government should take stakeholders into confidence and ensure availability of raw material so that the current tempo of textile export could be maintained with consistency.
Source: brecorder.com– Feb 20, 2021

HOME

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Cotton: Handling the White Gold Crisis of Pakistan

Last week the fortnightly report of the Pakistan Cotton Ginners Association (PCGA), revealed that cotton production fell by 34 percent to 5.6 million bales in the current fiscal year 2020-21, the lowest cotton production in 30 years. For a country whose exports are almost 60 percent textiles, it made for grim reading in the media.

According to a study conducted by the University of Agriculture Faisalabad, Pakistan's cotton production has generally been static since 1990-91, and 2004-05 and 2014-15 were the only years when we reached a high of around 14 million bales.

Between 1983 to 1984 Pakistan's cotton yield improved from 223 to 450 kilogram/hectare, and we have not gone below this until 2020 when our cotton yield was 445 kg/ha. What's more, for the first time since Pakistan's inception, India's yield has gone above ours at 479 kg/ha compared to our 445 kg/ha

As for the acreage, research shows that among the top cotton growers of the world, acreage has decreased over the last 20 years, as the focus has gone towards other cash crops and within textiles towards value-added goods. In Pakistan, the overall cotton area this decade has declined by 28 percent from 3.07 million hectares to around 2.22 million hectares. Almost 1.5 million farmers grow cotton out of which 75 percent is grown in Punjab while the rest is grown in Sindh. Since 2010, the cotton-growing area in Punjab has declined by 37 percent (from 2.44 million hectares to around 1.55 million hectares).

India is among the few countries that have seen an increase in acreage, mostly as a result of giving low Minimum Support Price guarantees to farmers. It is the intended reversal of such policies through the Modi government's Farm Bill, which led to the farmer protests in India that we have witnessed for the past three months.

Why should the government be worried?

Low cotton production matters because the country loses valuable foreign exchange from importing cotton for its textile products. Currently, the country imports close to 3 billion dollars of cotton. While that is the direct loss to the country – indirect losses easily add up to $9 billion including from the lost lint production and other contributors such as loss in seed, feed meals, oil, etc.

However, just as significant and what is less commonly understood by the general public is the role the cotton-producing areas play in increasing the welfare of the rural population. The poorest segments of the society – often women and children do cotton picking and the cotton season gives them cash income. In essence, playing a similar role to the government's flagship Ehsas program, for example, out of this year's imports close to 100-200m dollars would have gone to these laborers. These incomes have a multiplier effect and sustain the rural economies also.

Shahid Sattar, Executive Director APTMA explained to GVS that this multiplier effect of an increase in cotton production will have a direct impact of $ 1 billion per 1 million bales and a 7 times multiplier impact on the fiscal flows in the economy. In essence, if we import $3 billion of cotton, it potentially sets the economy back by $21 billion due to the multiplier impact. Apart from the bad economics of the import effect – having to import cotton because of lower local availability has a huge human security angle also.

Low productivity issues

Following India, Pakistani policymakers tend to be focused on the factors behind reduced acreage in the country, however, they ignore yield. The informal introduction of Biotech seeds 15 years ago has been blamed for allowing backcrossing, weak gene expression, and growing ineffectiveness against bollworms, particularly pink bollworms. This has led to a poor or almost no increase in yield in the country.

One of the major reasons why pests attack Pakistani crops is that the seed Pakistani farmers use, such as the old BT cotton like Ballgrad-1, is not resistant to pests and diseases. It is currently not being used anywhere in the world and has been termed outdated, as the world has shifted to advanced pest-resistant GMO seeds increasing their yield.

Secondly, out of the 24 well-known pest diseases, Pakistan has 22 of them. Every year, almost 4 million bales of cotton are wasted due to these; along with this, the low technology available in Pakistan to fight pests leads to more crop wastage, further decreasing productivity.

Furthermore, Pakistan has also seen a movement by farmers towards sugarcane farming. From FY10 to FY18, the area of sugarcane crop has increased from 0.94 million hectares to 1.34 million hectares up by 42 percent. Sugarcane crop is subsidized through protective prices such as the 40% customs duty on the import of sugar which was imposed. However, sugarcane farming has an economic comparative disadvantage to cotton farming.

Lastly, Pakistani ginned bales contain up to 10% trash, the world average is only 2 to 3 percent. Contamination is one of the foremost issues, where untrained cotton pickers from field to low ginned quality standards all add to cotton fetching lower value in the market. This increases processing costs and results in low-quality products being produced in the market.

Quick and ready solutions

Solutions being floated by analysts include that in the short term government should work on the possibility of directly importing seed from places where the climate is similar to Pakistan. Farmers should be trained in proper farming techniques and be taught the use of technology to implement proper fertilization and disease control processes.

The government should set up state-of-the-art laboratories and greenhouses for fast-tracking seed development and approval. Educational campaigns are needed to educate farmers on isolating cotton crops from rice and sugar cane to avoid fungal attacks as it is currently a large factor in lower yields.

In the medium to long term, suggestions include a variety of development systems, seed production structures, zoning, corporate farming, crop protection, and input cost, and lastly technology transfer. The solution lies not with increasing the acreage but increasing the yield.

Click here for more details

Source: globalvillagespace.com– Feb 19, 2021

HOME

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Bangladesh: Automation is inevitable, we must embrace it

When people write about automation, they often discuss it as if this is some futuristic development which will change the way we do business. Yet the way to see automation in my view, is something that is ongoing. In fact, the reality is that automation has been taking place at a global level for well over a century. Automation helps us do things quicker and smarter. It helps us operate more efficiently. It potentially helps us operate more sustainably. And it helps to make our businesses more profitable.

Automation does all these things, and much, much more.

So why, when we discuss automation in the context of Bangladesh's ready-made garment industry, do we often hear cries of concern? Why is there a reluctance or reticence to embrace automation wholeheartedly in our garment sector? Why are we still not taking a lead on this critical issue?

These and other questions will be addressed in this article. But first I'd like to offer some context about automation as a broader business topic.

The first point to make is that automation is here to stay. Recently, the World Economic Forum suggested that by the mid-2030s one-third of all jobs could be automated, based on research by consultants PwC. The World Economic Forum says the sector of the workforce most likely to be disrupted will be those people who have low educational attainment. This, in itself, is a strong argument for placing an increased focus on training and education alongside work in our RMG sector, and this is something our government has thankfully begun to look more closely at in recent years.

What about the issue of job losses? To address this head on, historical context is vital. I said at the start of this piece that automation has been an ongoing process for more than a century. Indeed, anxiety over job losses caused by the increased use of machinery has been around for more than 100 years. With each new technological development, concerns are raised about livelihoods or quality of life being changed irrevocably.

In the UK, the textile industry saw moves towards more automated ways of doing things as far back as the Industrial Revolution.

As the Industrial Revolution gathered pace, people moved from rural communities into larger, fast growing cities where they found work in textile mills and factories. Increasingly, workers and their unions watched with dismay as work that was once done by hand gave way to steam-powered machines which were driving unprecedented growth in output of items previously hand-crafted by artisan workers.

Some workers rioted, smashing machines and setting fire to business owners' homes. They feared job losses, but these lost jobs never materialised. Instead, automation facilitated increased economic growth which ultimately led to job creation. The fears about automation then were as misplaced as they are now.

McKinsey recently published a report in the wake of the impact of Covid-19 to support this sentiment. It pointed out that in recent years, all advanced economies have experienced major sectoral shifts in employment, first in agriculture and more recently in manufacturing.

Yet the point to note is that, throughout these large shifts of workers across occupations and sectors, overall employment as a share of the population has continued to grow. New industries and occupations have emerged to absorb workers displaced by technology.

Why has that happened? The reason is that, historically, new technologies and automation boost productivity growth, enabling companies to lower prices for consumers, pay higher wages, or distribute profits to shareholders. This in turn stimulates demand across the economy, boosting further job creation. Isn't that something we all want in Bangladesh?

In economics, it is well known that rising productivity is usually accompanied by employment growth. Using automation to boost productivity raises incomes, which are then spent, creating demand for goods and services across the economy.

Over the long term, history shows us that productivity growth enabled by automation has reduced the average hours worked per week and allowed people to enjoy more leisure time.

Across advanced economies, for instance, the length of the average workweek has fallen by nearly 50 percent since the early 1900s, reflecting shorter working hours, more paid days off for personal time and vacations, and the recent rise of part-time work.

Now let's come to Bangladesh and our own RMG industry. One of the most notable aspects of this industry is that it remains very people-intensive and provides millions of jobs for garment workers.

The industry has been a boon for our economy and there is no denying that it is a bona fide success story.

But the introduction of technology and automation has been fairly limited up to now. This has meant that, among other things, productivity rates have remained relatively low, certainly in comparison to some of our competitors. Low productivity rates mean wage rates remain low. Going back to the narrative above, as we have seen, higher productivity boosts profits, economic performance and standards of living. It's a virtuous circle, and one which Bangladesh now needs to be aspiring towards.

To put it bluntly, the Bangladesh RMG industry now needs to move onto the next level if it is to prosper and provide meaningful work. Moreover, if we fail to embrace automation in our industry, our very survival will be under threat, given that all of our major competitors—Vietnam, India, China and so on—are now looking to automation in a big way (although China, it has to be said, is ahead of the chasing pack).

So what do I mean by embracing automation? The key here is to think holistically. Automation ties in with embracing technology as well as upskilling our workforce via better education and training opportunities. These issues are all part of the same puzzle.

Thinking specifically about automation, it is already been widely used in parts of the textile industry, particularly in China, as I have mentioned. But the point to be made is that in the overwhelming majority of cases, automation and robots are only carrying out repetitive works. In these cases, automated technology is being harnessed to carry out extremely dull and mundane work which would ordinarily be done by the lowest skill/paid workers. Is it taking jobs? In some cases, jobs may disappear, but they will and are being replaced by higher skill jobs which can only be carried out by workers.

One example here is "sewbots"—short for sewing robots—a name used for automated sewing machines. This and similar technologies have been around for many years, and yet it is not like they have turned our industry upside down overnight. In addition, I have yet to hear a story of a "sewbot" leading to job losses. Instead, these and similar technologies are more likely to be used by a manufacturer to increase speed to market and factory efficiency and productivity. In other words, they are used to compliment and support an existing set up while also allowing people to focus on areas of activity where they can bring genuine added value.

Where else are robots and automation being used in our industry? The International Finance Corporation, the financial arm of the World Bank, has worked extensively in the textile industry, particularly around developing more sustainable supply chains.

According to its most recent research on the issue, published during 2020, automation in garment assembly is not progressing at the same pace as in other industries, with typically assembly activities such as sewing still very much the domain of human beings.

There are reasons why massive automation is not yet happening, and these include technical issues and cost concerns, particularly since it is tricky for manufacturers to forecast return on investment given the unpredictability of orders. These issues have, of course, been accentuated during the past nine months as the impact of the coronavirus pandemic has placed huge pressure on factory finances.

That said, the IFC suggests that segments of the manufacturing process, such as ginning, spinning, weaving and knitting have now been largely automated. Progressive factories are also introducing technologies such as 3D printing, laser cutting and laser stonewashing, resulting in fewer assembly line jobs but greater opportunities for skilled workers who will need to be trained and educated to operate next generation machinery, integrate telecommunications networks, service and repair sophisticated equipment and develop the programming languages that are the brain centres of modern factories.

In other words, automation sees some jobs disappear but new jobs spring up in adjacent, high value areas. Such progression is the hallmark of a successful economy.

Another key factor to consider in the automation debate is population growth. The world's population is expected to expand to an estimated nine billion people by 2030. In turn, the apparel industry is forecast to double in size to a USD 4.4 trillion business.

Some forecasters believe that, in the wake of this growth, new consumer markets will emerge with a focus on bespoke, individual apparel products produced at speed using 3D printing and associated infrastructure. The mass market will never disappear but a rising middle class with increased disposable income will likely see greater demand for high quality, individualised, responsibly produced apparel products. In many cases, consumers will want to know exactly how these products were made, using what materials, in what country and factory and the conditions in which they were made. Indeed, two of the most popular words in the fashion industry being used by brands and retailers right now are traceability and transparency.

All of the above requirements can only be satisfied by modern, progressive factories which blend a combination of sophisticated, automatized infrastructure with highly qualified and trained personnel. The automation and the skilled personnel go hand in hand and, as indicated, this brave new world will potentially lead to higher quality jobs in Bangladesh.

Another reason why Bangladesh must embrace automation is because the move towards more bespoke products which are fully transparent and traceable is something many brands are increasingly looking at. We even see some pundits suggest that this is an argument for near-shoring—the process whereby apparel production takes place closer to actual markets. The argument goes that to satisfy consumer demand for speed, precision and delivery, near-shoring will be on the rise moving forwards.

I personally have never bought this argument. Our industry has had the option of nearshoring for many decades. Indeed, it has been tried several times but with limited success due to a lack of local expertise, know-how and infrastructure.

Nonetheless, Bangladesh must remain alert to this issue and understand that, moving forwards, brands and retailers will be demanding a more sophisticated and compelling offering from sourcing hubs. As one of the world's leading garment manufacturers we must be ready to up our game: to produce faster and smarter and offer seamless packages, often using vertically integrated solutions (as China has so successfully embraced).

The only way we can do these things is by embracing automation. Automation and technology are the essential connective tissues, the invisible industrial lubricants that will enable our industry to boost its productivity and competitiveness on the global stage.

In summary, increase in automation and technology is an inevitable process all economies go through as they move from Lesser Developed Country (LDC) status. Bangladesh is at present the largest LDC in terms of population and economic size but it looks set to leave this category in the next few years.

To do so, it needs to continue its process of modernisation, embracing the digitised world and technological innovation to boost competitiveness while providing well paid, meaningful employment for its inhabitants.

Source: thedailystar.net– Feb 19, 2021

HOME

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NATIONAL NEWS

India, EU express hope to forge host of bilateral cooperation arrangements

India and the European Union (EU) on Friday expressed hope to forge a host of bilateral cooperation arrangements with a view to boost bilateral trade.

At a bilateral meeting with the EU, India shared structural reforms priorities of the country and various steps taken to revive economy hit by COVID-19 crisis.

During the 11th India-EU Macroeconomic dialogue held virtually, the EU informed about the economic challenges and outlook of their economy due to the adverse impact of the COVID-19 pandemic and their recovery plan.

"The dialogue concluded with the hope that both sides would be able to build stronger and deeper relations by entering into various bilateral cooperation arrangements which are of mutual interest to both sides," an official statement said.

Both sides have been negotiating on the Bilateral Trade and Investment Agreement (BTIA) for many years but still not reached a consensus. The European Union is seeking greater market access for its automobiles, wines and spirits, and have raised concerns over high duties by India.

The Indian side, led by Economic Affairs Secretary Tarun Bajaj, shared fiscal policy response and medium-term fiscal strategy including financial/structural reforms priorities.

"India shared its policy response to COVID-19 crisis and steps taken to revive the economy from COVID-19 impact including well calibrated stimulus packages announced by the Government of India as also the vaccination-related efforts," an official statement said.

The delegation from the EU was led by Maarten Verwey, director general (economic and financial affairs) of European Commission, who informed about the economic challenges and outlook of their economy due to the adverse impact of the COVID-19 pandemic and the recovery plan.

"India-EU relationship has evolved into a multifaceted partnership. Today, it covers all dimensions, political, economic, security, trade and investment, environment, research and innovation," it said.

The 27-member EU is one of our largest trading partners, one of the largest investors in India and an important source for technology, innovation and best practices.

The dialogue also covered sharing of their experiences to enable both sides on various aspects such as collaboration in the G20 on finance track matters, including through G20 Framework Working Group deliverables, and international taxation of digital economy, it said.

Source: financialexpress.com– Feb 19, 2021

HOME

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India's GDP to grow at 13.5% in FY22: Nomura

Economic activity in India is on the 'verge of normality' after being severely hit by the pandemic, according to Japanese brokerage Nomurawhich recently said the country's gross domestic product (GDP) will grow at 13.5 per cent in fiscal 2021-22. Nomura's estimates are higher than the growth rate pegged by the Reserve Bank of India (RBI).

RBI expects GDP to jump by 10.5 per cent in 2021-22, after contracting by 7.7 per cent in 2020-21.

The Nomura India Business Resumption Index (NIBRI) picked up to 98.1 (provisionally) for the week ending February 14, from 95.9 in the preceding week, Nomura said.

The brokerage said that it expects real GDP to contract by 6.7 per cent in 2020-21 and grow by 13.5 per cent in fiscal 2021-22, according to a news agency report.

Power demand fell by 0.1 per cent week-on-week but the brokerage said that this may be likely due to a payback from the stellar 9.6 per cent rise during the preceding week. It said that labour participation rate inched down to 40.5 per cent from 40.9 per cent in the week before.

The brokerage said its proprietary index has been on an uptrend since hitting its trough during the strict lockdown in April last year.

The continued recovery in the index is strongly predicated on containment of the pandemic, the brokerage said, adding it is upbeat on growth prospects due to the confluence of fiscal activism, the lagged effects of easy financial conditions, base effects and faster global growth.

Source: fibre2fashion.com– Feb 19, 2021

HOME

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Cotton exports may increase 30% as global market surges

Cheaper Indian fibre could lift shipments to 65 lakh bales

India's cotton exports may increase by about 30 per cent for the current crop year (October 2020-September 2021) as rising global prices have made the fibre competitive.

According to trade experts, including Cotton Corporation of India (CCI) Chairman and Managing Director (CMD) PK Agarwal, exports could be between 65 and 70 lakh bales (of 170 kg each) compared with 50 lakh bales the previous year.

Bullish prospects

Agarwal sounded bullish on export prospects with CCI holding huge stocks of the fibre. "Export demand is good and overall Indian exports could be around 65-70 lakh bales this (crop) year," said the CCI CMD.

"We will easily export over 65 lakh bales in the current global market scenario," said Rajkot-based raw cotton, spinning waste and yarn trader Anand Poppat.

The bullishness on cotton exports, after traders pruned their projections to 54 lakh bales last month, follows cotton prices in New York topping 89 cents per pound (₹45,924 a candy of 356 kg).

Cheaper cost
In contrast, Shankar-6, India's benchmark cotton for export market, is quoted at ₹44,600-45,100 a candy. Cotton futures for delivery in April were quoted at ₹22,200 a bale (₹46,489 a candy) on MCX.

"Indian cotton is still the cheapest in the world," Agarwal said adding that there was good demand from countries such as Pakistan, Bangladesh, Vietnam and China among others. "Bangladesh is the biggest buyer of Indian cotton. Turkey and Indonesia are other buyers. Pakistan also needs cotton as its crop is lower this year," Poppat said.

However, trade between Pakistan and India came to a halt after the Pulawama blast in February 2019. But Islamabad can still get the commodity from Dubai or other Gulf destinations, indirectly.

Indian shippers are offering cotton at least 10 per cent lower than the prices quoted on New York Mercantile Exchange.

Lower US crop

Brownfieldagnews website quoted a US national cotton council official as saying that cotton prices are projected to rule strong this year on demand recovery. Global economy is recovering at a faster pace and mills are buying more cotton.

Agarwal said a lower US crop is also seen as a positive for the Indian exporters.

Though the USDA has maintained its crop production prospects in the US, traders expect a cut next month, thus buoying the price.

Poppat said at least 30 lakh bales have been exported by January-end and another 2-3 lakh bales could have been exported so far this month.

On its part, CCI expects to ship a good amount of cotton this year through open market and global tenders.

"We expect our share in India's total exports could be around 10 lakh bales this year," Agarwal said.

Procurement operations

CCI, under the Centre's procurement scheme at minimum support prices (MSP), has purchased 91.8 lakh bales accounting for nearly 25 per cent of the projected crop this year.

The Committee on Cotton Production and Consumption (CCPC) has estimated this year's production at 371 lakh bales compared with 365 lakh bales last year. The Cotton Association of India (CAI), a body of traders, has retained its production estimate at 360 lakh bales. India holds an advantage with high carryover stocks of over 110 lakh bales from last year. CCPC has projected the carryover stocks from last season at 125 lakh bales, while CAI has pegged it at 113.50 lakh bales

Agarwal said that CCI has sold 20 lakh bales so far and the corporation currently has 70 lakh bales stocks with 63 lakh bales from the current season.

The CCI CMD said the public procurement will be coming to an end as the arrivals have tapered off and the market prices are ruling at ₹6,000-6,200 per quintal, above the MSP of ₹5,515.

According to traders, farmers have begun to hold back their produce expecting further rise in prices.

In Gujarat's Rajkot district, one of the primary growing regions, raw cotton or kapas was quoted at ₹5,850 a quintal on Thursday, while prices in Punjab markets ranged between ₹5,700 and ₹6,000.

According to the Ministry of Agriculture and Farmers Welfare, kapas arrivals across the country were 2.84 lakh bales during February 15-18, lower than 3.91 lakh bales during February 8-11.

Rajkot trader Poppat said one hurdle in cotton exports could be the persisting container problem. "It continues to affect shipments," he said. However, traders and exporters expect the situation to improve from April onwards.

Source: thehindubusinessline.com– Feb 17, 2021

HOME

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Exporters yet to receive tax refunds of Rs 25,000-30,000 crore from Centre as liquidity crisis hits hard: FIEO

Exporters are yet to receive Rs 25,000-30,000 crore worth of tax refund under the erstwhile Merchandise Exports from India Scheme (MEIS), even as they wait for clarity on a new tax benefit scheme, according to apex exporters body the Federation of Indian Export Organisations (FIEO).

FIEO and other export promotion councils have warned the government that the ensuing liquidity crisis may severely affect outbound trade in the current quarter, Moneycontrol has learnt.

The commerce department has been apprised that crucial export sectors such as engineering goods, chemicals, leather and leather goods, heavy industries and key micro, small and medium enterprises (MSME) run sectors such as handicraft and carpet exports would see their business being majorly hit in the January-March quarter, considered to be a prime export season.

"Even if the government acknowledges the gamut of claims that are pending with it, many banks would be able to lend out to exporters against the receivables. We have told the Centre that assuming you have a problem with the fund, at least allow the exporters to file the claims and accept that as receivables so that some loan may be taken against that," FIEO Director General Ajay Sahai said.

The hugely popular MEIS scheme introduced in 2015 allowed exporters to earn duty credits at fixed rates depending on their exports and destination. These could be used to pay for import duties.

The scheme was discontinued by the government after the World Trade Organization (WTO) ruled against it in November, 2019. The United States had lodged a case against India at the top court for international trade disputes and argued MSME was 'trade distorting' and provided direct subsidies to exporters, prohibited under WTO rules.

Also, the NITI Aayog pointed out that the mega scheme did little to boost India's exports. "Public tax liability under the MEIS ballooned from Rs 20,232 crore in 2015-16 to Rs 39,000 crore in 2019-20, becoming unsustainable.

However, exports remained stuck at $313 billion in 2019-20 against $310 billion in 2014-15," a senior Commerce Department official said. Currently, the government is in the process of diverting MEIS funds into specific performance linked incentive schemes, he added.

But its alternative, the new scheme, introduced in the latest Budget with an initial allocation of Rs 13,000 crore has fallen short of expectations of exporters. The finance ministry had in 2020 promised an outlay of Rs 50,000 crore, along with a similar formula as MEIS.

But exporters remain especially irked at the government for not announcing the rate of tax benefits under RoDTEP, more than 18 months after it was announced initially. "All MEIS benefits have been cut off from January 1, but the government is yet to announce tax refund rates for even a single export item under RoDTEP, a scheme initially brought to help remove export uncertainty," added Sahai.

India's exports in the April-January period of 2020-21 was $228 billion, 13.5 percent lower than the corresponding period of the previous financial year.

Source: moneycontrol.com– Feb 18, 2021

HOME

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Gangwar launches Software Applications and instruction manuals with questionnaire for five All India Surveys

Union Minister of State (Independent Charge) for Labour & Employment Shri Santosh Kumar Gangwar today launched the trainers' training programme for the All India Surveys being conducted by Labour Bureau, an attached office of Ministry of Labour & Employment by releasing the Instruction Manuals & Questionnaires for the surveys and the software application developed. He was accompanied by Secretary L&E Shri Apurva Chandra and Senior Labour & Employment Advisor and Director General, Labour Bureau Shri DPS Negi.

Speaking on the occasion, Union Labour Minister said that data on all aspects of labour is crucial to serve as inputs in policy making especially in times of the COVID-19 pandemic.

The five All India surveys on migrant workers, domestic workers, employment generated by professionals and transport sector have tremendous role to play at national level by providing data on the most effected labour market participants. The Minister lauded the efforts of Shri Apurva Chandra, Secretary, L&E and Shri DPS Negi, Director General, Labour Bureau for their steadfastness and exemplary role which have finally culminated in the launch of four All India surveys.

Secretary L&E Shri Apurva Chandra informed that the Government has constituted an Expert Group under the chairmanship and co-chairmanship of Dr. S. P. Mukherjee and Dr. Amitabh Kundu respectively with leading economists and statisticians as members to guide Labour Bureau for conducting these surveys. The Expert Group has so far conducted forty-six meetings of the group and Sub-Group to finalise the questionnaire, instruction manuals and sampling designs of these surveys.

He stressed that this is the first time that the Bureau will collect data through greater use of information technology which will enable it to effectively meet the rapid demands for data in the field of labour and employment. He said, surveys will be conducted using AI based technology intervention with Speech-to-Text facility along with Geo-Fencing Technology, Travel Schedule, Message Broadcast functionalities inbuilt. He added that real time reporting and monitoring with advance dashboards, command and control centre are also being developed.

Director General, Labour Bureau Shri D.P.S. Negi, emphasized on the use of Artificial Intelligence and Machine learning with data storage in cloud computers along with geo tagging to enhance the data collection, assimilation and processing. He also stated that these ambitious surveys will provide a comprehensive picture of the employment scenario in the country thereby formulating sound National Employment policy of the country.

The Labour Bureau is entrusted with five All India surveys

- All India Survey of Migrant workers,
- All India survey of Domestic Workers,
- All India survey of employment generated by Professionals,
- All India survey of employment generated in Transport Sector and
- All-India Quarterly Establishment based Employment Survey

The surveys are also significant in terms of the path-breaking initiative being taken by Bureau in terms of use of Information Technology (IT) in the entire chain of data collection to report generation. In a pioneering move, all across the country, data under all the surveys will be collected through IT enabled software using handheld electronic devices and will be stored and processed electronically. The IT interventions in conduct of surveys will reduce the completion time of surveys by at least 30-40%. The Bureau will engage an IT partner for providing the technological support for these surveys. This success of Bureau in utilisation of this innovative technology will be worth emulating by other agencies involved in similar survey works.

The Bureau is also going to launch All India Quarterly Establishment Based Employment Survey to assess the employment situation in establishments with more than 10 workers and also less than 10 workers. These surveys will fill the huge data gap that exists on the employment numbers in the unorganized sector.

The Bureau is also gearing up to take up its role as the nodal agency for collating statistical returns under all the four labour codes. For the last hundred years Labour Bureau has been at the forefront in fulfilling the data needs of various stakeholders in the field of labour & employment. Besides being the repository of data on labour, the Bureau is also nationally and internationally renowned for compilation and generation of vital statistics like the Consumer Price Index for Industrial Workers (CPI-IW) the base of which was recently revised to the year 2016, Consumer Price Index Numbers for Agricultural and Rural Labourers (CPI-AL/RL) and for undertaking numerous surveys and studies on different aspects of labour.

Source: pib.gov.in– Feb 18, 2021

HOME

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Forex reserves down by USD 249 mn to USD 583.697 bn

The country's foreign exchange reserves fell by USD 249 million to USD 583.697 billion in the week ended February 12, RBI data showed on Friday.

In the previous week, the reserves had declined by USD 6.24 billion to stand at USD 583.945 billion. It had touched a record high of USD 590.185 billion in the week ended January 29, 2021.

In the reporting week, the decrease in reserves was mainly due to a fall in the foreign currency assets (FCAs), a major component of the overall reserves.

FCAs decreased by USD 1.387 billion to USD 540.951 billion, weekly data by the Reserve Bank of India (RBI) showed.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

After falling for two consecutive weeks, the gold reserves rose by USD 1.26 billion to USD 36.227 billion in the week ended February 12.

The special drawing rights (SDRs) with the International Monetary Fund (IMF) rose by USD 10 million to USD 1.513 billion.

However, the country's reserve position with the IMF declined by USD 132 million to USD 5.006 billion in the reporting week, as per the data.

Source: financialexpress.com– Feb 19, 2021

HOME

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Interest on net GST liability with retrospective effect to get legal backing

Finance Bill proposes amendment in law

The Finance Ministry has cleared the air on interest on net tax liability with retrospective effect by proposing amendment in the GST law.

The Finance Bill 2021 proposes to amend Section 50 of the Central Goods and Services Tax (CGST) Act to substitute the proviso to sub-section (1) so as to charge interest on net cash liability retrospectively with effect from the July 1, 2017.

Net GST liability is arrived at after deducting input tax credit from gross GST liability. Tax is deposited along with returns within the prescribed timeline. After the prescribed date, the assessee is to pay interest on tax liability.

Seeking refunds

A senior CBIC official said once the Finance Bill 2021 is enacted, the retrospective amendment will become effective and help in settling old matters. At the same time, those who have already paid higher interest can seek refunds. However, some experts feel assessees may need help from High Court to file refunds.

MS Mani, Partner with Deloitte, says the amendment will reaffirm the views of the Madras HC in the case of Refex Industries and overrule the decision of the Telangana HC in the case of Megha Engineering. “This will clarify to businesses at large that the need to pay interest on delayed payments is only on the net amount paid and will ensure that tax authorities across the country adopt a uniform view on this issue,” he said.

The GST Council, in its meeting on June 21, 2019, 2020, recommended interest to be charged on net cash tax liability, with effect from a date to be notified by the government. For this, amendment was made through Finance Act, 2019. Then, in another meeting (March 14, 2020), the Council recommended interest to be charged on net tax liability with effect from July 1, 2017.

Contrary to notification

However, a notification was issued on August 25, 2020, which set the appointed date as September 1, 2020 for interest applicability. Taxpayers alleged that this notification was contrary to recommendations given by the Council. In order to address this issue, the Central Board of Indirect Taxes and Customs (CBIC) issued an instruction on September 18.

Accordingly, it was decided that for the period July 1 to August 31, 2020, interest is to be recovered only on the net cash tax liability (that it, that portion of the tax that has been paid by debiting the electronic cash ledger or payable through cash ledger). Further, it was said wherever show-cause notice (SCN) has been issued on gross tax payable, the same may be kept in Call Book till the respective amendment in Section 50 of the CGST Act is carried out.

Call Book cases are those SCNs, which cannot be adjudicated immediately due to certain specified reasons and adjudication is to be kept in abeyance. Cases transferred to the Call Book are not included in the monthly statement of pending cases.

Source: thehindubusinessline.com– Feb 19, 2021

HOME

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15 States complete ease of doing business reforms

The number of States successfully completing the “Ease of Doing Business” (EoDB) reforms has increased to 15. Three more States namely, Gujarat, Uttar Pradesh and Uttarakhand have reported completion of “Ease of Doing Business” reforms stipulated by the Department of Expenditure.

On receipt of recommendation from the Department for Promotion of Industry and Internal Trade (DPIIT), the Department of Expenditure has granted permission to these three States to raise additional financial resources of Rs. 9,905 crore through Open Market Borrowings.

Earlier, Andhra Pradesh, Assam, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Odisha, Punjab, Rajasthan, Tamil Nadu and Telangana had also reported completion of this reform, which was confirmed by DPIIT.

On completion of reforms facilitating ease of doing business, these 15 States have been granted additional borrowing permission of Rs. 38,088 crore.

The ease of doing business is an important indicator of the investment friendly business climate in the country. Improvements in the EoDB will enable faster future growth of the state economy. Therefore, the government of India had in May 2020, decided to link grant of additional borrowing permissions to States who undertake the reforms to facilitate ease of doing business. The reforms stipulated in this category are:

(i) Completion of first assessment of ‘District Level Business Reform Action Plan’

(ii) Elimination of the requirements of renewal of registration certificates/approvals/licences obtained by businesses under various Acts.

(iii) Implementation of computerized central random inspection system under the Acts wherein allocation of inspectors is done centrally, the same inspector is not assigned to the same unit in subsequent years, prior inspection notice is provided to the business owner, and inspection report is uploaded within 48 hours of inspection.

In view of the resource requirement to meet the challenges posed by the COVID-19 pandemic, the Government of India had on 17th May, 2020 enhanced the borrowing limit of the States by 2 percent of their GSDP. Half of this special dispensation was linked to undertaking citizen centric reforms by the States. The four citizen centric areas for reforms identified were (a) Implementation of One Nation One Ration Card System, (b) Ease of doing business reform, (c) Urban Local body/ utility reforms and (d) Power Sector reforms.

Till now, 18 States have carried out at least one of the four stipulated reforms and have been granted reform linked borrowing permissions. Out of these, 13 States have implemented the one nation one ration card system, 15 States have done ease of doing business reforms, 6 States have done local body reforms and 2 States have undertaken power sector reforms. Total reform linked additional borrowing permission issued so far to the States stands at Rs.--- 86,417 crore.

Source: pib.gov.in– Feb 17, 2021

HOME

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