TEXPROCIL NEWS CLIPPINGS

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INTERNATIONAL NEWS

China's exporters hit by global shortage of shipping containers

Steve Chuang's Hong Kong-based electronics manufacturing company has enjoyed steady demand from the US and Europe over the past year. But, like many Asian exporters, he is struggling to get his products to customers.

Chuang's business, which makes solar energy electronics, is just one of many enjoying a trade boom that has helped the regional economy bounce back from last year's pandemic-driven downturn. But their success is being held back by disruption to global shipping supply chains.

The surge in exports from China to the west, combined with disruption at ports due to coronavirus, has left many containers out of position, resulting in queues of ships outside ports and soaring freight rates. The Chinese media have dubbed it "a single box is hard to find".

The amount it costs to send a 40-foot container from China to the US has more than quadrupled in the past year, Chuang said: "We have never seen anything like this in the last two decades . . . Empty containers cannot get back to Hong Kong." China has recovered faster from the pandemic than any other big economy and its exports of lockdown-related goods, electronics and medical equipment have soared.

Export volumes have been rising at a double-digit rate for several consecutive months, and at the end of last year China's trade surplus hit a record high. But the rise in demand for its products comes as pandemic-related restrictions and staffing shortages in ports across the US and Europe delay the return of containers to east Asian ports.

Roberto Giannetta, chairman of the Hong Kong Liner Shipping Association, said a lack of truckers and warehouse workers elsewhere in the world inhibited the ability of ports to return containers to China. "There's a huge number of containers that are just sitting around the middle of nowhere . . . Australia, eastern Europe, middle America," he said. "It's like a kind of perfect storm preventing containers from returning back to Asia."

Hu Haoli, assistant to the president of Wanlong Chemical in Wenzhou, said freight rates remained elevated, although it had only a limited impact on his business because the products it sells are high-end. But for other companies, especially China's vast textile industry, the delays are having a more severe effect.

An exporter in Shaoxing, a city on the east coast of China, said the sharp rise in freight rates in December had caused many textile businesses to shut. Shipping executives had hoped the traditional factory closures that usually accompany the lunar new year would slow production volumes, giving shipping lines a chance to catch up. But those hopes have failed to materialise — some Chinese factories pressed employees to keep working over the holiday in a bid to keep pace with global demand. The delays and shortages risk pushing up goods prices.

In Hong Kong, Chuang said he faced shipping delays of two to four weeks and his company is negotiating with customers to share the costs, which have increased the price of his products by between 2 per cent and 5 per cent. Having so far mainly affected routes out of Asia, there are signs that the shortage of containers is starting to feed through into the return leg, hitting companies that import into China.

In January McDonald's in Hong Kong announced the delays had disrupted its supply of hash browns. It also experienced a brief shortage of peanuts for ice-cream sundaes. Ports are scrambling to find more containers to help alleviate the shortages. For example at Ningbo, a big facility in China's Zhejiang province, authorities recently helped to source an additional 730,000 empty containers.

Recommended Global trade Pandemic triggers 'perfect storm' for global shipping supply chains John Fossey, head of container equipment and leasing research at Drewry, a maritime research consultancy, said production of shipping containers slumped year on year in the first half of 2020, although it ramped up in the second half, taking total output up by 10 per cent over the full year.

But these new containers will cost more: as a result of the soaring demand, combined with rising costs of raw materials such as steel, the price of a new container for delivery this summer is now about $6,200, its highest level on record, according to Fossey.

This is "likely to put several owners off contracting new equipment", he warned. While some reports from China indicate improving activity at its ports over recent weeks, others within the shipping industry remain pessimistic about the prospects for the coming months.

Willy Lin, chairman of the Hong Kong Shippers' Council, thought there would be "no relief" until summer at the earliest. He flagged the growing likelihood that manufacturers could turn to overland trade routes, particularly by trucking from Guangxi province in southern China to Vietnam and on to South East Asia.

Chuang said that some businesses were seeking to export to Europe by land across Russia. Meanwhile, Asian exporters are scrambling to secure shipping space. "Just about every single available ship in the world is being used at the moment, because there's so many ships that are just sitting there [at ports] waiting to be offloaded," said Giannetta.

Source: ft.com– Mar 01, 2021

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Premiere Vision Paris digital edition ends successfully

The digital edition of Première Vision Paris, which was held from February 15-19, 2021, helped the creative fashion industry conceive its next collections despite the difficult Covid-19 health context, helping it prepare for the recovery expected to begin sometime in 2021. Premiere Vision is a global event for fashion professionals from all over the world.

Première Vision also launched its new unique website, which will be rolled out in several stages over the course of 2021, and which will bring together all of its shows and its marketplace. With more than 35,000 connections from international visitors from 110 countries, the digital show allowed the industry to come together on a unique digital platform to develop its activities, interact, get inspired and create the spring-summer 22 collections, Première Vision said.

Over 50,000 products were presented in more than 1,560 e-shops. A programme of 13 digital talks to decode the season's trends, with fashion seminars, addressed the sector's challenges, with conferences on eco-responsibility, global sourcing, and so on. More efficient customer/supplier link-up tools were provided to improve direct contact and remote business interactions, including the launch of video conferencing appointments via the video-call features of WhatsApp and Facebook Messenger, to personalise meetings and facilitate the presentation of material collections, according to Première Vision.

Nearly 175,000 product pages were viewed (compared to 138,000 in September 2020), 460,000 page views were recorded (compared to 377,000 in September 2020), and a visit time of more than 20 minutes was noted (compared to 10 minutes in September 2020). With its digital event, Première Vision Paris is responding to the increasing digitalisation of the fashion industry, which is seeking new models to cope with the current crisis and the evolution of its industry, Première Vision said in a media statement.

Première Vision confirms the relevance of its future omni-channel strategy strengthening the synergies between its physical and digital events. The physical event, Première Vision Paris, is a lively, inspiring event vital to the creative process and to a sensory engagement with the season's new materials, as well as a catalyst for the in-person meetings essential to developing and solidifying client/supplier relationships. An online event on its marketplace, the digital show, is an indispensable way to promote the visibility of the exhibitors' offer to a broader target of international buyers during and beyond the actual show dates.

International visitors from 110 countries took part in the event, which included France, UK, Italy, USA, Spain, Turkey, Germany, Portugal, Netherlands, and South Korea. The event hosted around 1,560 e-shops, more than 50,000 referenced products, and more than eight product and business sectors, which included fabrics, leather, accessories, yarns, denim, smart creation, designs, and manufacturing.

Source: fibre2fashion.com– Mar 01, 2021

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Brazil Must Step Up Sustainability Efforts, Report Says

Brazil must bolster efforts to build a more sustainable fashion supply chain amid claims of rising pollution and deforestation in its key cotton, polyester and viscose production process, according to a new report.

The study, called "Fashion Threads: Systemic Perspectives for a Circular Fashion," reveals that emissions from the country's cotton farming and production chain, the world's second-largest exporter, have reached critical levels while textile waste remains a growing problem. Textile garbage, including manufacturing residues such as fabric, clothes or patchwork, has risen to as high as 330 tons daily in some parts of Sao Paulo State, for instance, revealed the survey, the first of its kind to be published in the country.

This is making Brazil, also the world's fourth-largest denim producer, a key contributor to global fashion emissions, according to the report, which was funded by Dutch advocacy group Laudes Foundation, formerly the C&A Institute, and prepared by circular fashion and green consultancies Regenerate, Modefica and Brazilian think tank Fundação Getulio Vargas.

To fix the problem, the authors recommend that the bulk of cotton, polyester and viscose production, and other synthetic fabrics, be replaced with alternative and more environmentally friendly alternatives and calls on the country to do more to promote circular fashion or recycling to extend a product's life cycle.

"We should be looking to replace cotton, polyester and viscose with agroecological cotton, recycled PET bottles and certified viscose," Regenerate Fashion's Brazilian manager Larissa Roviezzo told WWD. "All of these have a lower environmental impact than conventional fibers."

Brazilian cotton production is largely mono-cultural, reusing landfields, employing machines and using harmful pesticides and fertilizers "that reduce biodiversity and makes the soil vulnerable, [to contamination] which can bring disease," Roviezzo noted. By transitioning into agroecological, or more traditional farming, methods that rotate fields and allow farmers to mix cotton harvesting with food, eliminate chemicals and save water, the process can become more sustainable, she explained. She added that some Brazilian firms, such as Organic Cotton Colors and Justa Crema, are increasingly demanding agroecological cotton.

As polyester production is energy intensive, it should be increasingly replaced by recycled polyester such as that using PET plastic bottles, production of which has been increasing but not enough to make a positive impact, Roviezzo said, adding that only 311,000 tons of PET bottles were reused in 2016.

Viscose production, however, is more problematic. Brazil makes the fabric's main raw material, soluble cellulose, and exports it to China, which then makes the final product for worldwide distribution, including for Brazilian apparel makers. But making soluble cellulose has become a very polluting enterprise, with only two firms, Bracell and Jari, in charge of the process but providing very little information about how and where they are making cellulose pulp.

Roviezzo said, “To make cellulose, they cut trees in the Amazonia but we don't know exactly where.”

Brazil must move into certified viscose production such as that vetted by forest protection organizations including the Forest Stewardship Council and Canopy which ensure these fabrics are sourced sustainably to avoid deforestation and bring social and economic benefits to the communities involved, the survey recommended.

Last but not least, circular fashion should become a higher priority with the government boosting its commitment to circular fashion by providing recycling bins, such as those used in other countries, and enacting laws to minimize or ban textile manufacturing waste. In tandem, producers should invest in new recycling facilities while designers should be encouraged to dream up products with reusable fabrics.

“We need a systemic change,” Roviezzo noted. “Europe has textile waste bins for post-consumption items but they don't have bins for production waste because they are not clothing producers. But in Brazil, we produce a lot of clothes, from the raw material to the fabric and finished product.”

Added Roviezzo: “We need to move up the sustainable agenda, to talk about it, and we need much more transparency. We can't have two companies making cellulose and refuse to provide any data about it.”

Source: wwd.com– Feb 26, 2021

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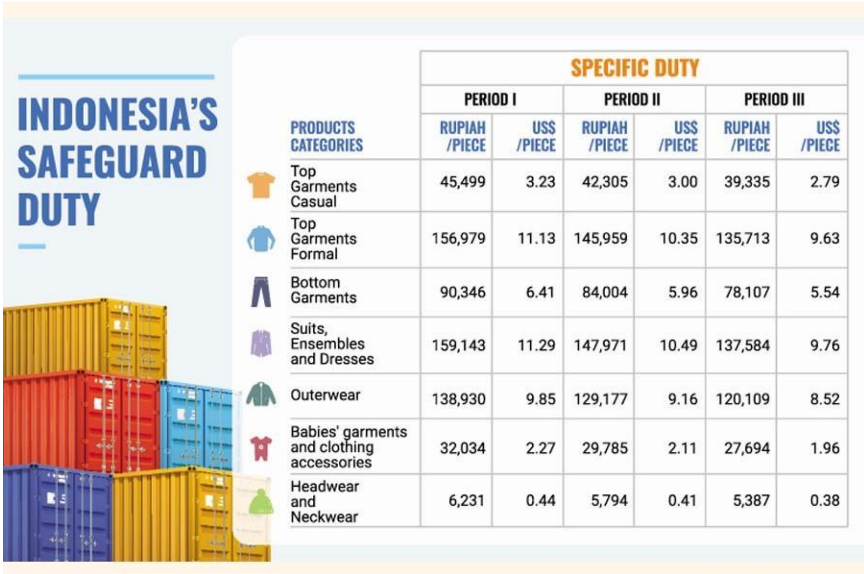
Jakarta imposes safeguard duty on Bangladesh RMG

Indonesia has slapped a safeguard duty, ranging between US$0.44 and $11.29 per piece, on export of a number of apparel items to the country from Bangladesh, officials said.

The products include top garments (casual), top garments (formal), bottom garments, suits, ensembles and dresses, outwear, babies' garments and clothing accessories, and headwear and neckwear.



PRODUCTS CATEGORIES	SPECIFIC DUTY PERIOD I RUPIAH /PIECE	PERIOD I US$ /PIECE	PERIOD II RUPIAH /PIECE	PERIOD II US$ /PIECE	PERIOD III RUPIAH /PIECE	PERIOD III US$ /PIECE
Top Garments Casual	45,499	3.23	42,305	3.00	39,335	2.79
Top Garments Formal	156,979	11.13	145,959	10.35	135,713	9.63
Bottom Garments	90,346	6.41	84,004	5.96	78,107	5.54
Suits, Ensembles and Dresses	159,143	11.29	147,971	10.49	137,584	9.76
Outerwear	138,930	9.85	129,177	9.16	120,109	8.52
Babies' garments and clothing accessories	32,034	2.27	29,785	2.11	27,694	1.96
Headwear and Neckwear	6,231	0.44	5,794	0.41	5,387	0.38

The committee on safeguards of the World Trade Organisation (WTO) issued notification on imposition of the measure on Tuesday. The safeguard duty will be implemented in three stages.

The duty is imposed after conducting investigation on Bangladesh's apparel export to Indonesia between 2017 and 2019, as its local industry failed to compete with the imported goods.

As a member of the WTO, Bangladesh can appeal against imposition of the safeguard duty by February 28.

However, the stakeholders concerned decried the new measure, saying that the safeguard measure was imposed 'unilaterally', and it would affect Bangladesh's apparel export to Indonesia.

Alongside Bangladesh, the export of apparel items from China, Vietnam and Singapore are also subject to the safeguard duty now.

However, the products of these three countries have duty-free access to Indonesia, while Bangladesh's apparel goods, under HS chapter 61 and 62, are subject to up to 25 per cent duty there.

In last November, the Bangladesh Trade and Tariff Commission (BTTC) and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) placed their arguments before the Indonesian Safeguards Committee (KPPI) in a hearing on this issue. In the hearing, Bangladesh raised objections on several aspects of Indonesia's safeguard investigation. The representatives of the country argued that although there was a surge in Bangladeshi clothing exports to Indonesian market, its rate of growth actually declined in the latest year.

Bangladesh also argued that the causal link between surge in import and threat to injury was not established. The KPPI had initiated the investigation on imposition of safeguard duty against import of apparels to the country in last September, being requested by the Indonesia Textile Association.

In fiscal year (FY) 2018-19, Bangladesh exported apparel items worth $30 million to Indonesia, up from $20 million in FY 2017-18 and $14 million in FY 2016-17. BGMEA President Dr Rubana Huq, in a press statement on Wednesday, said Bangladesh's apparel export is much lower than that of importing textile articles from Indonesia.

In FY 2018-19, Bangladesh imported textile articles worth $187 million from Indonesia, which included fibres worth $132.59 million. On the other hand, Bangladesh's export of garment was $30 million then. She also said Bangladesh has 4.1 million workers, and at least five people are being supported by each worker. It means almost 20 million people are directly dependent on the ready-made garment (RMG) industry.

"Considering this critical issue of livelihood, the duties imposed on Bangladesh's export to Indonesia, and the favourable balance of trade that Indonesia already has with Bangladesh, the safeguard measure should not be applicable by any means," added Ms Huq. Mohammad Hatem, first vice president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said imposition of any additional duty on any export comes as a burden for the industry.

"Though Bangladesh's apparel export to Indonesia is not very high, the safeguard duty must have an impact on us," he opined.

Source: thefinancialexpress.com.bd– Feb 26, 2021

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Pakistan: Will textile boom last long?

Covid-19 has turned out to be a blessing in disguise for the textile industry as global buyers are increasingly turning towards Pakistan by cutting orders to regional players, resulting in 100% utilisation of available production capacity.

Almost all the major players in the country are in the process of expanding their capacity in a bid to create room for the growing number of export orders, especially for home textile. “Conditions for Pakistan’s textile industry are very favourable and it is working at full capacity,” remarked Taurus Securities’ textile sector analyst Hania Nabeel while talking to The Express Tribune.

Textile orders were pre-booked till December 2020 and for some companies till June 2021. However, it remains to be seen whether the industry will continue to receive such orders in future as well.

Textile orders have shifted to Pakistan because of the more severe impact of the Covid-19 pandemic on regional countries. This has given Pakistani exporters, particularly the key market players, an opportunity to quote competitive prices and offer better quality products so that the new buyers could become their permanent customers. According to the Pakistan Bureau of Statistics, textile group exports registered an increase of 10.79% to $1.32 billion in January 2021 compared to $1.19 billion in January 2020.

The All Pakistan Textile Manufacturers Association (Aptma) has revealed that they have received bulk export orders, which will engage the industry for the next six months.

“The textile sector has received an overwhelming response from the international market with handsome orders pouring in from the US and European Union,” said Majyd Aziz, a textile exporter.

At present, textile mills are enhancing their production capacity and hiring manpower in order to meet export orders according to schedule despite challenges like high costs of raw material. The positive impact of the growth in textile industry is also being felt by the allied sectors including chemicals, logistics, packaging and other services.

“Demand for specific chemicals has increased as a result of the rise in textile production,” said Irfan Chawla, Director of Archroma Pakistan, a leading chemical producer.

“Domestic producers have the expertise and capacity to meet the increase in demand for textile chemicals,” he said. “Our company is supplying a full range of textile dyes and chemicals for the spinning and garments industry.”

However, he suggested that Pakistan’s textile industry should draw up a policy to sustain exports to the global market and that could be possible through innovative strategies.

“Export figures may drop in coming months,” Hania Nabeel cautioned, adding textile orders were higher than last year but were lower when compared with the past six months as Bangladesh and India were now reopening their industries and markets.

“It depends on Pakistani companies whether they are able to retain the increased orders or not,” she said.

Duty reduction on basic raw material imports can support import substitution, thus saving foreign exchange and creating jobs in the country.

The government should encourage local production and import substitution through duty cut, tax incentives on investment in manufacturing and early release of tax refunds for exporters, and it should create a level playing field for domestic supplies compared to imports, said the Archroma official.

Source: tribune.com.pk– Mar 01, 2021

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Pakistan: No concrete policy to enhance cotton production as rate touches 11-year high

Pakistan Hosiery Manufacturers and Exporters Association (PHMA) has said that it is very unfortunate that no concrete policy to enhance production of cotton has been announced by the government yet, as the rate of cotton has touched the record 11-year high of Rs12,000 per maund.

PHMA zonal chairman Faisal Mehboob Sheikh and chief coordinator Adil Butt observed that the country is expected to produce 5,600,000 bales this year, which is lowest in last 30 years while the demand of local textile industry is almost 18,000,000 bales. So, keeping in view of the demand of local textile industry more than 8,000,000 bales of worth 4 billion dollars will have to be imported.

Faisal Mehboob Sheikh said that reason behind unprecedented increase in the cotton prices is alarming decline in the cotton production and bullish trend in the international cotton market, appealing to the Prime Minister Imran Khan to immediately formulate a strategy to overcome this cotton yarn crisis so that thousands of workers could continue their employment in the largest export industry of Pakistan.

He also suggested the government to remove custom duty on yarn import, as its shortage has increased seriously despite removal of 5% regulatory duty. “We appeal the government to withdraw 5% Customs duty on yarn import following the abolishment of Regulatory duty in view of controlling shortage of apparel industry’s raw material.

PHMA also urged the government to impose a complete ban on export of cotton yarn up to 30 counts till the sufficient raw material is available to the industry. It will be positive for the apparel industry to convert it into value-added goods, exporting them in the international market instead of raw cotton yarn, he added.

PHMA chief coordinator Adil Butt applauded the government’s incentives and support to the apparel exporters, who succeeded in enhancing textile exports by 7.79% during July-Dec despite coronavirus related restrictions. He also pointed out that in time decision of the government to open the industrial sector played a major role in stabilizing the economy in addition to keeping the jobs intact of the millions of workers.

He observed that the country's textile exports have shown a jump of more than 7% in the lead of apparel sector during July-Dec this fiscal against the corresponding period of last fiscal year. The textile exports earned $7.4 billion in this period compared to $6.9 billion of last year's Jul-Dec, including apparel exports growth of 16.5% to $1.8 billion from $1.5 billion of last year. Adil Butt said that it is absolutely essential to sustain this growth momentum of exports, as economic activities are largely restored to pre-Covid levels.

"If the government cannot address the artificial cotton yarn crisis on an immediate basis, taking no action against this lobby, hundreds of thousands of workers might lose their jobs," he warned. He said that the manufacturers have started hoarding yarn, creating a shortage of cotton yarn, resulting into unprecedented hike in its prices, causing severe difficulties for the value-added knitwear industry, which is unable to fulfill their export orders. If the cotton yarn crisis continues and import of cotton yarn is not allowed from the Wagha border, Pakistan's growing economy will once again reach the brink of collapse.

Source: nation.com.pk– Feb 28, 2021

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Pakistan: Dire prospects for value-added textile industry

The worldwide attention given to the plight of the Uighurs in the Chinese Xinjiang province has led to a conscious policy adopted by the US retailers, who are now worldwide, to shun all products that may be tainted by the forced labour of the Uighurs. Recently the Hindustan Times of India reported that the buyers of Ikea and H&M have "stopped new cotton purchases from Xinjiang province."

Most exporters of textiles to the US in Pakistan have also been asked to explain the "source" of their cotton and yarn. US law stipulates that products made from slave, forced, or even badly paid, or poorly treated workers shall not be sold in the US. Most retailers pride themselves on their being socially and environmentally correct. Any hint in the press of a retailer tainted by a suspect supply chain brings about a strong consumer reaction. Consumers boycott not only the suspect products but the whole retail chain as well. The disclosures of poorly treated Bengali workers in the factories supplying to Nike and other western products a few years ago is a conspicuous example.

Almost all the cotton grown in China is grown in its Xinjiang province. This is very substantial and comprises almost 20% of the world crop. A boycott like this means that any firm who has any exports to the US market will not buy any products made from Xinjiang cotton or cotton yarn. So the Chinese exporters have started looking for yarn suppliers abroad to feed their factories. Consequently, the prices of cotton yarn in Pakistan and worldwide have shot up.

At the same time, the Chinese spinners are shunning Xinjiang cotton and are trying to import their requirements from the rest of the world. Coupled with this is the short crop in Pakistan and the US over the last winter. Along comes the snow storm in Texas, the prime cotton area.

It's like snow in our Multan area. What will happen to the next cotton crop of the USA, the biggest producer of cotton in the world? The NY price of cotton has shot up from the level of 64 cents/lb to 93 cents this week. We are all set for a disastrous year for our value-added textile industry that provides the bulk of our textile exports and employment.

The Indians on the other hand have had a good crop and have prospects of a better crop next year. Their export industry is in a bind because of the mishandling of the Covid pandemic and the resultant shutdowns. It will suddenly wake up to a bright future as all competitors get knocked out. All the gains made in the last six months by the Pakistani exporters will be washed away and we will be back to square one.

What can be done to protect ourselves?

For sure any industry must have plentiful and cheap raw material to flourish. For the value-added textile industry this means plentiful and reasonably priced cotton yarn. We have enough spinning capacity but now it is getting booked out by Chinese importers.

While the spinners, especially those who have already stocked up on the years requirement of cotton will reap fabulous profits, the downstream industry will be ruined. The export value of cotton is about 80 cents per kg, cotton yarn is about two dollars per kg, while value-added products range from USD 4.4 to USD 8/kg. Not only do they add value but also provide the bulk of the employment in the industry.

It is reported that all the Pakistani crop has been sold out. This means that about six million bales have been purchased by the industry. In addition to this, the industry has imported another five million bales over the last half a year. So it has covered more than 80% of its annual requirements.

We cannot grow cotton in a jiffy, but we do need to get down to promoting our cotton farming. We have to give them the best inputs we can manage as well as put resources into improving our seeds and cultivation methods. These are long-term measures, but we need to start now.

This is the real solution all others are palliatives. We now have to make sure that our value-added industry gets a reprieve from the current stranglehold. This can be done by a number of short-term measures and the government must listen to all suggestions and then make a short-term policy for this year.

1) Firstly, imports of cotton and cotton yarn must be allowed freely from any origin, including India and possibly China.

2) To break the price spiral a regulatory export duty should be imposed on cotton yarn exports.

Adviser for Commerce Razzak Dawood is an experienced businessman, he should convene a conference of all stakeholders to decide on the course of action.

Source: brecorder.com– Mar 01, 2021

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NATIONAL NEWS

Textiles Ministry 're-looking' PLI plan turnover threshold

The scheme aims to promote domestic manufacturing via financial incentives on incremental turnover for 5 years.

The Textile Ministry is taking a re-look at the proposed parameters of the Production Linked Incentive (PLI) scheme for the sector as some in the industry has complained that the minimum turnover suggested for qualifying for the scheme is too high and would exclude many, sources have said.

"Industry players have approached the Textile Ministry and sought a lowering of the turnover threshold for the scheme as they say that even the smaller players should be eligible for the benefits.

The Ministry has noted the concern and is deliberating if some changes could be made in the proposed parameters," an industry source told BusinessLine.

The PLI scheme was launched for the textiles sector (man-made fibre segment and technical textiles) in November 2020 when the Union Cabinet cleared the proposal for ten sectors which also included pharmaceuticals, automobiles and auto components, telecom and networking products, advanced chemistry cell batteries, food products, solar modules, white goods, and speciality steel.

The textile sector has been allocated ₹10,683 crore under the scheme which, as per proposed plans of the Ministry, will be offered for incremental production in 40 identified man-made fibre items and 10 technical textiles products.

The idea behind the PLI scheme is to promote domestic manufacturing, for both sales within the country and exports, by providing financial incentives on incremental turnover for five years.

"While the rates of incentive to be offered to the textiles sector linked to incremental production are set to be one of the highest amongst the existing sectors, some in the industry are of the view that it would be of limited advantage if most units get excluded," the source said.

Incentive rates

For brownfield companies (companies already in operation) the incentive rates are proposed to be fixed at 9 per cent of turnover in the first year for companies with a turnover of ₹100-500 crore (for 50 per cent incremental turnover) and 7 per cent for those above that. In the subsequent four years it would keep tapering.

For greenfield projects (new set-ups), a minimum investment of ₹500 crore has been proposed with incentives at 11 per cent to start with, the source said.

“But now that there is a demand to make the scheme more inclusive by lowering the turnover threshold for eligibility, some thought in the Ministry is going into that,” the source added.

Recently, the Union Cabinet approved the detailed PLI schemes for the pharmaceuticals sector and IT hardware. To accommodate smaller players in the pharmaceuticals sector, a sub-category for MSME was created in the lowest threshold with a small portion of the total funds to be allocated to it.

Source: thehindubusinessline.com– Feb 28, 2021

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Govt extends last date for annual GST filing till March-end for FY 20

The government has extended the deadline for filing annual goods and service tax (GST) return and reconciliation statements for FY20 till March-end, from existing date of February 28.

"In view of the difficulties expressed by the taxpayers in meeting this time limit, government has decided to further extend the due date for furnishing of GSTR-9 and GSTR-9C for the financial year 2019-20 to 31.03.2021 with the approval of Election Commission of India," the Central Board of Indirect Taxes and Customs (CBIC) said Sunday.

Experts termed the extension as a positive step for industry grappling with continuous compliance requirements even as it stumbles to normalcy amid Covid 19 pandemic. "This extension on the last day provides the much needed relief to the industry and would allow them to comply with the statutory obligation within the extended timeline," said Abhishek Jain, tax partner at EY.

The Union Budget FY22 has proposed to do away with requirement of furnishing the GSTR audit report in the form GSTR-9C. Industry had sought an extension of three months for filing annual GST return or GSTR 9 and reconciliation or audit statements, called GSTR 9C forms, for FY 20, ET had reported last week.

The extension till May 31 had been sought due to lack of time for industry to comply since the utility for filling returns was enabled in December last year.

Industry executives said that they have been working with limited manpower even after lockdown restrictions were lifted, even as businesses were trying to revive and strengthen operations. “Because of lesser time and manpower available for reconciliation and diligence, support in form of relaxation of timelines for compliances (is needed),” they said in the representation.

In the absence of an extension, taxpayers may fail to furnish the requisite forms and may have to bear hefty penalties which would be an additional burden amid challenging times for the pandemic-hit businesses, the industry had said in a representation to the Board.

Source: economictimes.com– Mar 01, 2021

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Pakistan may resume import of cotton from India: Report

Pakistan may allow cotton import from India through land route as prospects of gradual restoration of bilateral trade ties have brightened after the new ceasefire agreement along the Line of Control, according to a media report on Sunday.

Citing sources in the Ministry of Commerce, The Express Tribune reported that Adviser to the Prime Minister on Commerce Abdul Razak Dawood may take a decision on whether to import cotton and yarn from India next week.

They said that the issue of cotton shortfall has already been brought to the notice of Prime Minister Imran Khan, who also holds the portfolio of the commerce minister. Once a principled decision is taken, a formal order will be presented before the Economic Coordination Committee of the Cabinet, the sources told the daily.

The sources said that in-house deliberations have already begun but the final decision would be taken only after seeking the approval of the prime minister.

"I cannot say yes or no at this stage and would be in a better position to respond on Monday," Dawood told the daily, responding to a question on whether Pakistan was considering allowing cotton import from India. The trade ties between both the countries can help minimise cost of production in Pakistan and ensure sustained food supplies, the daily said.

India and Pakistan issued a joint statement on Thursday to strictly observe all agreements on ceasefire along the LoC and other sectors after the hotline discussions by their Director Generals of Military Operations. The two countries signed a ceasefire agreement in 2003, but it has hardly been followed in letter and spirit over the past several years.

Relations between the two neighbours have nose-dived after a series of terror attacks in India perpetrated by terror groups based in Pakistan.

Bilateral ties deteriorated further after India revoked the special status of Jammu and Kashmir in 2019. The move angered Pakistan, which downgraded diplomatic ties and expelled the Indian High Commissioner in Islamabad. Pakistan also snapped all air and land links with India and suspended trade and railway services.

The paper reported that against the annual estimated consumption of minimum 12 million bales, the Ministry of National Food Security and Research expects only 7.7 million bales production this year. However, cotton ginners have given the lowest production estimates of only 5.5 million bales for this year.

There is a minimum shortfall of six million bales and Pakistan has so far imported roughly 688,305 metric tonnes of cotton and yarn, costing USD 1.1 billion, according to the Pakistan Bureau of Statistics. There is still a gap of about 3.5 million bales that needs to be filled through imports.

Due to shortage of cotton and yarn, the users were compelled to import them from the United States, Brazil and Uzbekistan. Imports from India would be far cheaper and would reach Pakistan within three to four days.

Importing yarn from other countries was not only expensive but would also take one to two months to reach Pakistan, the daily reported, quoting businessmen who deal in these commodities. The delay in yarn import can pose risk to timely deliver the export orders, according to the paper.

However, the All Pakistan Textile Mills Association (Aptma) is exerting pressure on the Pakistan government not to allow cotton and yarn import from India. An industry insider told the daily that few millers have already hoarded the cotton and were now charging higher rates and import would dampen their short-term earnings. In an appeal to Dawood, Aptma said that the import of yarn from India will directly impact cotton prices in Pakistan.

“The cotton sowing season is currently starting in Pakistan and the predicted drop in cotton price owing to import of yarn from India is approximately 10-15 per cent, discouraging farmers not to sow cotton,” according to the Aptma. On Thursday, India said it desires normal neighbourly relations with Pakistan and is committed to resolving all issues bilaterally in a peaceful manner.

Prime Minister Khan on Saturday welcomed the ceasefire agreement with India and said Islamabad remains ready to move forward to resolve "all outstanding issues" through dialogue.

Source: thehindubusinessline.com– Feb 28, 2021

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Critical sectors: PM asks lenders to boost credit flow

Prime Minister Narendra Modi on Friday asked lenders to boost credit flow to critical as well as new sectors to satiate the growing appetite of a fast-recuperating economy, with an assurance that public-sector bankers won't be harassed for honest business mistakes. He also promised further reforms in the financial services space.

Modi said the government recognises the cycle of ups and downs faced by businesses. So, it doesn't harbour the thinking that all transactional decisions by bankers are done with mala-fide intent and amount to malfeasance.

"The government's responsibility is to stand with all such business decisions taken with good intent and I want to say this to all those in the financial sector that I will stand by you for all decisions taken with honest intent," Modi added.

The economy is recovering from the Covid-induced shocks and is expected to reverse a slide next fiscal to grow in the range of 10% to 13.7%. A massive credit push is thus required for businesses to resume operations without hiccups.

Modi was speaking at a webinar, attended by finance minister Nirmala Sitharaman, principal secretary to the Prime Minister PK Mishra, minister of state for finance Anurag Thakur, financial services secretary Debasish Panda and other stakeholders.

The statement comes at a time when non-food credit growth has slowed even as businesses are going through a reset phase following a substantial easing of lockdown curbs. Growth in non-food dropped 5.92% year-on-year in the fortnight through January 29 from 6.35% in the previous fortnight.

The financial sector, the Prime Minister said, was hurt 10-12 years ago due to "aggressive lending". Steps have been taken to take the country out of this non-transparent credit culture. "Today instead of brushing NPAs under the carpet, we have made it mandatory to report default on day one," he said.

The RBI data released last month showed credit to industry shrank by 1.2% in December 2020, against a 1.6% rise a year before, mainly due to a contraction in loans to large industries by 2.4%. This is way below the 5.9%

non-food bank credit growth recorded in December, even though this growth rate, too, was lower than the December 2019 level of 7%.

However, credit to medium industries registered a robust growth of 15.3% in December, mainly due to the government's guarantee on loans to them under a `3-lakh-crore scheme announced after the pandemic. Modi said as many as 90 lakh micro, small and medium enterprises were given credit worth `2.4 lakh crore in the aftermath of the pandemic.

As for reforms, Modi highlighted the Budget commitment to privatise two state-run banks and raise foreign direct investment (FDI) in insurance to 74% from 49%. The proposed development finance institution will help bolster infrastructure creation. The Prime Minister said the public sector needs to further entrench their presence in banking and insurance to support the poor, even though the government is stepping up efforts to promote the private sector as well.

"As our economy is growing, and growing fast, credit flow has also become equally important. You have to see how credit reaches new sectors, new entrepreneurs. Now you will have to focus on creation of new and better financial products for start-ups and Fintech," Modi said.

Stressing that millions of small farmers came out of the clutch of informal lending channels due to the introduction of the Kisan credit cards, the Prime Minister asked lenders to focus on similar innovative financial products to help the poor and the vulnerable.

As many as 130 crore people have Aadhaar cards now and 41 crore have Jan Dhan accounts, of which 55% are women. Highlighting the need to further bolster financial inclusion through the use of technology, he said on an average Rs 4 lakh crore worth transactions are being undertaken through UPI platform every month and there are 60 crore RuPay card holders.

Loans worth as much as `15 lakh crore have been extended through the MUDRA scheme. Around Rs 1.15 lakh crore have been deposited in 11 crore farmer families through the PM Kisan scheme, he said.

Source: financialexpress.com– Feb 27, 2021

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How govt can reorient its foreign trade policy to align it with Atmanirbhar Bharat Abhiyan

The time is ripe for India to reorient its foreign trade policy to build a self-reliant India that would focus not just on boosting domestic manufacturing but also on making a part of the global value chain.

The Foreign Trade Policy, 2021-2026, of India will come into effect on April 1, 2021, as announced by the Union Ministry of Commerce and Industry on January 12, 2021. It has been stated that the policy will be implemented for five years and will strive to make India a leader in international trade. This outlook is encouraging and supported by various factors. The first is the swift recovery of India from the economic consequences of the Covid-19 pandemic.

The IMF, in its latest World Economic Outlook Report, has projected a double-digit growth of 11.5% for India while also commending the decisive steps and prudent policymaking by India to deal with the pandemic. Second, international trade dynamics have substantially changed as a consequence of the pandemic, for instance, supply chains are getting redesigned and companies are looking for alternative locations to China. This is an opportune time for India to capitalise on the trade opportunities that have emerged as a result of the changing global order. Third, while many countries of the world are still reeling under the impact of the pandemic, India's external sector has shown impressive resilience as evident from a surplus in the current account balance, robust FDI inflows and sustained growth in foreign exchange reserves.

With all these factors in place, the time is ripe for India to reorient its foreign trade policy to build a self-reliant India that would focus not just on boosting domestic manufacturing but also on making India an important part of the global value chain. In this context, following suggestions are made for effective policy-making.

(1) Adding depth to exports

A diversified export basket is an integral part of a prudent trade policy. In the wake of the pandemic, it was found that economies with few export items (such as oil-exporting countries of Middle East) suffered more than those with diversified exports. At the same time, however, too much diversification makes it difficult to add depth to a country's exports. For example, in India, the top five export commodities (petroleum products; drug formulations; pearls and precious stones; iron and steel; and electric machinery and equipment) together contribute less than 30 per cent of total exports. This implies that a significant share of India' exports come from a very broad range of products. Too much diversification prevents an economy from achieving the advantages of specialisation and scale economies. In contrast, in Bangladesh, the top five export commodities (including textiles, apparel and footwear), account for more than 90 per cent of its total exports, allowing them to become a global hub for these products (Economic Survey, 2020-21). Hence, the foreign trade policy should focus on incentivising the manufacture of those Indian products that are competitive in the world market and have the potential to meet large scale global demand.

(2) Exploiting competitive advantage in exports

In recent years, the dominant exports of India have been capital and technology-intensive (such as transport equipment, machinery etc.) While this should continue to be encouraged, there is also a need to boost exports in those sectors where India has an inherent competitive advantage on account of it being a labour-abundant country. The commodities where India is known to have revealed comparative advantage include labour-intensive products such as cotton, carpets, textiles etc. By promoting these sectors in terms of developing specialization and achieving scale economies, it would allow India to make efficient use of its available resources for export growth.

(3) Integration with Global Value Chain

Another post-Covid insight is the importance of deepening India's presence in the global manufacturing value chain. A case in point is the Indian pharmaceutical industry. While India is the largest supplier of generic medicines in the world, it has been excessively dependent on China for sourcing active pharmaceutical ingredients (APIs) and Key Starting Materials (KSMs). During the pandemic, this limited India's ability to manufacture generic medicines owing to supply chain disruptions from China. Realising this, the government notified a Production Linked Incentive (PLI) scheme on July 21, 2020 for promotion of domestic manufacturing of critical KSMs and APIs, with a financial outlay of Rs. 6,940 crore. This was done with a view to reduce India's dependence on imports of these items from other countries, deepen its presence in the manufacturing supply chain of pharma products and reduce supply chain disruption risk for Indian drug manufacturers.

Keeping this momentum, the forthcoming foreign trade policy should aim at incentivising component development and manufacturing of raw materials in sectors such as electronics, automobiles etc. This would lead to shorter supply chain (as fewer countries are involved) and promote exports as well as investment. A step in this direction has already been taken in the Union Budget 2021-22 where customs duty rates have been increased not just for final products but in some cases, on components required to manufacture final products covered by the PLI scheme.

(4) Leveraging Foreign Trade Agreements (FTAs)

India's experience with FTAs has not been very encouraging. As per the Department of Revenue, Ministry of Finance, for many of India's FTAs, the trade balance is unfavourable for India. In fact, India's trade deficit with ASEAN, South Korea and Japan has widened after concluding FTAs with them. The Finance Ministry also observed that revenue foregone has more than doubled to nearly Rs 26,000 crore in 2018-19 as a result of lower import duties that had to be implemented as part of ASEAN-India FTA.

A similar picture is observed for India's trade deals with South Korea and Japan. For instance, pharmaceuticals is the strength of India but does not figure in its top exports to Japan. Japan's domestic market is relatively self-sufficient, and the Japanese market prefers domestic brands to foreign ones. Clearly, the benefits are not reciprocal. The FTAs, therefore, need to be renegotiated in such a way that tariff reduction and greater market access is applicable to those goods and services which have a large or captive market in the partner country. This would help to realize the intended benefits of the FTA.

(5) Establishing linkages with the Micro, Small and Medium Enterprises (MSMEs) sector

There is an urgent need to empower the MSME sector and make it more robust. As the MSME sector in India constitutes the backbone of the business community, the export opportunities could be effectively reaped only when this sector is made competitive in terms of scale, cost and efficiency.

Further, through policy measures (such as local content requirements), backward and forward linkages can be created with the MSME sector which will not just make them an important part of the manufacturing value chain but also competitive by serving global brands.

To sum up, with strong economic fundamentals in place, a Foreign Trade Policy that aligns with the goals of 'Aatmanirbhar Bharat' has the potential to make India an important player in global trade dynamics in the long-run.

Source: timesnownews.com– Mar 01, 2021

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PLI schemes a well-thought-out plan to encourage industry: KM Birla

Aditya Birla Group chairman Kumar Mangalam Birla on Sunday termed the production-linked incentive (PLI) schemes designed by the government as pathbreaking and interesting as they sought to create global giants in chosen sectors.

This seems to be a well-thought-out, long-term plan for encouraging industry, he said. “We see the strong influx of investment dollars,” Birla said.

He said it was more important to get the private sector to make capex investments than getting foreign investments into India. India is much closer to becoming a global hub for manufacturing, has had a history of building global-size businesses in software, pharma, metals and auto, and has a track record of global excellence and scale, he said.

Birla was speaking at a fireside chat at the three-day Asia Economic Dialogue 2021 organised by the Ministry of External Affairs and the Pune International Centre.

About the prospects of GDP growth of 7-8%, Birla said there should be no doubt or apprehension about the growth momentum in India. The plumbing is already done and the country had undertaken bold reforms to push it to a high trajectory, he said. He predicted a sharp recovery with double-digit growth, with consumer and business confidence coming back.

After turbulent times, crazy gyrations in economic variables, high price volatility and commodity prices on a roller coaster, Birla said there is no long-term structural setback to the Indian economy. His group is quickly moving from resilience to renewal as he sees a lot of buoyancy and business optimism, with most of their businesses reporting growth in the third quarter, he said.

Enthused by the national infrastructure pipeline, he predicted an investment boom and multi-decadal growth. His group is making new bets with investments of around $2.8 billion across businesses in the last two months. These include $800 in the UltraTech cement business and $1 billion for doubling capacity at Hindalco in downstream part of the business.

Flagship Grasim has identified paints as a new sector of growth. Novelis has completed a $2.8 billion acquisition right in the middle of the pandemic, he said.

The earlier government stimulus, topped with an even stronger fiscal stimulus in the Union Budget, will fire up risk capital and energise the private sector, he said. Birla said he has not seen such a sustained euphoric reaction to a budget, weeks after the Budget was presented. “The year 2021 is the new 1991 in terms of the impact of reforms and I think the 2020s will be India’s decade,” Birla said.

On the global front, Birla said regionalism is becoming more of the norm than globalisation, and national concerns are coming to the fore, he said. So instead of the traditional wisdom of one large capacity, there will be smaller capacities build across continents and nations, Birla said.

About India staying away from the RCEP trade agreement, Birla said groups like theirs and many others will not quibble over free trade or opening up of borders. However, he said there is a need for a sense of equity among players, and when there is large-scale dumping below cost, free trade is subverted. He cited the case of dumping of copper in the country. The RCEP will not be effective if these concerns are not addressed and there is no safeguard against malpractices, Birla said.

Source: financialexpress.com– Mar 01, 2021

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E-commerce seeks a slot in trade basket

India's coming foreign trade policy may have a separate chapter dealing with e-commerce for the first time amid demands for helping millions of small manufacturers become exporters, said three people familiar with the development.

Several e-commerce firms, including Amazon India, Walmart Inc., and eBay, payment gateway PayPal and industry bodies Federation of Indian Chambers of Commerce and Industry and Confederation of Indian Industry have sent recommendations for export promotion in the new policy.

The Foreign Trade Policy 2021, which is being formulated, is expected to come into effect on 1 April.

The suggestions made to the Directorate General of Foreign Trade are largely on digitization and call for compliance burdens to be eased for micro, small and medium enterprises (MSMEs).

Companies and industry bodies have recommended creating a 'knowledge centre' for spreading export awareness among MSMEs, setting up a separate export promotion council for e-commerce, digitizing and creating a single-window export clearance process.

The draft foreign trade policy is currently under review with commerce minister Piyush Goyal before it is released to government secretaries for any additional consultation, said the first of the three people, who asked not to be named.

"The coming foreign trade policy can provide the perfect opportunity for e-commerce exports to scale, and we have been part of forums suggesting structural changes.

Awareness and knowledge hubs through export promotion councils, creating foreign post offices in every district and setting up export promotion zones around the country can help remove the structural blockers for MSMEs to boost exports. Digitization of processes and certification can also hold MSMEs in good stead," said Abhijit Kamra, director, global trade, Amazon India.

Last year, Amazon Inc. chief Jeff Bezos said his firm will export 'Make in India' products worth $10 billion by 2025. Amazon India has so far facilitated exports worth $2 billion in this mission. The industry, through a series of consultations, has also pushed for digital cataloguing of products produced by MSMEs under the government's 'One District One Product' (ODOP) initiative, providing a real-time traceable database, which will allow e-commerce firms and the government to familiarize themselves with products for potential export in various districts. These catalogues will also help directly connect sellers and manufacturers.

Recommendations have also sought a single interface for MSMEs to avail their authorized dealer and import-export code through the Indian Customs of Central Board of Indirect Taxes and Customs' ICEGATE platform. This is aimed at making export clearance a 100% online and digitized process.

"Today, 64% of India's exports are from third-party merchants, which procure products from small businesses. If MSMEs need to be made self-reliant, we need open platforms like e-commerce for them to sell and design policies that make them the beneficiaries, rather than these third-party merchants. Further, only 35,000 MSMEs in the country export, leaving a huge potential for the government to tap the upcoming policies," said Vinod Kumar, president of the India SME Forum, which also sent in its recommendations.

Kumar added that according to the forum's research, India's e-commerce industry could contribute close to $20-$22 billion in export trade, with the country needing to focus on B2C trade, which has been hastened by covid.

"We have been hearing that the foreign trade policy will have a lot of indexing for e-commerce, leading to a separate chapter. MSMEs is a high priority for the government," said the second of the three people cited above.

With customers in the US and European markets expecting product deliveries in 7-10 days, recommendations from e-commerce firms have also sought special lanes for faster clearance of e-commerce exports and round-the-clock clearance of these goods at all ports.

"It is still to be seen whether the government considers all the recommendations and counts it under a separate e-commerce chapter, since these changes have an industry-wide effect and not just on e-commerce," said the third person.

Companies have also pushed for scaling foreign post offices in 28 MSME clusters to more than 100, along with end-to-end traceability of even return orders.

In order to ensure return orders are not mislabelled as fresh imports, documentation of export bills is sought as proof of return orders and re-imports.

Source: livemint.com– Mar 01, 2021

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We must continue to trade with China, says Rajiv Bajaj

Rajiv Bajaj, managing director of Bajaj Auto, on Saturday said India must continue to trade with China. “We must continue to do trade with China because if we conduct our business at the exclusion of such a large country (and) such a large market, we will find ourselves incomplete over time and we will be poorer for the loss of that experience,” Bajaj said.

Bajaj stressed on the importance of maintaining continuity for having reliable supply chains. He drew attention to what happened around June-July last year when the Indian government suddenly came down hard on imports, especially from China. “To my mind, doing something like that is to cut your nose to spite your face because overnight how can one source components that are simply not made in the domestic market that you need to deliver products in the domestic or export customers?” Bajaj said.

When it comes to competitiveness, Bajaj said it was cheaper to make something out of China and sometimes cheaper to procure something from Thailand. He suggested that companies should always procure stuff from wherever it is most competitively available. Bajaj was speaking at the Asia Economic Dialogue 2021, addressing a panel discussion on ‘Building Reliable Global Supply Chains’, organised by the ministry of external affairs and Pune International Centre.

He pointed out that a global company like Bajaj Auto has to be inclusive and it was important to have dealers, distributors and suppliers from all over the world. When dealing with suppliers, there was also a need for compassion, as Bajaj has 225 suppliers, many of whom are exclusive to the company or depending largely on them, he said. “At the end of the day, we are all interdependent.”

Bajaj Auto is already working through partners to enter the three or four ASEAN markets where the company is not present as these are strongholds for Japanese companies. So Bajaj, along with KTM, is putting together a smart strategy to make their way into Vietnam. They have entered Malaysia through a relationship with a partner there, another partnership for Thailand, and with KTM to the Philippines.

He struck a note of caution about the ease of doing business in India when compared to ASEAN countries. As the company hopes to venture into the Asian market in a significant way, an elaborate comparison on certain metrics of land, labour, electricity, logistics and legal system was carried out. After an exhaustive comparison of India, Vietnam, Indonesia, Thailand and Malaysia on these five metrics, the company came to the conclusion that the ease of doing business in these ASEAN countries is easier than what they encounter in India.

On the electrical vehicle opportunity for India, Bajaj said electrical vehicles have not moved forward as much or as swiftly as they should have in the country because of the inertia of the incumbents, as they don't want to replace a profitable petrol and diesel vehicle overnight with a loss-making electric vehicle. His company started its electric vehicle business with the Chetak scooter because they did not have an existing ICE engine-based scooter business, so the company has no vested interest in keeping petrol scooters going, he said.

He is optimistic of two-wheelers and three-wheelers transitioning to electric, as these are light vehicles and the major hurdles to electrification such as size of battery, cost of battery, charging time and range get mitigated to a large extent. The government is keen on electrical vehicles, with Niti Aayog, MORTH (ministry of road transport and highways) and the PM driving this strongly, and Bajaj Auto is excited because it puts them at the starting line with the rest of the world, he said. "On motorcycles, we had to play a huge catch-up of time lost of 50 years. Here, we are almost at the starting point like everyone else," he said.

Source: financialexpress.com– Feb 27, 2021

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Govt announces 'One District One Focus Produce' programme

With the aim to boost export of agriculture products, the Centre has identified several products under 15 broad categories, allotting one product for each of the country's 728 districts so that there is convergence of resources under different schemes of various ministries and also it helps increase farmers' income.

The products have been identified from agricultural, horticultural, animal, poultry, milk, fisheries, aquaculture, marine sectors across the country after taking inputs from the states, Union Territories and the Indian Council of Agricultural Research (ICAR).

"These products need to be promoted in a cluster approach through convergence of the Government of India schemes to increase the value of the products and with the ultimate aim of increasing the income of the farmers," said Shubha Thakur, a joint secretary in the agriculture ministry, in her letter to all the chief secretaries of the states. These identified products will be supported under the PM-FME scheme of the Ministry of Food Processing Industries, which provides incentives to promoter and micro-enterprises, the letter said.

The programme, named as One District One Focus Produce (ODOFP), was announced Saturday. It took almost nine months to design after Prime Minister Narendra Modi, during his interaction with officials in May last year on ways to boost the agriculture sector, underlined the importance of developing Brand India for which agri-clusters can be promoted. The government has already set a target to achieve $60 billion agri exports by FY22.

Under the Rs 10,000-crore FME scheme, launched last year, two lakh micro-enterprises are targeted to be assisted with credit-linked subsidy over a five-year period to help create infrastructure and marketing of these ODOFP products.

The unorganised food processing sector has nearly 25 lakh units (66% located in rural areas), which contribute to 74% of the total employment in the sector, while the remaining 25% work in the organised industries.

However, the success of the programme hinges on allowing entrepreneurs to directly purchase those products in each specified district. Since the implementation of the three farm laws has been stayed by the Supreme Court, states can suitably make changes in the Rules under their respective APMC Act so that entrepreneurs are allowed to buy directly from farmers, an agriculture ministry official said, adding there should not be any tax/cess on the ODOFP products as those are meant for export.

Kadapa and Anantapur districts in Andhra Pradesh were identified for banana exports as part of a commerce ministry plan in 2018 to develop 50 districts as exports clusters. However, there were difficulties to sell bananas even in the domestic market after the lockdown was announced last year and finally the agriculture ministry made arrangement to sell those in other states. On the other hand, items like non-basmati rice performed well as the country had exported more during April-September of FY21 than the quantity shipped in entire FY20.

Source: financialexpress.com– Feb 28, 2021

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Need to reset trade ties with China, says Foreign Secretary Shringla

India focussing on ensuring resilient supply chain, diversifying trade dependencies

Remarking that a normal bilateral trade relationship with China was contingent on peace and tranquillity on other fronts, Indian Foreign Secretary H.V. Shringla on Sunday said the country was looking to diversify its trade dependencies.

“The current bilateral trade with China at $78 billion is heavily tilted in the latter’s favour and that will need a reset. India on its part is simultaneously working on diversifying its sourcing to ensure a more resilient supply chain in the future,” said the Foreign Secretary.

Mr. Shringla was speaking during the penultimate panel discussion titled 'India as Global Partner' at the fifth Asia Economic Dialogue (AED) 2021, jointly hosted by the Ministry of External Affairs and the Pune International Centre (PIC).

Commenting on future relations with the United States in wake of new Joe Biden administration, Mr. Shringla said India has had “an element of continuity” with the U.S. and that Prime Minister Modi had had close personal relationships with both former presidents Barack Obama and Donald Trump.

“While China continues to be one of India’s most important trade partners, the balance of trade is skewed in favour of the former. With recent disturbances in eastern Ladakh and the ongoing process of disengagement, there is introspection on our part in making our supply chain more resilient... a normal bilateral relationship with China is calibrated on peace and tranquillity on other fronts,” he said.

Mr. Shringla said the Indian government was trying to work out details of new proposals with the Biden administration to make the supply chain more resilient in the Indo-Pacific region.

“We are trying to work out details of various proposals that have come in. How we can work together in the Indo-Pacific? This included maritime security,” he said.

Observing that the Prime Minister had had close relationships with both Mr. Obama and Mr. Trump, Mr. Shringla said that Mr. Modi also shared a good rapport with Mr. Biden.

“They have had a series of good conversations. So, we have a sense of priorities with the new U.S. administration. New elements like climate change and technology have been introduced by the Biden administration. There is a range of areas to collaborate,” said the Foreign Secretary.

Stating that the Indian government’s first priority was to fulfil its domestic vaccine needs, he said the country would not compromise on its commitment to meet international vaccine requirements as well.

Noting that India’s vaccine diplomacy had been a “huge success”, he said that India’s ‘Neighbourhood First’ policy in the context of supplying vaccines to India’s neighbours has significantly raised the stature of India among people of these countries. He highlighted that India had supplied 36 million doses across the world, 80% of these through exports and the remaining in the form of grants.

Speaking about the preference for Indian vaccines in foreign countries and India’s recognition in various countries for its yeoman service in the provision of vaccines, Mr. Shringla said that the government had received a number of messages from Africa, the Gulf countries, the Bahamas and India’s neighbours (like Nepal) expressing their gratitude for the Covid-19 vaccines.

“This reveals the generosity of India and its unrivalled position in global and health supply chains. And we have done this without compromising on India’s needs... People want India’s vaccines, and there is a strong preference for them,” Mr. Shringla said. He added that SII and Bharat Biotech had already ramped up their capacities and that both national and international requirements would be met.

An earlier session on the ‘Perspectives on India’s International Development Cooperation’ saw the participation of Foreign Minister of Maldives Abdulla Shahid, Foreign Minister of Bhutan Tandi Dorji, and his Mauritian counterpart, Alan Ganoo, along with senior diplomat Rahul Chhabra, Secretary (Economic Relations), Ministry of External Affairs.

Lauding India's support for large-scale development projects in Maldives, Mr. Shahid said the country's support for such projects there had been “exemplary”, citing the Indian government’s ‘Mission Sagar’ as an example of New Delhi’s commitment to achieving transparency, cooperation, and security of the Indian Ocean Region.

“India’s support has been demand-driven, the tenders drawn have always been transparent and based on dialogue. Even the smaller projects have had community impact,” Mr. Shahid said.

Remarking that India’s international economic cooperation agenda was premised on the shibboleth of “the world is one family”, Mr. Chhabra said country’s basic premise rested on ‘development partnership’ with fellow nations.

“It is not a donor-recipient relationship. India has granted a massive package of $40 billion over the last decade and a half to foreign nations,” he informed.

In terms of geographical reach, India covered 65 countries across the globe for just the lines of credit.

“In the next few months, we are pushing this number to 75. Furthermore, the repayment terms of the credit given is often very generous, almost akin to a grant. Currently, India has lent its expertise in about 650 projects in these 65 countries,” Mr. Chhabra informed.

He noted that some of these projects, like contribution to the power sector in Sudan and Rwanda, a cement factory Djibouti, a sugar factory in Ghana, an oil refinery in Mongolia, were “first-time initiatives” in these countries.

Source: thehindu.com– Feb 28, 2021

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Fiscal deficit hits Rs 12.34 trillion at end of January, shows data

The central government's fiscal deficit soared to Rs 12.34 trillion, or 66.8 per cent, of the Revised Budget Estimates at the end of January of the current fiscal year, according to the data released by the Controller General of Accounts (CGA).

The fiscal deficit at the end of January in the previous financial year was 128.5 per cent of the Revised Estimates (RE). In the current fiscal ending March 31, the fiscal deficit is likely to touch Rs 18.48 trillion, or 9.5 per cent, of the gross domestic product (GDP). The lockdown imposed to curb the spread of coronavirus infections had significantly impacted business activities and in turn, contributed to sluggish revenue realisation.

The fiscal deficit, or gap between the expenditure and revenue, had breached the annual target in the month of July during this financial year. The government received Rs 12.83 trillion — 80 per cent of the RE 2020-21 — up to January, 2021. This included Rs 11.01 trillion of tax revenue.

The tax revenue collection was 82 per cent of the RE of 2020-21, as compared to 66.3 per cent of the RE (2019-20) during the same period last fiscal. Non-tax revenue was 67 per cent of the RE. During the corresponding period of the last fiscal, it was 73 per cent.
According to the CGA data, total expenditure incurred stood at Rs 25.17 trillion, or 73 per cent of the RE in the current fiscal year.

Last fiscal, it was 84.1 per cent of the RE during the same period.

For this financial year, the government had initially pegged the fiscal deficit at Rs 7.96 trillion, or 3.5 per cent of the GDP, in the Budget presented in February 2020.

However, according to Eevised Estimates in Budget 2021-22, the fiscal deficit in the year ending March is estimated to soar up to 9.5 per cent of the GDP, or Rs 1,848,655 crore. This will be because of rise in expenditure on account of the outbreak of Covid-19 and moderation in revenue.

Fiscal deficit had soared to a seven-year high of 4.6 per cent of the GDP in 2019-20, mainly because of poor revenue realisation.

Source: business-standard.com– Feb 27, 2021

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Seed makers worry over illegal Bt cotton usage

Fear unauthorised Bt-3 cultivation may increase 10-15% during next kharif season

Fears over farmers cultivating unauthorised and illegal genetically-modified cottonseed called Bollgard-III or 'Bt-3', haunts the seed industry and farmers leaders as cottonseed units gear up for the Kharif season starting June.

Industry sources said that the illegal seeds could comprise 10-15 per cent of the total cottonseed area in the country during the next kharif. "It was a bit lower last year but on good demand, they might swarm the market with huge volumes," a top executive of a seed company, on the condition of anonymity, told Business Line.

BG-III, the third generation bio-technology product that protects the cotton crop from the weed menace, has not received permission from the regulator Genetic Appraisal Engineering Committee (GEAC).

Banned in five States

The technology gives the plant ability to withstand herbicide sprays. When sprayed, the herbicide (glyphosate that is banned in Maharashtra, Punjab, Kerala, Telangana and Andhra Pradesh on reports that it causes cancer) kills the weed but not the crop, which has the built-in protection.

The seed industry, which is buoyant over the upcoming season, laments that the trend in sales of illegal seeds. "Yes, it is growing. It's not good for oganised players like us. We made several representations to the Centre. But there is no headway in arresting the growth of illegal seeds," said M Prabharaka Rao, Chairman and Managing Director of Nuziveedu Seeds Limited.

"Gujarat and Gadwal area in Telangana are the hotbeds of illegal Bt cottonseed production. They grow it in small chunks here and there. It is very difficult to track them," said a cottonseed company executive.

The illicit seed traders use clever methods to dodge any scrutiny. They pack the seed in small bags to avoid attention while transporting. They don't transport the seed bags in big trucks.

“Why, they even use popular brands of top seed players in packing to mislead the farmers. The unsuspecting farmers think that they are buying genuine seeds. We are losing heavily here,” he said. The industry, which sold 4.5 crore packets (of 450 gm each) last year, has an inventory of about 1.3 crore packets carried over from last year.

Rain damage

“There may be shortage for some promising new hybrids due to the damage caused by rains in October, 2020. Overall, despite the losses in seed production due to the rains, there will be enough stocks for the upcoming season,” said Prabhakara Rao, who is also the President of National Seeds Association of India (NSAI).

The Telangana Rythu Sangham expects that the illegal Bt-3 seeds could cover an area of 7-8 lakh acres in the upcoming season in Telangana as against about 5 lakh acres last year. “The police seized 20,000 quintals of such seed last year and slapped about 210 cases. But the real culprits are not being caught,” said S Malla Reddy of Telangana Rythu Sangham.

Farmers in Telangana, Andhra Pradesh and Maharashtra claimed it lowers cultivation costs, particularly labour charges for removing the weeds. They are also demanding that they get access to the latest crop technology.

The seed industry and farmers are concerned over the fact that no new genetically-modified seed has been approved by the GEAC since 2006. The problem cropped up after the Supreme Court announced a moratorium on commercial release of Bt brinjal in 2009. Though the moratorium got over in 2019, no new variety has been approved by GEAC yet.

Before commericial release, field trials of the genetically modified crops have to be done. For this, the Centre has asked the seed companies to get the State government’s approval. But this is proving to be a tricky issue, particulary with States that could go to polls within two years.

Source: thehindubusinessline.com– Feb 26, 2021

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UP govt invites Vietnam to invest in agriculture & textile

Luring Vietnam of easing tax compliance for setting up MSME units in the state, the Uttar Pradesh (UP) government has invited the latter to invest in agriculture, textile.

Additional. Chief Secretary, MSME, UP government, Navneet Sehgal during a virtual discussion on India -Vietnam Trade and Investment Connect on Thursday organised by Indian Industries Association (IIA) said that the UP has liberalized the policies and brought many changes in the ecosystem and there are various potential growth areas for tie-ups.

"We can collaborate and take advantage of each other's strengths, as Vietnam is good in electronics and UP is good in textile and agro-based industry. We have 60 products under One District One Product (ODOP) which we are exporting in large numbers to other countries. This type of meets can be a good platform provided by the embassy where industry to industry kind of interaction can be done."

In a bid to promote and enable the Indian and Vietnam MSMEs to know each other, understand the business opportunities and promote bilateral trade and investment and to encourage trade links and helping SME on both sides of the countries Indian Industries Association (IIA) and Embassy of Vietnam in India organized "Virtual Discussion on India -Vietnam Trade and Investment Connect & with all concerned stakeholders on February 25th 2021.

This virtual meet made entrepreneurs aware of the opportunities and scope of investment for expanding their business in Vietnam which will help them to make their presence in the global market. He further said that the UP government is very positive towards any kind of tie-ups with the embassy and creates a common group which could jointly work on potential areas and technology transfer which can be explored.

"Whatever we can do for support and collaboration we will definitely do so," he added.

He said that if Vietnam is interested then we (UP government) can establish an ecosystem, subsidy on capital and GST reforms, Labour, technology, hand holding process, land availability, airports, proper connectivity, power availability.

"We also welcome investment from Vietnam in agriculture, textile. If you establish MSME units in UP, you will get easy access to all requirements including various incentives. We are glad to announce that we are at number 2 position in ease of doing business," Sehgal avowed.

Prominent Speakers from the Vietnam counterparts were also present in the meeting who graced the sessions are Ambassador of Vietnam to India – Pham Sanh Chau; Deputy General Secretary of Hanoi Association of Small and Medium Enterprises (HANOISME)- Nguyen Hoang; Head of Investment Promotion Division - Foreign Investment Agency Ministry of Planning and Investment of Vietnam- Hoang Thanh Tam; Trade Counsellor,

Head of Trade Office, Embassy of Vietnam in New Delhi- Bui Trung Thuong.

The India counterpart meeting was chaired by the National President of IIA Shri Pankaj Kumar; Moderated by IIA General Secretary Ashwani Khandelwal. Senior Vice President IIA Manmohan Agarwal gave a detailed presentation on Opportunities & Challenges for Indian Business to Access Vietnam.

In his address President IIA Kumar said that the rising importance of Vietnam in global supply chains has the potential to strengthen India-Vietnam ties further. Indian Industries may also seek the potential to set up businesses in Vietnam in energy, mineral exploration, agrochemicals, sugar, tea, coffee manufacturing, IT, and auto components.

'Vietnam provides several lucrative reasons to invest such as increased access to markets, favourable investment policies, free trade agreements, economic growth, political stability, low labour costs, and a young workforce. Defense production Corridor is set up in UP after Tamil Nadu. This field is full of opportunities for Indian MSME and our counterpart Vietnam. We both can share support in this field also bilaterally," IIA president added.

Kumar further said that we from the India counterpart look forward and want to set up an association with you for the sake of MSMEs in both countries so that the development and promotion can be done more effectively.

In the coming time, we may organize many programs which will increase the competitiveness of entrepreneurs of both countries, Kumar added.

Ambassador of Vietnam to India Pham Sanh Chau expressed his views and said that Vietnam recently raises its economic growth rate by 3 per cent which is a good sign to attract more investment.

"Indian Companies can easily invest in Vietnam due to its political stability. Areas wherein Vietnam looking for investment from India are Automobile, Granite, Marbles and Marbles, Textiles, Home Appliances, Agricultural, and Pharmaceuticals. Vietnam is also influenced by the Prime Minister and his aim of making India self-reliant and invite Indian businesses to set up their operations in Vietnam as they will get access to a domestic market of 90 million," he added.

Source: knnindia.co.in– Feb 26, 2021

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GHCL to expand textile capacities in Tamil Nadu

Firm may invest ₹150-₹200 cr. in FY22

GHCL, which has two textile mills in Tamil Nadu, plans to invest ₹150-₹200 crore in the State in FY22

R.S. Jalan, MD, told The Hindu that the company 'has aggressive plans for expansion and a team is working on them.'

The company will look at expanding capacities at its yarn production facilities near Madurai and Tiruchirapalli and also in solar power.
"We are looking at putting up weaving infrastructure, too," he said. The company makes cotton and synthetic yarn in the mills.

The textiles business had been doing well in the third and fourth quarters of this fiscal and was expected to continue the performance. GHCL exports home textiles and yarn. Mr. Jalan said India had grown in the textiles segment in terms of exports.

The levy of import duty on cotton, as announced in the Budget, would affect the growth of textiles exports as several units imported cotton, mainly branded and extra-long staple, to make and export premium textile products, he added.

Source: thehindu.com– Feb 27, 2021

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SITRA lab to come up on spinners association premises in Coimbatore

The facility will be opened on March 4

The South India Textile Research Association (SITRA) will set up a laboratory on the premises of the South India Spinners' Association (SISPA) here to test cotton and yarn.

N. Murugesan, president of the Spinners' Association, said its members were in need of testing facilities and had submitted a project to the Union Ministry of Textiles. The Ministry said SITRA could set up a facility to cater to the requirements of the members of SISPA. Accordingly, SITRA was setting up the testing facilities on the SISPA premises, and it would be inaugurated on March 4.

SISPA had allocated approximately 500 sq.ft. on its premises for the testing centre. The maintenance cost would be shared by both the organisations
This facility would benefit the SISPA members as not all of them could become SITRA members and use the facilities and services of the research organisation. SITRA and SISPA had entered into a five-year agreement for this programme. SITRA would install machinery and depute personnel to test cotton and yarn samples given by the SISPA members, numbering nearly 450.

SITRA would also extend its training and awareness programmes to SISPA members, Mr. Murugesan said. Since SITRA's testing results was recognised in other countries too, this would help SISPA members.

According to an official of SITRA, it will offer the testing services at a special rate to the SISPA members. It will install some of the spare machinery it had and would purchase a couple of more equipment. In case of other tests, the samples would be taken to SITRA and tested at a concessional rate for SISPA members.

Source: thehindu.com– Feb 27, 2021

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