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INTERNATIONAL NEWS

UK exit leaves business in a fix

Post Brexit, when the United Kingdom finally left the European Union at the end of December 2020, there were many problems for businesses working across the area.

The EU-UK Free Trade Agreement is not the panacea that businesses were led to believe it would be. Although the agreement avoids duty costs, VAT still applies. Similarly, the complicated issues with rules of origin now in place coupled with increased paperwork and border checks are making it near-impossible for some brands to operate.

The fashion industry, which works extremely closely with its European neighbors, has been hit hard. A large proportion of fashion brands – particularly in the sustainable space – manufacture and source materials in Europe and 80 per cent of UK clothing exports are currently sent to the EU.

Considering the complicated supply chain for many fashion goods (for example, multiple parts and materials sourced from different countries), the change in rules demanding declaration of origin is also proving problematic.

Customers in Europe who have ordered goods from the UK (and vice versa) are increasingly seeing expensive clearance orders being served when parcels arrive at the door. Customers frequently reject these steep fees and the goods are then returned to the sender. While this back and forath creates unnecessary additional emissions, the returned items often end up being wasted.

Source: fashionatingworld.com– Feb 20, 2021

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US apparel sales decline by 19% in 2020: NPD Survey

According to a NPD Group survey, apparel sales in the United States declined by 19 per cent in 2020, reports Fashion Network. Sales of comfy cozy categories like sweatpants increased by 17 per cent, those of sleepwear rose by 6 per cent, and those sports bras grew by 10 per cent during last year. Fashion footwear sales declined by 27 per cent during the year.

Sales of tailored clothing, dresses and dress shoes were hit particularly hard in 2020 due to the 'work from home' trend. Sales of fashion sneakers declined year on year although at a much softer rate than the overall category.

Regardless of whether consumers adopt more permanent work-from-home routines or go back to the workplace, demand for comfortable fashion is likely to stick around for the long term, says the survey.

Seventy per cent of respondents reported that once they can return to work and other activities, they plan to dress just as or more casually than they did prior to the pandemic.

As per NPD's 'Future of Footwear' report, the fashion category will recuperate in 2021, though it will regain less than half of the volume it lost in 2021.

Source: fashionatingworld.com– Feb 20, 2021

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E-com in China to be over half of retail sales in 2021: eMarketer

Market intelligence firm eMarketer recently forecast that 52.1 per cent of China's retail sales will come from e-commerce in 2021, up from 44.8 per cent last year. This is for the first time anywhere that a majority of retail sales for an entire country will transact online. The country with the next-highest rate of e-commerce as a share of total retail sales is South Korea.

South Korea is projected to transact 28.9 per cent of its sales online this year. In the United States, that figure will be just 15 per cent, and the average among Western European countries will be 12.8 per cent, the company said in a press release.

China has long led the world in aggregate e-commerce sales figures and e-commerce's share of total retail. However, as recently as 2018, that share was only 29.2 per cent, which is relatively close to what e-commerce's share will be in South Korea and the United Kingdom this year.

Yet, China seemingly reached a behavioral tipping point over the past few years, wherein e-commerce enthusiasm accelerated rather than leveled off. While the pandemic did not create this trend, it certainly buttressed it, and China's most recent e-commerce boom did not decelerate even after the country got a handle on the virus and the economy fully reopened.

Last year, brick-and-mortar sales declined by 18.6 per cent in China, and the company project brick-and-mortar sales will decline by another 9.8 per cent this year.

By comparison, e-commerce grew by 27.5 per cent in 2020 and will grow by another 21 per cent in 2021. Ten years ago, e-commerce's share of total retail in the United States and China were nearly identical—4.9 per cent and 5 per cent respectively.

Source: fibre2fashion.com– Feb 22, 2021

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Euro zone may decide on tapering economic support between March, May

Between March and May, the euro zone is likely to decide when and how governments would start tapering support to their economies as vaccination campaigns allow the lifting of lockdowns and economic activity picks up, according to top euro zone officials. Finance ministers of the 19 countries recently discussed the European Commission's forecasts.

The forecasts say the euro zone would rebound less than expected this year, and the ministers decided to keep all measures intact for now, according to a global newswire.

"This reaffirms the need ... for supportive economic policies to remain in place for as long as they are needed," the ministers' chairman, Paschal Donohoe, told a news conference, noting the large uncertainty surrounding the recovery.

"There is an inherent risk of withdrawing support too early as opposed to withdrawing it too late," he said.

Euro zone governments have made available trillions of euros to economies since the start of the pandemic in February 2020 in fiscal stimulus and various measures to support corporate liquidity, loan repayment, tax deferrals and salary subsides.

To make cash available, the 27-nation bloc last year suspended its budget rules that limit government borrowing until the end of 2021.

But as the economy gradually regains its footing, the blanket support measures would need to become more targeted and calibrated to help only viable firms, rather keep alive those that would have collapsed even without the COVID-19 crisis.

Source: fibre2fashion.com– Feb 22, 2021

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More 'Brexit' companies shift to Netherlands as uncertainty persists

The year 2020 witnessed 78 ‘Brexit’ companies moving to the Netherlands, despite foreign investment in the country declining by a quarter due to the pandemic, according to the Netherlands Foreign Investment Agency, which recently said the number was the same as in 2019, lifting the total number of such companies since the 2016 Brexit referendum to 218.

The Netherlands has attracted companies in trading and finance, medicine and agriculture, as well as logistics and distribution looking to secure their European operations as Britain departed the European Union.

Amsterdam is already poised to be Europe’s number one corporate listing venue this year and in January, data showed it displacing London as Europe’s biggest share trading centre.

The 2020 arrivals are expected to generate a combined 6,000 jobs and €544 million ($654.98 million) of investments in the first three years, the agency said in a statement.

They include British companies, but also businesses from America and Asia that are shifting European operations, it said.

“Not only are the amount of contacts continuing to grow, the number of Brexit companies that have opted for the Netherlands is also increasing,” it said. “In effect, the uncertainty of recent years has not disappeared.”

Source: fibre2fashion.com– Feb 22, 2021

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Vietnam textile and apparel exports up three per cent in January

In January 2021 Vietanam's export turnover in textile and garment industry rose 3.3 per cent year on year. Some products enjoyed a high growth rate of between 9 per cent and 36 per cent. The industry achieved 20 per cent growth in the US market for the first time.

Despite the global fashion industry suffering from a range of challenges caused by the pandemic, the Vietnamese garment and textile industry recorded positive growth in market shares to major locations such as the United States and Europe.

But this year marks the first time in 25 years that Vietnamese textile exports recorded negative growth rate of 10.5 per cent comopared to 2019. This year, local businesses are expected to boost market expansion and maximize benefits from free trade agreements such as the EU-Vietnam Free Trade Agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership to bolster exports.

The global fashion industry's profits saw a 93 per cent dip, with more than 10 major fashion brands going bankrupt and roughly 2,00,000 workers in the fashion supply chains in the US losing their jobs. However the global textile market is anticipated to bounce back during the second quarter of 2022.

Source: fashionatingworld.com– Feb 20, 2021

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Bangladesh: Youngone making massive investment in man-made fibre

Kihak Sung, chairman and CEO of the conglomerate, tells The Daily Star

Youngone Corporation, a global conglomerate based in Korea, has made massive investments in man-made fibre (MMF) for clothing in its factories in Bangladesh as artificial materials are now dominating the fashion industry, according to Kihak Sung, chairman and chief executive officer of the company.

Youngone, famous for its outerwear and MMF products, recently started manufacturing polyester fabrics at three factories covering 40,000 square metres each at the Korean Export Processing Zone (KEPZ) in Chattogram.

Besides, Japanese engineers will install some new machinery at one of the factories soon, Sung told The Daily Star in a recent interview.

Sung decided to invest in MMF products due to their rising demand in the international market.

Currently, 95 per cent of all the fibres produced by the company is MMF that is used by its own factories and other local manufacturers for a variety of apparel items.

So far, $65 million has been invested in the three factories while another $120 million will be invested to operate five in total.

Being the largest foreign investor in Bangladesh's garment industry, Youngone plans to invest $1 billion over the next few years depending on the country's situation.

However, Sung did not mention any specific timeframe for the investment.

Youngone has already invested around $600 million in Bangladesh, Sung said.

The company is also investing in a solar power development project in an effort to bring 40 MW capacity of clean energy to the KEPZ.

Once complete, it will be the world's largest rooftop solar power project.

But like other companies, Youngone was also badly affected by the Covid-19 fallout.

The company lost about 45 per cent of its yearly export revenue due to order cancellations and was forced to halt production for nearly nine weeks amid all the economic uncertainty.

After numerous negotiations, the rate of cancellation was reduced to 15 per cent. On the other hand, the company's Vietnam operations continued to run smoothly.

Sung, who started his business in 1974 and set up a garment factory with only 450-500 workers in South Korea in 1976, has been doing business in Bangladesh since 1980, when he set up a factory at Agrabad in Chattogram.

"So this year is the 41st year of doing business in Bangladesh, which is my second home and the country is deeply ingrained in my heart," Sung told The Daily Star at his Gulshan residence during a short visit to Dhaka.

Although, he could not remember what his initial investment was back in 1980, he did say that exports were short of $100 million when his newly built factory at the Chattogram Export Processing Zone (CEPZ) was inundated by a massive flood, cyclone and tidal bore in April, 1991.

His single-storied factory building was inundated in the cyclone and more than 300,000 pieces of garment items made for Nike and Marks & Spencer were totally damaged.

It was that time when Sung could have left the country due to the irrevocable losses.

However, he was moved by his workers and decided against pulling out of Bangladesh.

Without being told to, his workers cleaned the damaged garment items in hopes that they could still be exported and it was this hope that guided Sung's decision.

"It moved me very much and that's why we decided to stay in this country. We then built a multi-storied building above the flood level after I raised funds from the Korean stock market to manage the difficult financial situation," Sung said.

Now, the company's annual revenue is about $2.5 billion and Sung aspires to increase it considerably.

This is why he has been heavily investing in innovative textile and garment production.

Currently, Youngone has business operations, particularly textile and garment, in Bangladesh, the US, Vietnam, Korea, Ethiopia, Uzbekistan, El Salvador and Switzerland.

Sung could not immediately say how many factories are under his corporation but did say that there are five groups of companies in Bangladesh that have more than 60,000 employees combined.

The company's biggest offshore operations are in Bangladesh though and Sung has been developing the KEPZ Corporation to invest more progressively in the country.

Youngone is the main supplier of down jackets—a soft but very warm outerwear made from MMF and real feathers—in Korea and it is also the main supplier of The North Face products globally.

The retention value of quality down jackets in Bangladesh is more than 75 per cent and Youngone is the main producer of this special kind of jacket for cold climates. The product is largely manufactured in Bangladesh.

Sung went on to say that Bangladesh's graduation from a least developed country (LDC) to a developing one will erode its trade competitiveness by more than 10 per cent on exports to EU markets.

Bangladeshi companies need to improve their productivity by at least 50 per cent as well as reduce costs and lead time to compete in the international market before the country loses its trade benefits.

Bangladesh should use Vietnam as a benchmark for how smooth business operations in a country should run, he added.

For instance, even a few years ago, there were 7,000 Korean companies, mainly textile and garments related, in Shandong province of China but most of those factories were relocated to Vietnam as it offered good business conditions and administrative support.

Bangladesh can learn from Vietnam on how to attract more foreign direct investment, said Sung, who also served as chairman of the Korea Federation of Textile Industries (KOFOTI) and president of the International Textile Manufacturers Federation (ITMF), the world's oldest textile organisation based in Zurich, Switzerland.

Sung said he started his business at age of 27 after the completion of his graduation from Seoul National University and serving in Korean army.

The company chose to come to Bangladesh in the 80's mainly to export locally produced outwear to Sweden to enjoy the country's quota free benefits.

That year, three Korean companies invested outside of Korea. One went to Sri Lanka, another to Honduras and Youngone in Bangladesh.

Of these three, only Youngone is still doing business while the others have shut down entirely. Sung recalled how one of his female staffers joined in 1977, who is now working at his Vietnam factory.

About the rise of the garment industry and performance of Bangladesh's economy, Sung said he has witnessed remarkable development in the sector.

Although many foreign investors have left Bangladesh, Sung believes that this country has enough potential to grow further.

He said Noorul Quader, owner of Desh Garments, is a big name in the local industry as he sent many executives to Korea for training.

After a long career as a businessman, Sung decided to place the responsibility of leading the company on the shoulders of his daughter Rae Eun Sung.

His daughter has been working as the head of operations in Youngone Corporation and is president and chief executive officer of Youngone Holdings.

Source: thedailystar.net– Feb 20, 2021

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Pakistan: Revival of power loom sector to boost economy in country

Manufacturing sector growth in any country provides strong basis for a vibrant economy, help create employment and boost exports for earning more and more foreign exchange.

Economic stability is most often linked to manufacturing sector growth as it provides a strong basis for economy through revenue collection, enhancing per capita income and cutting trade deficits thus leading to development in the country and ameliorating the lot of people. Pakistan's industrial especially the textile and manufacturing sector have been amply contributing to economic growth in the country over the decades.

But, in recent past the faulty policies of the government badly affected this sector and the country bore the brunt of trade deficit due to diminishing industrial growth.

Realizing the importance of this sector in economic growth, Prime Minister Imran Khan and the present government focused the industrial sector on priority encouraging the textile sector and small medium enterprises to play their role in economic revival.

The effective strategies initiated by the PTI government have started producing fruitful results as the country is earning sizeable quantum of foreign exchange through growth of manufacturing sector and export of home made products.

In this regard, significant improvement has also been recorded in textile sector of the country where the Pakistan striving its status of 8th largest exporter of textile in Asia. In its efforts to putting country on strong footing, the PTI government besides facilitating mega industrial cities like Karachi, Faisalabad and Lahore has also focused small cities and their manufacturers.

Such an example is of Sanghar district of Sindh province that produces quality cotton on large scale. As Sindh province is one of the largest producers of cotton and contributes due share in country's economy, its historic Tando Adam area fully benefits from this growth.

Thousands of people in this city are associated to small scale manufacturing and make Tando Adam famous for home based power looms industry. This sector has remained a source of income for people in the area for last 50 years.

When the present government came into power, the power loom industry like other industrial sector was experiencing acute problems that had hindered its growth. The worsening situation was seeking attention of the authorities over the period but could not get desired response to keep the ball rolling and ensuring bread and butter for those associated to this sector. Then the time came when the present government paying heed to hardships of people associated to this sector announced an incentive for the industrial sector. These initiatives not only paved way for revival of this sector but also ensured the labor class to earn finances to meet their needs.

“Incentives announced by Prime Minister Imran Khan brought a hope for survival of small industries,” said Zonal Secretary Pakistan Small Units Power Looms Association Muhammad Sabir Ansari. “It is appreciable initiative. Finally we see some relief that would help us revive and expand our industry.”

He informed that over 500 small and large scale units of power looms are being operated in Tando Adam besides over 700 textile sewing machines that ensure earning for more than 10,000 self employed and daily wages employees. “We were facing number of problem including hefty utility bills. But, after announcement of exemption in power tariff, the factory owners feel some to come out of financial constraints and earn respectable living.”

Sabir Ansari said the industry has been engaged in producing quality products of polyester, staple, jarjat, khaadi, cotton and mosquito mats. These items are brought to finished form by textile units of Karachi and Hyderabad and exported to various countries including USA, UK, Germany, Saudi Arabia and UAE.

He emphasized to providing maximum incentives to power looms industry including declaring load shedding free area as well as import of quality thread so the country could be able to achieve quality production and compete in the international market.

Sabir Ansari pointed out to shortage of thread that was hampering speedy production of goods by factory owners and their in time delivery to buyers.

“This problem also needs attention of the authorities to enable us to compete in international market.”

Eulogizing the efforts the Prime Minister Imran to boost industrial sector, Shakeel Ahmed Ansari, another power looms owner said, no government in the past initiated such measures for small and medium industries.

“The initiative of the PTI government would surely improve the socio economic condition of the workers associated to small and medium industries for earning a living and feeding their families,” Shakeel said, who runs a small unit at Tando Adam.

He said progress of industrial sector will not only provide opportunities for owner to prosper but also ensure employment for the local people and factory workers. The workers employed at power loom factories on daily wages also cheer up due to the government initiatives because prosperity of this sector also allays their fear of going jobless.

“We are paid wages at the rate Rs. 500 to Rs. 700 per day that means a lot to meet our daily expenditures. If there is no business, there is no employment and what no employment means can only be understood by an unemployed person,” said a power loom worker.

The 50 years old Power Loom industry of Tando Adam is reviving although it is still facing problems like thread shortage and multiple expenses hampering its endeavor to compete in international market. This industry is source of livelihood for 10,000 families who belong to poor background. Although they earn a living to meet their ends, they are also desire a package of health and education facilities for their families.

Source: dailytimes.com.pk– Feb 21, 2021

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Pakistan: Exploring world's biggest market

Economies determine the standing of nations in the world while markets determine the power.

Reliance and belief in the power of markets is certainly gaining ground over mere political slogans in international relations.

With its population of 450 million, in 27 countries, the European Union (EU) is the largest economy and the largest trading bloc in the world. The current foreign and trade policy of Pakistan does not seem to be internalising the aforementioned fact. There is, however, still time and margin to improve.

Pakistan's total share in EU's imports was merely 0.3% in 2019, despite having the GSP Plus status, and that too was mostly in textiles.

For the EU market, the list of largest import partners starts with China, followed by USA, the UK, Russia, Switzerland, Turkey and on the 10th place is India while Pakistan ranks in the 40s.

A positive point, however, is that between 2013 and 2019, Pakistan's exports to the EU increased by 65%. This is still far less than the potential.

Flipping the story to the side of Pakistan, the EU is Pakistan's largest export market, taking up 35% of the export share. This resonates to feel even higher, realising that almost one-third of Pakistani imports finds a market in the EU, a statistic which speaks of its own importance.

Top exports, from Pakistan to the EU, include textiles, raw animal skins, vegetables, foodstuff and tobacco. The volume of exports has been on a rising trend since 2011 but the share in EU imports remains at 0.2-0.3%, which states that the size of the EU market is growing but not the share of trade between the EU and Pakistan.

A significant point to be noted is the absence (or negligible volume) of services' exports from Pakistan to the EU.

It is no-brainer that the manufactured and processed goods carry the value addition in their sale prices that raw skins, textile yarns, unprocessed goods and vegetables do not.

One, however, may not find a logic why Pakistani exporters do not consider this for the European market, which is a “premium” consumer market. There is enormous potential for the manufacturing sector and high-skilled labour to contribute to value-added exports from Pakistan.

Preferences and standards

Training and specialisation by the skilled labour and deployment of latest machinery would be required to ensure Pakistan’s textiles and leather accessories meet the aesthetic preferences of the EU market; cutlery, surgical and pharmaceutical instruments are all designed and produced as per the European standards; and exotic herbs, spices as well as Basmati rice, cane sugar, fertilisers, Himalayan salt, and fruits are packaged according to quality packaging standards of the EU.

Stitched, printed, embroidered and tailoured for the EU sizes apparel would make more contribution. Marbles, tiles, leather goods and artwork such as carpets and Kashmiri Pashmina would need export regulatory policies to increase compliance with international standards of quality and production.

Emphasis on quality packaging of international standards for foodstuff and edible products would increase the opportunity for processed foodstuff exports. Bringing foreign investment via partnerships with European clothing brands would give a big boost to Pakistan’s textile exports.

To strengthen relationship from its side, the EU has granted Pakistan the Generalised Scheme of Preferences Plus (GSP+) status. Based on this status, around 80% of Pakistan’s exports to the EU are quota and tariff-free, hence, having an advantage over many other competitors.

Currently, Pakistan’s exports are mainly composed of textile but there is potential for many more products under the GSP+. This gives Pakistan a potential goldmine to diversify its export base.

A diverse export base could help Pakistan multiply the benefits of being one of the only eight countries which have the GSP+ status from the EU.

Policy revamp

Before the EU can be regarded as more than just trade partner, Pakistan needs to first realise the importance of this trade partnership. A strong commitment to developing exports and an economic and trade policy makeover is required to capitalise on this potential and increase export earnings through “Made in Pakistan”.

As the EU is also one of the main “development” partners of Pakistan, there needs to be a revamp of Pakistan’s policy and approach towards the bloc so that it takes a comprehensive and holistic approach, combining economic, diplomatic and development policies. In a globalised world, highly competitive and proactive trade policies and export development need to be in place in order to gain entry into potential markets.

Doing so requires market study, spotting opportunity, knowledge of competitors’ strategy and reshaping one’s skillset and investment to optimise one’s resources and outperform competition - something one feels quite less in trade policy of Pakistan.

With a large labour force, land area and untapped natural resources, Pakistan can learn lessons from its eastern neighbour and focus on revamping its economy and shape a trade policy where the country achieves trade-led economic growth and ranks amongst top producers and exporters of the world.

Why not aim for a situation where “Made in Pakistan” becomes a mark of recognition and quality and an essential component in the global supply chains.

Source: tribune.com.pk– Feb 22, 2021

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Pakistan: Chinese firm plans $150m industrial park in Lahore to lift exports

A Chinese company is investing $150 million in an industrial park on Lahore's border with Kasur, which will house state-of-the-art fabric units, dyeing facilities and garment manufacturing units for exporting sportswear from Pakistan to the Americas, Europe, Asia-Pacific and other regions of the world.

The project by the Shanghai-based Challenge is probably the first foreign direct investment (FDI) in an export industry in Pakistan. The firm is already operating as Challenge Apparel since 2017 with its garment manufacturing unit on Multan Road near Lahore fetching nearly $44m in export revenue during the last fiscal year, according to its managing director Chen Yan, who is known in the government and business circles as Karen.

She expects exports from her existing facility to grow to $54m this fiscal year. Once the Challenge Fashion Industrial Park becomes functional from July next year, its sportswear exports from Pakistan are projected to grow to $120m in the first year and to $400m in the next few. The largest Pakistani textile exporting company's exports stood at less than $300m last year. "Our total production is meant for export," Chen told Dawn in an interview. "We're bringing modern, most-efficient and environment-friendly technology to Pakistan from across the world besides introducing new ways of management at our new flagship industrial park.

Our plan is to make Pakistan the hub for our polyester-based sportswear exports. Our Chinese operations in Shanghai and Hubei have customers like Adidas and Reebok who're willing to come to Pakistan if we've capacity here. We'll bring Pakistan new business. We're a different breed and our product line is new for Pakistan." Currently, the company employs around 3,000 workers, including 28 Chinese nationals. Once the industrial park becomes fully functional, the company would have created nearly 10,000-11,000 new jobs.

Challenge's exports from China stand at $150m. Its garments manufactured in China are sold at an average price of $20. Compared to that, its Lahore operation fetches an average unit price of $8-9, which is double the average unit price of around $4 fetched by Pakistani garment companies.

"This difference in unit price isn't about value-addition; this is all about the quality of the fabric. Fabric is the key to higher unit prices. You can charge customer whatever you want if you can give them high-end product," Chen said. The Pakistani cotton-based garments attract lower unit prices because of poor quality of short-staple local cotton, she said. “Even a cotton product can sell for $100-200 if made from finer cloth produced from long staple fibre.”

Challenge entered the Pakistan market in 2014 when it invested $47m in a joint venture with Masood Textiles, a major exporter from Faisalabad. But the venture couldn’t last long as the company bled money profusely and the Chinese investor decided to relocate to Lahore as an independent company.

Chen said Weiguo Huang, chairman of the company, had evaluated Vietnam, Bangladesh, India and Myanmar for moving garment operations out of China. “Vietnam is too crowded already and moved into automobiles and electronics. There is no space for investment in Vietnam. Myanmar doesn’t have infrastructure. India is terrible. In Bangladesh you don’t have right conditions for setting up fabric units. So Pakistan is the ideal location for such garment manufacturing because of abundance of cheaper labour. The investment and tax policies for SEZs and new projects are also good. We’ve confidence to be at here.”

Red tape key hurdle to relocation

Answering a question why no other Chinese companies are relocating to Pakistan, she says Chinese textile industry is trying to relocate out of the country because of shortage of labour and rising wages and many firms want to come to Pakistan. But they don’t find a place to set up shop here. When you buy land you don’t get electricity or gas and other utilities.

“Chinese want to shift their business to a place where they can set up their operations in 3-6 months. You know when you go overseas to invest even in Africa they have industrial parks ready. You just go there and enjoy the ‘plug-and-play’ facility. No firm wants to waste two years in acquiring land and another couple of years in securing utilities to start operations. By the time you get utilities the opportunity is gone and you are already out of business. This is the biggest problem in Pakistan.”

Chen also spoke in detail about the bureaucratic difficulties her company has faced in acquiring land for the industrial park. “The bureaucracy uses different tactics to discourage foreign investors to extort money from them. The bureaucrats are working at cross-purposes with the government. There is no use of a good policy unless it is executed in letter and spirit.”

Source: dawn.com– Feb 21, 2021

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NATIONAL NEWS

India-UK bilateral relations to touch new high post Covid: Report

India-UK bilateral relations will touch a new high in the post-COVID world, as India is likely to be a priority country for the UK, leading to an enhanced economic partnership, according to a report.

According to the Britain Meets India report, developed by CII and Grant Thornton Bharat, FDI inflow from the UK to India for a particular year increased from USD 898 million in 2015-16 to USD 1,422 million in 2019-20.

Sandeep Chakravorty, Joint Secretary (Western Europe), Ministry of External Affairs, said, "Besides a free trade agreement, mobility and an interim trade deal, we are working on a 10-year 360 degree roadmap to strengthen our relationship with the UK. Going forward, we see investments in India's clean energy sector coming from the UK."

Pallavi Joshi Bakhru, Partner and India-UK Corridor Leader, Grant Thornton Bharat LLP said, "Our research identified 572 UK companies in India with a combined turnover of around INR 3,390 billion, tax payment of around INR 173 billion and employing 416,121 people directly. This reflects the important contribution made by the UK companies to the Indian economy as a key ally in India's growth story."

The list of 'fastest growing UK companies in India' includes Dyson Technology, Aviva Life Insurance, Diageo Business Services, RMD Kwikform and FMC Technologies, among others, says the report.

Source: economictimes.com– Feb 21, 2021

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Unleash animal spirits of growth, Finance Minister Nirmala Sitharaman tells India Inc

Finance minister Nirmala Sitharaman on Saturday called on corporate India to awaken its 'animal spirits' and step up investments now that businesses are in a reset mode after a period of Covid-induced disruptions.

The government, she said, has already initiated steps, including a sharp cut in the corporate tax rate, and companies can take advantage of these.

"We need capacities to be ramped up, we need expansion, we need more production of very many such products, which are so required for the economy," Sitharaman said at an event of All India Management Association. "(After the tax cut) I have been waiting to see expansion happening, I've been waiting to see greater investments from private sector in India," she said.

The government in September 2019 drastically cut the corporate tax rate to just 15% for setting up new manufacturing units in a bid to spur elusive private investments. But the outbreak of the Covid-19 pandemic dashed its plans.

Investments remain critical to the country's resurgence story, as private consumption has been badly bruised by income losses in the aftermath of the pandemic.

Although a contraction in gross fixed capital formation substantially narrowed from 47.1% year-on-year in the first quarter of this fiscal to 7.3% in the three months through September, it still remained far below trend. Private consumption, meanwhile, shrank at a faster pace of 11.3% in the September quarter.

With businesses going through the reset phase after the substantial lifting of the lockdown curbs, the government hopes to make a sustained push now to draw investors.

"I would now like to see private investors and private industry…coming forward with the so-called 'animal spirits' to show that it is possible to pull India up and keep it high as one of the fastest growing economies. It is now on your shoulder entirely," she said.

The minister highlighted the latest, aggressive efforts towards disinvestment. The push for disinvestment in trickles has not really been so successful in spreading the ownership pattern, she said. "So, I want to have an efficient, more meaningful way in which our taxpayers' money should be spent…The disinvestment of units or privatisation of units is not because we want them to be closed down," she said.

She urged the industry to make the best of the disinvestment policy announced in the Budget. The government has set a disinvestment target of Rs 1.75 lakh crore for FY22. For the current fiscal, it had budgeted disinvestment revenue of Rs 2.1 lakh crore but the pandemic disrupted its plans. Earlier this month, the minister presented a Rs 34.8 lakh-crore-Budget for 2021-22.

Source: financialexpress.com– Feb 21, 2021

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PM Modi to states: Synchronise budgets with Centre, use PLI scheme to attract investment

Calling for better coordination and policy framework between the Center and the states, Prime Minister Narendra Modi on Saturday asked states to synchronise their budgets with that of the Centre and take full advantage of the production linked incentive (PLI) schemes to boost manufacturing by tapping the private sector.

Addressing the Governing Council of the Niti Aayog, Modi said the Centre has introduced PLI schemes for various sectors providing an excellent opportunity to increase manufacturing in the country. He urged the states to take full advantage of this scheme as well as reap the benefits of reduced corporate tax rates. Among others, the meeting was attended by chief ministers of states.

The Centre has announced 13 PLI schemes in wake of the Covid-19 pandemic last year. The idea was to lure mainly large companies to ramp up manufacturing base and boost exports. The total incentives under the PLI schemes, covering sectors including telecom, electronics, auto part, pharma, chemical cells and textiles, stood at Rs 1.97 lakh crore over a five-year period. Various ministries are firming up proposals relative to the sectors they oversee.

“As a government, we also have to honour this (private sector) enthusiasm, the energy of the private sector and give it as much opportunity in the Aatmanirbhar Bharat campaign,” he said.

He stressed on the importance of making the states self-reliant and giving momentum to development in their budget. He announced that there would be a major increase in the economic resources of local bodies in the 15th Finance Commission. “States can always take a cue from the Union Budget.

The timeline between the Union budget and budget of states is very important,” he said. In general government budget, the combined annual spending by all states was higher than the Centre as a big chunk of central budget is also spent through the state government machinery. States together spent Rs 33.33 lakh crore in FY20 through their budget while the Centre spent Rs 26.86 lakh crore.

The PM said about Rs 65,000 crore are spent annually in the import of edible oils which should have gone to our farmers. Similarly there are many agricultural products that are not only produced for the country but can also be supplied to the world. For this, it is necessary that all states make their agro-climatic regional planning strategy, he said.

"Ease of living and ease of doing business will go hand in hand. Laws and regulations have to be amended for the brighter future of our nation," Modi said.

Source: financialexpress.com– Feb 21, 2021

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Sixth Governing Council Meeting of NITI Aayog Concludes

The sixth meeting of the Governing Council of NITI Aayog was held today under the chairmanship of Hon'ble Prime Minister Shri Narendra Modi via video conferencing. It was attended by 26 Chief Ministers, 3 Lieutenant Governors and 2 Administrators, apart from Union Ministers, who are Ex-Officio Members, and Special Invitees. NITI Aayog Vice Chairman, Members and CEO,Principal Secretary to the PM & other senior officers from PMO; Cabinet Secretary; and Chief Secretaries of States/ Union Territories also attended the meeting.The meeting was moderated by Raksha Mantri Shri Rajnath Singh.

Addressing the event, the Prime Minister said that Cooperative Federalism is the foundation of India's progress. Cooperative and Competitive Federalism should be made more effective and taken to the district level, he said. Thecountry succeeded in managing the challenges posed by the Covid-19 pandemic only because the Centre and the States worked together in a spirit of partnership.

As India stands close to completing 75 years of Independence, this Governing Council meeting assumes even more significance as it provides an opportunity to brainstorm and further strengthen Cooperative and Competitive Federalism, which are essential pillars for successful achievement of the national aspirations, the Prime Minister said.

The Prime Minister said that several concerted steps have been taken to empower the poor and bring about a noticeable change in their lives. Since 2014, more than 2 crore 40 lakh houses have been constructed in both cities and villages. Similarly, over 3.5 lakh rural houses have been provided with piped drinking water within 18 months of the launch of the Jal Jeevan Mission. He added that the Bharat Net Scheme for internet connectivity in villages is bringing about transformational change. The Prime Minister said the Centre and States should work more closely on such schemes to improve ease of living for our citizens.

The Prime Minister said that the positive response to this year's Union Budget reflects the mood of the nation. There is an all-round eagerness to push forward with economic development. He added that the private sector is coming forward with enthusiasm in the development journey of the country, and the Government must honour this enthusiasm by ensuring opportunities for the private investors to capitalize on the Aatmanirbhar Bharat Abhiyaan. He added that the Aatmanirbhar Bharat Abhiyaan is a step towards providing opportunities to everyone—to fulfil not only our own needs but also cater to the global demand for goods and services.

The Prime Minister emphasized on strengthening MSMEs and start-ups. Every State, every District, has its unique strengths, he added. He said products should be shortlisted from every District and promoted—this will create healthy competition among all Districts and States, which will help in boosting our exports. He said that the Aspirational Districts Programme implemented in partnership with States holds a unique example in this regard.

In his welcome remarks, Vice Chairman, NITI Aayog, said that this forum enables the identification of key strategies for cohesive action. He reaffirmed NITI Aayog's commitment to work tirelessly with States and Union Territories in the spirit of Cooperative Federalism. He added that national progress is contingent on the growth of all States/UTs. He stated that the Sixth Governing Council Meeting was unique as it brought together the country's highest decision-makers on one platform. The Sixth Governing Council Meeting was preceded by a detailed interaction with senior State officials on 6 February 2021, the feedback for which was duly incorporated while curating the agenda of the meeting.

The Agenda for the Sixth Council Meeting comprised the following items:

1. Making India a Manufacturing Powerhouse

2. Reimagining Agriculture

3. Improving Physical Infrastructure

4. Accelerating Human Resources Development

5. Improving Service Delivery at Grassroots Level

6. Health and Nutrition

The Council deliberated on several steps for making India a manufacturing powerhouse, such as reducing compliance burden, initiating reforms at the State level, improving logistics, promoting exports through district-level competition and creating jobs. For improving physical infrastructure, the Chief Ministers expressed the need to raise public capital investment and completing projects under the National Infrastructure Pipeline, while enhancing investments in infrastructure through private and Public Private Partnerships, improving last-mile connectivity, reducing energy costs and configuring an enhanced and efficient role of States in project implementation.

States/UTs also mentioned efforts made to improve water accessibility, supply of quality and reliable power, internet connectivity andbandwidth availability, quality healthcare services, sustainable agricultural practices to mitigate the risks of climate change, undertake suitable reforms to build an advanced manufacturing and innovation ecosystem, thereby bolstering exports through the One District One Product initiative, apart from building on futuristic tech and inclusive governance models. The Chief Ministers also noted marked improvement in the development of physical infrastructure, including digital connectivity, across the North-Eastern region, along with a greater thrust on the Act East Policy, with the aim of providing impetus to the economies of the NE States.

Keeping in mind the aspirations of a young country like India, the Prime Minister stressed on the need to build modern infrastructure. He said the youth plays an important role in catalysing change in the country and cited the success of Digital India campaign to emphasise this point. Innovation must be encouraged, and more technology should be used to provide better opportunities for education and skill development.

The Governing Council Meeting seeks to build on the strength of every State so that everyone can learn from each other’s best practices. The Council members deliberated on strengthening institutions for skilling, reskilling, and upskilling of workforce. Focus was also laid on improving service delivery at the grassroots level, by ensuring digital infrastructure for the rural regions. Various Chief Ministers presented best practices from their respective States that can serve as templates for replication across the country.

The Prime Minister said policy frameworks and better coordination between the Centre and States are very important. He said the Centre and States must synchronise their budgets to ensure multiplier effect. Technology and community partnership are equally important.

The Prime Minister said the Central Government has introduced the Production Linked Incentive (PLI) scheme for various sectors, thus providing an excellent opportunity to increase manufacturing in the country. He urged the States to take full advantage of this scheme and attract maximum global investments and reap the benefits of reduced corporate tax rates.

The Prime Minister said geospatial data was liberalized recently, which would incentivise entrepreneurial endeavour, start-up innovation and the tech sector in general. Focus must be on ease-of-doing business for the international audience and on ease-of-living for our own people, he added. Even though India is an agricultural economy, it still imports many inputs, the Prime Minister said. He stressed on becoming self-reliant in this area. There are many agricultural products that can be not only produced for the country but also supplied to the rest of the world. For this, he insisted, it is necessary that all States make an agro-climatic regional planning strategy.

The Prime Minister also urged focus on storage and processing of agricultural products to reduce wastage. Reforms are very important for farmers to get the necessary economic resources, better infrastructure and modern technology, he said. The Prime Minister welcomed the rich discussion and constructive suggestions by the Council members, assuring that they would be carefully considered while taking decisions. He expressed confidence that with collective efforts, the aspirations of the people will be fulfilled.

This Governing Council meeting paved the way for synergies across all tiers of the Government, with substantial collaboration and cooperation in the Agenda items. The meeting provided an opportunity to address the objectives of advancing economic, social and demographic welfare.

The Governing Council of NITI Aayog comprises the Prime Minister of India, Chief Ministers of all the States and Union Territories with Legislature, Lt Governors of other UTs, Ex-Officio Members and Special Invitees. It is the premier body tasked with evolving a shared vision of national development priorities, sectors and strategies with the active involvement of States in shaping the development narrative. Including today, a total of Six meetings have been held so far.

NITI Aayog has been mandated with fostering Cooperative Federalism through structured support initiatives and mechanisms with the States on a continuous basis, recognizing that strong States make a strong nation on the principles of 'SabkaSaath, Sabka Vikas, Sabka Vishwas'. It seeks to design and assist the implementation of strategic, long-term policy frameworks and programme initiatives, while monitoring their progress and efficacy. The Governing Council, which embodies these objectives of cooperative federalism, presents a platform to discuss inter-sectoral, inter-departmental and federal issues to accelerate the implementation of the national development agenda.

Source: pib.gov.in– Feb 20, 2021

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Rising exports to China surge domestic cotton yarn prices: India Ratings

China's demand for India's cotton has pushed domestic yarn prices higher, said India Ratings and Research.Accordingly, domestic yarn production increased in January 2021, led by a strong export and moderate domestic demand during December 2020.

"While yarn production was substantially lower on a YoY basis up to 8MFY21, exports increased by higher single digits YoY due to a healthy demand from neighbouring countries," "China's demand for Indian yarn resumed to pre-Covid levels during November-December 2020, as against a volume drop from Bangladesh and Vietnam during same period."

In January 2021, cotton yarn prices increased 15 per cent MoM and 30 per cent YoY, resulting in higher gross margins."The higher cotton yarn demand is attributed to the global supply curbs on Xinjiang region (China) cotton, which is benefitting Indian domestic spinners."

"While exports are likely to moderate during January-February 2021 with likely shutdown of mills ahead of Chinese new year, demand resumption is likely by March 2021."Consequently, cotton prices surged by 7-10 per cent MoM during January 2021, led by a strong export demand for cotton yarn.

"The international prices rose by 13-17 per cent YoY, led by the buoyant China demand for US cotton, which is having a rub-off effect on cheaper Indian cotton prices."However, apparel exports declined in December 2020, after recovering over September-November 2020 on a YoY basis due to the impact of a second wave of Covid-19 in the US and Europe.

"This would also impact the near-term order book position of ready-made garment exporters for the upcoming fashion season." "During November 2020, knitted apparels volumes remained stagnant with realisations gaining by high single digit yoy basis; on the contrary, woven apparels volumes increased by 8.2 per cent and realisations fell substantially yoy basis. During 2020, India exports to the US fell 20-25 per cent YoY in both volume and value terms."

Source: telanganatoday.com– Feb 20, 2021

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Atmanirbharta through FDI

Finance minister Nirmala Sitharaman announced several initiatives that will help facilitate the integration of Atmanirbhar Bharat with the global economy. The government is going all out to promote investments, including FDI, to strengthen the economy, and has continued the FDI reforms initiated after 2014. These reforms, both substantive and procedural, combined with the focus on improving ease of doing business and robust investment promotion ensured record FDI inflows of $358 billion between 2014 and 2020 (53% of the FDI reported in the last 20 years).

In 2015, the government hiked FDI in insurance from 26% to 49%. Today, life insurance penetration in the country is 3.6% of GDP, way below the global average of 7.13%; for general insurance, it is even less at 0.94% of GDP, as against the world average of 2.88%. But the general insurance sector is growing at a robust pace of 18% annually. Covid-19 has also led more people to purchase health insurance policies. The average increase in health insurance alone is currently at 35-40%. Covid-19 has shown that further penetration of insurance in India is needed and significant capital infusion required. Now, the government has announced increase in FDI limit from 49% to 74% in insurance. This will help insurance firms raise funds to ensure they meet their growing business requirements. The other impact would be helping digital insurance companies to enhance their penetration in the market.

The government can consider more steps. As is known, businesses need clarity, predictability and time-bound decision-making to make investment decisions. This is more important for foreign investors. One such area has been the need for clarity on a few issues relating to Press Note 3 to prevent 'opportunistic take-overs' from investors of countries sharing a land border with India. The Press Note language had a few consequences, some of which may not have been intended by the government.

For example, the term 'significant beneficial owner' was not defined, leading to lack of clarity. It has also adversely affected the operations of many Indian companies who have investments from before from such a country. Even if such companies want to invest in their wholly-owned subsidiaries from their own resources without an infusion of equity from outside India, they cannot do so without prior approval, which by its nature takes time. Also, many western countries' citizens become residents of 'tax havens' like Hong

Kong for tax purposes. But they and entities controlled by them also get covered by the Press Note.

Similarly, NRI investments on a non-repatriable basis were treated at par with domestic investment due to a significant reform done by the government in 2015. However, a few consequential changes need to be done in FDI policy and FEMA regulations to realise this important reform's full benefits.

India also saw significant FDI inflows in the organised retail and e-commerce sector. This has yielded major benefits to MSMEs, consumers and others in the chain directly and indirectly. Time has perhaps come for a major policy haul in this area to support better marketing of made-in-India products both farm and non-farm, through promoting even larger investments in infrastructure, skilling, and bringing more and more small businesses into the digital world.

The government's initiatives to reduce the regulatory burden on businesses will also play an important role in making India cost-competitive. It is time to think of conducting Regulatory Impact Assessment of every proposed law and regulation to see how these affect the cost of doing business.

India's achievements in promoting ease of doing business have earned accolades, and it's time to prepare a National Ease of Doing Business Policy that will bring about a sea change in mindset and attitudes. This should be, of course, part of a broader focus on improving the competitiveness of Indian businesses to which governments at all levels, regulators and all organs of government should be fully committed. All efforts to support our businesses through higher tariffs and subsidies can only be for a limited period, while achieving competitiveness has to be the country's central goal as a whole.

Source: financialexpress.com– Feb 22, 2021

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Industry 4.0 Technology: The key game changer for Indian Manufacturing Sector

Industry 4.0 is gaining popularity due to rapid improvements made in the cyber-computing capabilities in the last few decades. The gap between the virtual and the real world has narrowed by advanced technologies like Artificial Intelligence (AI), Internet of Things (IoT) and others so as to create an interoperable platform between Information Technology (IT) and actual physical operations. The term Industry 4.0 refers to the leveraging of cyber physical domains in association with latest technologies like AI, IoT, Cloud computing, AR, 3D printing etc. to enhance productivity. The Industry 4.0 is already influencing sectors like manufacturing, supply chain management, construction, shipping etc. and shall impact all the aspects of our day-to-day activities. It is truly considered to be a disruptive technology.

Industry 4.0 Evolution

The first industrial revolution (popularly called Industry 1.0) commenced in the 18th century with the use of steam generated power and mechanization of production. This was an important transition from manual labour based industry to the use of steam powered engines to increase human productivity. Textile industry was one of the early beneficiaries of this mechanization, with the steam engine powered weaving looms replacing the traditional handmade textile products for mass production.

A century later, the Second Industrial Revolution (Industry 2.0) began with advent of electricity and the assembly line production using the conveyor belts. The tipping point for the industry was when Henry Ford utilized the assembly line concept for mass production in automobile manufacturing. Further, Industry 3.0 was marked with innovation in the electronics world, when the memory-programmable controls and computers came into existence in the later part of 20th Century. The digital process automation enabled working of machines in a production process without human intervention. Use of robotics seen in manufacturing is one pertinent example here.

The fourth industrial revolution, Industry 4.0 was triggered by the hi-tech innovations which brought the cyber physical systems together i.e. smart machines capable of exchanging real time information over the industrial internet of things (IIOT) for decision making process. Industry 4.0 is the ambit of various modern technologies like Cloud Computing, IoT, Artificial

Intelligence, Big Data science, 3D printing, 5G, Drones, Communications etc., all leveraged for the ability to enhance the productivity in the manufacturing processes.

Industry 4.0 Technology

Today, machine-machine real time communication is possible over and above the previous human-machine interactions. The visualization and simulation techniques have seen a leap with increase of processing power of the chips. Various complex, customizable and modular products can be designed and directly communicated to the machines to follow. Thus, the embedded systems, factories and workers connect over the IoT to work together in a cyber- physical environment. As part of Industry 4.0, the robots when backed with AI and IoT are more flexible, and can make decisions in a factory environment. We have Cobots i.e. Collaborative Robots participating intrinsically with human activities, and their role is now more than being stand-alone machines doing repetitive tasks.

AR (Augmented Reality) technology is a step ahead of the popular Virtual Reality (VR) technique. It is a combination of both, the real world and the digital world brought together to enhance its virtual world applicability. With tools like Google Glass, the information is overlaid on the user's field of view to allow him to gain more insight about an object they are looking at (like technical parameters, tolerance limits etc.).

In the Industry 4.0 scheme, various cyber-physical systems operate together and make corrective decisions on their own so as to enhance productivity. A timely alert for human intervention is generated informing the predicted cause and likely maintenance required so as to ensure an uninterrupted machine availability. The logic of distributed processing for regular tasks with a centralized decision making using an analytics framework is extensively utilized here.

The smart sensor information emanating from the cyber-physical systems is processed on the cloud servers. In the cloud servers, the AI analytics comprising mathematical models run predictive algorithms to improve productivity and assists in guiding the process of manufacturing. The implementation of Industry 4.0 requires not only a horizontal factory-to-factory integration but a vertical Integration to connect the hierarchies of a production line. Overall, the intelligence of the smart factory is achieved with the convergence of technologies of information processing as part of a digital ecosystem.

Indian Perspective

In 2018, the World Economic Forum setup its Centre for the Fourth Industrial Revolution in India to work in collaboration with the GoI. The National Institute for Transforming India (NITI) Aayog is the designated nodal agency to interact with the World Economic Forum for elaborating the new policy frameworks for emerging technologies.

The GoI has already made the enabling policy framework and set up incentives for infrastructure development on a PPP (Public Private Partnership) model. Samarth Udyog Bharat 4.0 (Smart Advanced Manufacturing and Rapid Transformation Hubs) under the Department of Heavy Industries (Ministry of Heavy Industries & Public Enterprises) is the India's initiative to push for Industry 4.0 implementation with an aim to propagate technological solutions to Indian manufacturing units by 2025 through steps like awareness programme, training, demo centers etc.

The industry, academia and international cooperation in the field of technologies related to Industry 4.0 is the policy formulated by the government. India's National Manufacturing Policy (NMP) has been promulgated which aims at enhancing the share of manufacturing in GDP to 25% and Industry 4.0 is the only way ahead to achieve this task.

Source: financialexpress.com– Feb 21, 2021

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Jharkhand govt to sign deal with textile company to provide jobs to locals

The state government will soon ink a memorandum of understanding with a Kerala-based apparel exporting company to provide them with workforce. The officials of Coimbatore-based KPR Mills and the state labour department are likely to ink the MoU in the upcoming week in presence of state labour minister Satyanand Bhokta.

Under the agreement, KPR Mills aims to recruit 12,000 labourers for its expanding production lines, including a new mill in Tirupur in Erode district. Most of its labour requirement will be women. In the first phase, nearly 2,000 women will be hired. Labour department officials said the company has agreed to pay its new workforce from Jharkhand a monthly remuneration of Rs 12,000 and take care of their food and lodging.

“The company approached us for manpower for its expansion projects. We have registered them with the state labour exchange,” state labour commissioner A Muthukumar on Sunday. Terming it unique and path breaking, Muthukumar said several companies cutting across various sectors have evinced interest for recruiting workforce from the state.

Notably, the incumbent state government led by chief minister Hemant Soren said it was working on a method whereby labourers going out of the state will be documented for future monitoring of their financial conditions and well-being. It had also pledged to provide jobs to most of the returning migrants within Jharkhand.

Muthukumar said based on calls made by them to helpline numbers during lockdown, it was estimated that 4.5 lakh migrant workers returned to their homes last year. “Through the Jharkhand State Livelihood Promotion Society (JSLPS), we have been able to map the skills of 20,000 migrant workers. Now, our task would be to find them employers based on their skill sets,” he told TOI.

The official also claimed that the department will organise period visits at the production units of the Coimbatore-based company to assess the condition and well-being of the workforce which will be hired.

Source: timesofindia.com– Feb 22, 2021

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How India became a PPE manufacturing hub

For Gautam Nair, MD and CEO of Matrix Clothing, the year 2020 was the toughest in his 41 years of doing business. An exporter of knitwear apparel to countries across the world, Nair's first quarter was a complete washout.

His factories in Gurgaon and Jharkhand were closed in the months of April and May. However, during this time, Nair got a call from the textile secretary requesting him to use his capacities to make PPE (personal protective equipment) kits.

Nair was among a few key manufacturers in the textile space who got personal calls from the textile ministry to undertake the manufacturing of PPE kits. There were apprehensions about manufacturing an entirely new range of products, and then there were the logistical issues like sourcing the yarn from Ludhiana which would then be spun in Coimbatore. The industry cited concerns regarding moving the product from one location to another during the pandemic when the country was in a lockdown.

Smaller manufacturers like Amitabh Kharbanda of Noida-based Sunlord Apparel, who manufactured about 500 PPE kits in total, says, "There was a sharp learning curve in terms of meeting quality standardsin the initial days, testing took close to three weeks". However, the bigger manufacturers with greater backward integration were able to pivot into manufacturing masks and PPE overalls quickly.

One of the key challenges was to educate people, including factory owners and workers, on what a PPE kit was and its purpose. There were several hits and misses on meeting quality standards with many manufacturers unable to meet the criteria initially.

The Union textiles ministry and industry chambers organised Zoom calls with industry representatives to demonstrate what a PPE kit should be and educate them about quality standards. Nair, for instance, got several calls from the ministry every day, checking in to see if he needed support on procedural bottlenecks or technical know-how.

PPE samples were sent to Coimbatore for testing in the early days when there was only one testing centre. "They (the ministry of textiles) said they will pay for the transport, the ministry of textiles organised passes for transit," says Nair.

Rahul Mehta of the Clothing Manufacturer Association of India says: “The ministry (textiles) tried to step in and clear every bottleneck, from personally calling key manufacturers to ensuring that they did not hit any roadblocks. The ministry and the government showed a lot of dynamism."

Officials from Welspun India talk about the calls from the prime minister’s office and the Gujarat chief minister’s office asking them to set up a manufacturing facility for masks and overalls. The company is largely into home textiles, so they had to set up a separate facility almost overnight to manufacture N-95 masks, respirators and overalls. They began with crude, fabricated, in-house equipment until the imported equipment to manufacture the gear could arrive.

The government enabled all the permits, “an entire ecosystem was built”, from knowledge transfer, sessions on R&D, setting up of testing facilities in every state—and all these things happened within no time. India is now producing close to 500,000 PPE suits daily and over 600 companies are certified to manufacture PPEs.

Several stakeholders worked seamlessly to accomplish this stellar feat of India becoming the second largest manufacturer of PPE body overalls in the world (next only to China). Getting factories up and running and importing equipment to manufacture the PPE kits required permissions to come through, and textile ministry officials hand-held the companies through the process. At a time when the country was under a lockdown and movement was restricted, the ministry reached out to consulates in countries where equipment had to be imported from, arranging passes for smooth transit of the PPE gear.

Permissions to open factories to manufacture the PPE gear came through seamlessly in the first week of April. A single window procurement agency, Hindustan Lifecare Ltd, set guidelines on how to manufacture PPE kits after reports of faulty PPE kits flooded the market. The agency procures the kits from the manufacturers and distributes them.

According to a report by Invest India, a government agency for investment promotion and facilitation, the global PPE kits market is worth $52 billion (Rs 3.8 lakh crore) and India is a $1 billion (Rs 7,300 crore) market. Medical textiles is a relatively new industry for India.

This market too was largely dominated by China. In the initial days, when the factories had to be opened during the peak of the pandemic, villagers had to be convinced to allow workers from there to join work in the factories. A lot of convincing went into getting workers into the factories--several factories got workers to stay on the shop-floors to allay fears that they would bring the virus back home.

Matrix Clothing, however, is not planning to continue manufacturing PPE kits, as other orders resume and markets across the globe open again. As players like Matrix withdraw from the medical textiles space, it is now up to the government and textile manufacturers to establish a sustained record in terms of deliverability and quality of medical textiles.

China, according to the General Administration of Customs, saw its textile exports jump by 30.4 per cent in 2020 on the back of demand for face masks and PPE. Vice-president M. Venkaiah Naidu in January said that India's apparel industry must aim to capture a double digit share in global fabric exports from the current level of 5-6 per cent.

For this to happen, he called for upskilling of textile and apparel workers and adoption of latest technologies. Budget 2021-22 calls for setting up of seven mega textile parks to boost exports and jobs. India has set a stellar example of what it can accomplish if industry and government work in tandem. Letting go of this momentum would be a waste.

Source: indiatoday.in– Feb 21, 2021

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New Act to govern major ports notified in gazette

The new law will clear the decks for market pricing of services rendered by the government-owned port authorities and public private partnership operators - The Hindu

The Centre has notified the Major Port Authorities Act, 2021 in the gazette after it was signed into law by the President Ram Nath Kovind.

The law was passed by Parliament on February 10.

The Act will convert 11 of the 12 ports run by the Central government into "authorities" from the current "trustee" set-up, in the biggest structural reform of state-owned ports ever attempted by any government.

Chennai Port Trust, Cochin Port Trust, Jawaharlal Nehru Port Trust (near Mumbai), Deendayal Port Trust (Kandla), Shyama Prasad Mookerjee Port Trust (Kolkata), Mumbai Port Trust, New Mangalore Port Trust, Mormugao Port Trust, Paradip Port Trust, V.O.Chidambaranar Port Trust (Thoothukudi) and Visakhapatnam Port Trust will be brought under the new Act.

Currently, these 11 ports function as trusts under a law framed more than five decades ago called the Major Port Trusts Act 1963.

Source: thehindubusinessline.com– Feb 20, 2021

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Punjab cabinet approves amendment in industrial policy

The Punjab cabinet on Friday approved an amendment in the 2017 industrial policy to enable investors to avail GST incentives till October 2022. The move was aimed at promoting post-Covid industrial revival and attracting greater investment.

The cabinet chaired by Chief Minister Amarinder Singh gave approval to amend the Industrial and Business Development Policy, 2017, for extension of GST formula for availing incentives under the said policy till October 17, 2022, according to a government statement.

The move is also prompted by feedback or suggestions from certain industry associations for extending the last date of claiming the Goods and Service Tax incentive and make this last date as coterminous till the expiry of the Industrial Policy of the state, it said.

The fiscal incentive under the present policy was only applicable for investment proposals received by March 31, 2020. With the cabinet decision, the GST formula shall be extended for availing incentive under industrial policy till October 17, 2022 (till the applicability of policy).

Notably, the Industrial and Business Development Policy-2017 was formulated and notified on October 17, 2017 to provide the incentive of investment subsidy by way of reimbursement of net SGST. To avail the benefit of additional borrowing of 2 per cent of Gross State Domestic Product (GSDP) in 2020-21, the cabinet also gave approval to amend provision of the Punjab Fiscal Responsibility and Budget Management (FRBM) Act, 2003.

Notably, the government of India has allowed 2 per cent of GSDP (Gross State Domestic Product), of which 1 per cent shall be unconditional and remaining 1 per cent shall be conditional to specific reforms.

The state cabinet in another decision gave the nod to amend the Punjab Bureau of Investment Promotion Act, 2016 for incorporating provisions for automated deemed approval of various regulatory clearances.

This enabling provision would not only expedite speedy approval/clearances but also assure industrial units of a time-frame within which clearances would be granted, according to a government statement.

The Punjab Bureau of Investment Promotion Amendment Bill, 2021, enabling the incorporation of the new provisions will be tabled in the upcoming session of Punjab Vidhan Sabha for enactment.

The investor friendly initiative would be to further enhance ease of doing business and instil greater confidence amongst entrepreneurs and industrialists in the state, by providing system generated deemed approvals and auto renewals based on self-certification, it said.

The cabinet also decided to revise the nearly 90-year-old fee structure under the Indian Partnership Act, 1932, to bring the same on par with other states.

The cabinet approved 'The Indian Partnership (Punjab Amendment) Bill, 2021' for the revision of fee for various services as contained in Schedule-1 under Section 71 of the Act, such as registration of firms, updation of records, inspection and copying.

The prescribed fee structure for various services as currently contained in Schedule-1 of the act is too meagre and has become irrelevant with the passage of time, as the existing fee structure has not been revised since the Act came into force in 1932.

Under the revised structure, Rs 5,000 would now be charged for making a statement under section 58 for application registration as against Rs 3 charged earlier, as per government statement.

Instead of the existing Re 1, the revised structure provides for charging Rs 500 each for making a statement under section 60 for recording of alternations in firm name and principal place of business, among other changes.

Further, Rs 100 each in place of earlier fee of fifty paisa would be now charged for inspection of one volume of the register of firms, for inspection of all documents related to one firm.

Notably, barring Punjab and Haryana, other major states like Maharashtra, Rajasthan, Madhya Pradesh and Uttar Pradesh have been charging higher fee for various services offered under the Indian Partnership Act, 1932.

Source: economictimes.com– Feb 20, 2021

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Covid will force 18 mn Indians to find a new occupation by 2030: Report

COVID-19 will have a lasting impact on labour markets, and as much as 18 million Indian workers will be forced to switch to a newer occupation by 2030 because of the pandemic, a report said on Friday.

The impact will be "disproportionately" felt on low-wage workers in retail, food services, hospitality, and office administration, the report by McKinsey Global Institute, a think-tank, said.

The pandemic has disrupted labour markets because companies have been forced to respond to a new dimension of work - physical proximity, an official statement explained.

The report identifies the lasting impact of COVID-19 on labour demand, the mix of occupations, and workforce skills required in eight countries including India.

Three broad changes in consumer behavior and business models will persist to varying degrees because of the pandemic which include the rise of remote work, the increased embrace of e-commerce and virtual interactions, and the more rapid deployment of automation and AI (artificial intelligence), it said.

This will lead to a reshuffling of jobs in the economy over a decade, and over 100 million workers will have to find a new job, it said, adding 18 million of those will be in India itself.

The impact on India has been minimized because between 35-55 per cent of the country's workforce depends on what was classified as the outdoor production and maintenance arena, which includes construction sites, farms, residential and commercial grounds, and other outdoor spaces.

In India, the share of total work hours expended using physical and manual skills will decline by 2.2 percentage points, while time devoted to technological skills will rise 3.3 percentage points, it said.

The long-term effects of the virus may reduce the number of low-wage jobs available, which previously served as a safety net for displaced workers, Susan Lund, a partner at McKinsey Global Institute (MGI), said.

These workers will need to prepare themselves to find work in occupations with higher wages that require more complex skills, such as jobs in health care, technology, teaching and training, social work, and human resources, Lund added.

In the future, remote work is here to stay, there will be a decline in business travel, gig work is set to expand, and automation will see an uptick, the report said.

The pandemic will make the reskilling challenge more daunting. Its effects will fall heaviest on the most vulnerable workers. This creates a new urgency for companies and policymakers to help these workers gain the skills most needed in the future, Anu Madgavkar, also a partner at MGI, said.

Source: business-standard.com– Feb 19, 2021

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Ikea to invest Rs 5,500 crore for its first Meeting Places concept in India

Ingka Group, the parent company of Swedish home furniture giant Ikea, on Friday announced the acquisition of a 48,000-square-metre land parcel in Noida, on the outskirts of Delhi, for developing an Ikea store anchored retail shopping mall under its Ingka Centres business concept called Meeting Place. While it is the first of its kind in India, it adds to the 45 existing Meeting Places around the globe. The total volume of investment into the project would be close to Rs 5,500 crore (above €600 million).

This acquisition comes close on the heels of the company launching its second Ikea India store in Mumbai in December last year. The company already operates one Ikea store in Hyderabad.

"The development is expected to create more job opportunities and support infrastructure development and growth of the organised retail and home furnishings sector in the region", the company said in a statement, adding that Meeting Places, which are always anchored around an Ikea store, are very different to the typical mall providing a sustainable mixed-use destination that brings 'many people' together for multiple reasons and are basically designed to meet the needs of local communities, bringing value for customers, communities, and partners.

"India is an exciting and dynamic market, and today's acquisition is a key milestone in our strategic vision to transform the business in response to the changing retail environment. Millions of people live within easy reach of Noida and we want to build emotional connections with them, by bringing as much value as we possibly can to their lives and communities," Cindy Andersen, Ingka Centres managing director said, adding that the concept is built around local communities' needs, which goes far beyond shopping.

"We are happy to announce the first Ikea store in Noida together with Ingka Centres. The Delhi-NCR region is one of our most important markets in India. This is in line with Ikea's ambition to meet 100 million people in India in the coming years," said Peter Betzel, CEO and CSO, Ikea India.

In a ceremony held by the state to hand over the land, chief minister Yogi Adityanath welcomed the group and assured all required support to get the project started soon.

Source: financialexpress.com– Feb 20, 2021

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