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INTERNATIONAL NEWS

US Apparel Imports Continue Slide Entering 2021

U.S. apparel imports got off to a slow start in January, a likely testament to ongoing sluggish demand as Covid spikes persisted.

Overall apparel imports declined 18.34 percent to $5.52 billion worth of goods in the month compared to January 2020, according to the Commerce Department's Office of Textiles & Apparel (OTEXA). All of the Top 10 suppliers posted year-over-year import declines except Pakistan, with the No. 9 producer for the U.S. market shipping 11.99 percent more goods for a value of $147 million.

Imports from still-top supplier China, which has seen rapid drop-offs the past two years mainly due to tariff risks, fell 19.9 percent to a value of $1.3 billion. No. 2 producer Vietnam's imports to the U.S. decreased 18.62 percent to $1.07 billion.

Among other Asian suppliers, shipments from Bangladesh were down 16.61 percent to $519 million, while imports from Cambodia, which had been posting consistent gains during 2020, fell 17.32 percent to $230 million. Imports from India dropped 22.28 year over year to $288 million and shipments from Indonesia were down 33.17 percent to $276 million.

Western Hemisphere countries in the Top 10 seemed to slow the rate of decline in the month. Imports from Mexico declined 13.14 percent to a value of $178 million, as shipments from Honduras fell 10.09 percent to $138 million and imports from El Salvador were off 8.12 percent to $108 million.

Discussing sourcing strategy on a conference call with analysts this week, Rustin Welton, executive vice president and chief financial officer of Kontoor Brands, said the maker of Wrangler and Lee has been dealing with port congestion, higher freight rates or labor shortages with "intentional port diversification."

"We really believe our diversified supply chain benefits us as we manage through this time with approximately a third of our production in this hemisphere and two-thirds of our source production coming from 225 facilities and over 20 countries around the world, we can be a little more creative...in navigating some of the challenges," Welton said.

While nearly all manufacturers of apparel for the U.S. market tracked by OTEXA posted declines in imports for the month, notable exceptions were all countries that ship their apparel to the U.S. under free trade agreement. Imports from Guatemala, which operates under the Central America Free Trade Agreement, as do Honduras and El Salvador, ticked up 0.9 percent in the month to $115.85 million.

Out of Africa, imports from Egypt increased 3.4 percent year over year to $92.55 million, and shipments from Ethiopia jumped 17.1 percent to $21.63 million, despite political unrest that has curtailed its steady rise of late.

Source: sourcingjournal.com– Mar 05, 2021

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US and UK Pause Tariff Feud

On Thursday, 16 years of transatlantic trade tension reached a détente.

The U.S. and the U.K jointly announced a cease-fire on duties stemming from the dispute surrounding large civilian aircrafts made by competing manufacturers Boeing and Airbus.

"The United Kingdom and the United States are undertaking a four-month tariff suspension to ease the burden on industry," they wrote, noting their "bold, joint step towards resolving the longest running disputes at the World Trade Organization."

The conflict originated over whether European multinational aerospace corporation Airbus unfairly benefited from subsidies, giving it a leg up over American rival Boeing. In 2019, the WTO ruled in favor of the charges laid out by U.S. lawmakers, and legislators quickly slapped $7.5 billion in tariffs on goods from the EU in an effort to pay down the damages already incurred. The action impacted a range of EU imports, including items like luxury handbags, wool sweaters and vests, cashmere, and cotton, affecting the luxury tailors of Savile Row, among others.

By September of 2020, several EU states were ready to retaliate, and were granted liberty to do so by yet another WTO ruling. The EU and Airbus hit back with the imposition of $4 billion in new tariffs on U.S.-made products—including a 15-percent addition of duties on aircrafts and 25 percent tariffs on agricultural and industrial imports—as a countermeasure against subsidies that benefitted Boeing. When the actions took effect in October, Valdis Dombrovskis, European commissioner for trade and executive vice president for Economy that Works for People, expressed frustration at the development.

"We have made clear all along that we want to settle this long-running issue," he said. "Regrettably, due to lack of progress with the U.S., we had no other choice but to impose these countermeasures."

The U.K. ceased applying those retaliatory tariffs just months later on Jan. 1. The rollback was an effort to "de-escalate the issue and create space for a negotiated settlement to the Airbus and Boeing disputes," the British government stated.

The move appears to have worked, as the U.S. suspended its own duties beginning March 4. The four-month détente "will allow time to focus on negotiating a balanced settlement to the disputes," the governments said. It also highlighted a desire from both nations to "begin seriously addressing the challenges posed by new entrants to the civil aviation market from non-market economies," naming China in particular.

The decision stands to benefit a wide range of industries "on both sides of the Atlantic," they added. What's more, the respite from trade actions will allow for "focused settlement negotiations to ensure that our aerospace industries can finally see a resolution" to a conflict that has lasted nearly two decades, allowing both nations to "focus on Covid recovery and other shared goals."

Helen Brocklebank, CEO of British luxury advocacy group Walpole, described the development as "very welcome" news.

"Globally famous brands like dunhill, Glenfiddich whisky, Hendrick's Gin, Johnstons of Elgin and Peter Reed have helped create a 'jewel in the crown' luxury sector that was growing at nearly 10 percent each year before the pandemic, worth 48 billion pounds ($66 billion) to the UK economy," she said in a statement Thursday. "The impacts of the tariffs on British luxury businesses have been disproportionate and resulted from a dispute not of our sector's making."

Brocklebank hopes scrapping the tariff tit-for-tat means renewed trade cooperation is on the horizon, questioning if the news "signals that our Government and the new US administration will break new ground with a speedy free-trade agreement."

"It's imperative that both sides are now successful in reaching a negotiated settlement resulting in the permanent removal of the tariffs," she said. "A much-needed intervention as the British luxury sector recovers from the pandemic."

Source: sourcingjournal.com– Mar 05, 2021

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USTR releases 2021 President's Trade Agenda, 2020 Annual Report

The Office of the United States Trade Representative recently released delivered President Biden's 2021 Trade Agenda and the 2020 Annual Report to Congress, detailing a comprehensive trade policy in support of the administration's effort to help the United States recover from the COVID-19 pandemic and build back better. The agenda will create millions of jobs.

It will support US working families by tackling four national challenges: building a stronger industrial and innovation base so the future is made in America; building sustainable infrastructure and a clean energy future; building a stronger, caring economy; and advancing racial equity across the board, an official press release said.

The trade agenda will restore US global leadership by combatting forced and exploitative labour conditions, corruption and discrimination against women and minorities around the world.

Through bilateral and multilateral engagement, the Biden administration will seek to build consensus around trade policies that address the climate crisis, bolster sustainable renewable energy supply chains, level the playing field, discourage regulatory arbitrage, and foster innovation and creativity.

Source: fibre2fashion.com– Mar 05, 2021

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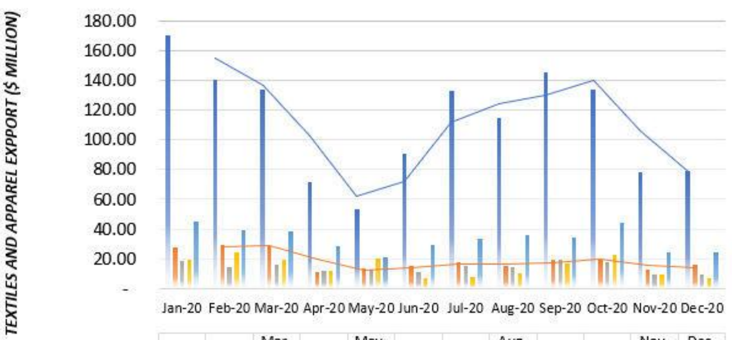
Egypt's textile & apparel export likely to fall in 2021

Textile and apparel exports from Egypt are likely to see a decline this year as several manufacturers, especially in the cotton textiles industry, have reduced production. Further, almost 30 per cent of the nation's textile and apparel factories are shut down due to disruption in supply and value chain, and economic downfall, the government said recently.

EGYPT TEXTILES AND APPAREL EXPORTS ($ MILLION)



	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Egypt Apparel Exports ($ million)	170.04	140.09	133.33	71.21	53.15	90.30	132.78	114.79	145.45	133.64	78.53	78.88
Egypt Fabric Exports ($ million)	27.80	29.08	28.29	11.24	13.28	15.37	17.97	15.49	19.40	19.80	12.40	15.77
Egypt Yarn Exports ($ million)	18.74	14.81	16.49	12.01	12.82	10.95	15.12	14.56	19.20	17.86	9.30	9.36
Egypt Fibre Exports ($ million)	19.64	24.42	19.04	12.21	20.27	7.15	8.06	10.51	16.91	23.10	9.18	6.93
Egypt Home Textiles Exports ($ million)	44.72	38.90	38.05	28.17	21.25	29.10	33.29	35.58	34.12	44.21	24.65	24.62

Egypt is a well-known player in the textiles and apparel industry, especially in cotton textiles with higher staple lengths. Approximately 4,500 textiles and apparel industries are operating in the country. The textiles and apparel industry of Egypt has given employment to 1.3 million people. The textiles and apparel industry of the country contributes over 10 per cent to the total exports approximately.

The textiles and apparel exports of Egypt declined 29 per cent to $2,313.38 million in 2020 (2019: $3,259.71 million). The downfall might further continue with exports expected to drop 15 per cent to $1,966.37 million in 2021.

US, Turkey, Germany, Italy, and Spain were the top five export destinations in 2019, however UK entered in the list replacing Italy in 2020.

Egypt is a major exporter of apparels, home textiles and fabrics. The country also exports yarn and fibres in comparatively smaller amount. The dip in country's textiles and apparel exports has been observed from April 2020 to June 2020. It recovered in the following months but again declined in November 2020 and December 2020.

Source: fibre2fashion.com– Mar 05, 2021

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Yarn Expo to show sustainable products from global textile suppliers

Yarn Expo Spring will show sustainable, natural and regenerated products from international and domestic textile suppliers, paving the way for an eco-friendly industry. The fair will be held from March 17-19, 2021, in Shanghai, China. Suppliers from Asian and European countries display their collection of natural and blended yarns and fibres at the show.

Some of international suppliers of organic and regenerated cotton exhibiting at the fair include Hengbang Textile from Vietnam, displaying recycled cotton yarn for socks, mops, gloves, knitting fabric, denim, weaving, cotton ropes, blankets, pet supplies and more; and Xiamen Naseem Trade from Pakistan showcasing organic / BCI yarn, 100 per cent cotton single and double yarn, counts from 5 - 60s carded and combed knitting and weaving, Messe Frankfurt said in a press release.

With the increasing demand for sustainability worldwide, Chinese suppliers continue to offer more eco-friendly textile products. Some domestic exhibitors of naturally produced hemp products include Nantong Jinmiao Textile, Anhui Tengjia Flax Textile, Jiang Su Yuan Tian, Zhengzhou No 4 Cotton Textile and others. In addition, Tongling Worldsun Linen & Ramie Textile and Tongxiang Top Textile are among domestic exhibitors that will showcase flax and ramie fibres, according to Messe Frankfurt.

In addition to the physical fair and in response to the current 'new normal' brought about by the pandemic, Yarn Expo's exhibitors will now also be online. With the show's AI-driven business matching platform, online and onsite buyers can connect with chosen suppliers via emails, instant messaging, and video calls. Hybrid exhibitors can display their products onsite at the dedicated showcase area for buyers to examine in-person. So regardless of location and travel restrictions, exhibitors, and buyers can participate in the show and facilitate much-needed business interactions, Messe Frankfurt said.

Yarn Expo Spring is organised by Messe Frankfurt and the Sub-Council of Textile Industry, CCPIT.

Source: fibre2fashion.com– Mar 05, 2021

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German retail sales fall in Jan due to lockdown

Retail sales in Germany fell more than expected in January this year as the COVID-19-induced lockdown and the withdrawal of a temporary cut in sales tax hit consumer spending. Retail sales fell by 4.5 per cent in the month in real terms after an upwardly revised decline of 9.1 per cent in December, according to data from the Federal Statistics Office.

"This decline can be explained by the ongoing coronavirus lockdown, which meant a closure of many retail stores since December 16, 2020," the statistics office said.

Fashion retail sales plunged by 76.6 per cent year on year (YoY), while sales of groceries were up by 4.3 per cent YoY as supermarkets and convenience stores remained open.

Online retailers continued to benefit from shifting consumer habits with sales up 31.7 per cent, a global newswire reported.

The current lockdown measures are in place until at least March 7.

Source: fibre2fashion.com– Mar 05, 2021

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China cotton links and implications for South Africa

Allegations that ethnic minority labourers in the Xinjiang region in China – which produces 85% of the country's and 20% of the world's cotton – are forced to pick cotton by hand through state-mandated schemes first surfaced more than a year ago.

The claims have potentially devastating consequences for global supply chains that use the region's cotton as a raw material.

In January, the British government indicated it was going to tighten up controls regarding imports from the Xinjiang region and that companies will have to publish supply chain transparency reports or face the risk of being fined. And Canada is also urging firms to review their supply chains for Xinjiang inputs.

The US has gone one step further, issuing a withhold release order (WRO) detaining imports of cotton products – including apparel and textiles – if they're suspected of touching Xinjiang forced labour at any point in the supply chain.

But for countries like South Africa, which has a close and tight diplomatic relationship with China, the chances are slim that there will even be a mild rebuke regarding China's alleged human rights' record or practices.

Forced-labour product to seek alternative markets

"Given that the South African government has been unsuccessful in even addressing illegal, undervalued clothing imports from China over the last two decades, to expect them to control the origin of the cotton content of clothing originating from China is, I suspect, a rather forlorn hope," says Brian Brink, executive director of the Textile Federation (Texfed).

Furthermore, Brink believes a consequence of the US's embargo on cotton goods from Xinjiang is that increased volumes of forced-labour produced product will be seeking alternate markets throughout the world.

This, of course, does not bode well for South Africa where illegal, undervalued clothing imports are already a big problem.

Paul Theron, acting executive director of the Apparel Manufacturers of South Africa (AMSA), says it is a complex issue with apparent allegations, but no proof – although the industry is highly suspicious of China's practices.

Local clothing retailers

South Africa's prominent clothing retailers – including Woolworths, Mr Price Group, Pepkor, The Foschini Group and Truworths International – were approached for comment on the policies they have in place regarding the raw cotton used in their merchandise.

According to Woolworths spokesperson Silindile Gumede, the group has no supplier relationships in China's Xinjiang province and does not source finished garments made using slave labour from the region or from North Korea.

"We audit our suppliers via independent third parties to ensure that the group's own Code of Business Practices is upheld and are committed to partnering with suppliers and industry stakeholders to protect and improve conditions and promote worker empowerment. Woolworths does not under any circumstances tolerate forced labour, and we will act quickly to address unjust labour practices should concerns arise within our supplier base."

Pepkor – the holding company of retailers like PEP and Ackermans – says its sourcing office in China follows a process that includes inspecting and rating compliance levels of suppliers on a bi-annual basis to ensure that the group complies with the necessary labour laws and regulations across its value chain. The group says none of its retailers source from Xinjiang province.

The Mr Price Group, The Foschini Group and Truworths International did not respond to the request for comment.

Cotton value chain is highly complex

One of the biggest challenges in identifying cotton originating from the Xinjiang region is that cotton is a generic fibre. "And as China is also a major importer of cotton, it becomes even more problematic in identifying the source of fibre once blended and processed further," Theron says.

The cotton value chain is highly complex, with blending of the product happening as it makes its way through the value chain. This makes it difficult to identify the original source of the raw cotton picked on the farm, in the final manufactured product. This means that, for instance, a cotton T-shirt that says it is manufactured in China, Bangladesh, Eswatini or South Africa, can include raw cotton that has its origin in different cotton-growing regions and countries.

The blending of cotton happens at the spinning process, where lint is converted into yarn, at the knitter/weaver where the yarn is converted into greige fabric, and even at the manufacturing stage: for instance in the case of a pair of cotton trousers, where the inner lining of the pockets can be made from different cotton than the outer shell.

Even though cotton is grown in South Africa, the country lacks spinning capacity, meaning that most of the lint cotton is exported for processing and manufactured into clothing items, before being imported again.

Despite the difficulty in tracing the origins of cotton used in manufacturing the final product, Thomas Robbertse, founder and executive director at iQ Logistica – the agtech company that developed the cloud-based SCC Operations Visibility Platform that integrates local cotton supply chains – says retailers can do more regarding the visibility of their supply chains.

"Technology like ours allows for greater visibility of supply chains right through, from the farm to the customer. However, in order to function optimally, it is essential that every role player in the supply chain commits to the process.

"It is good and well to claim that there are no abusive labour practices, or for that matter also any sustainability shortcomings, in one's supply chain, but the only way to instil confidence, is to prove it, which traceability platforms like ours facilitates."

Offer full traceability

The Better Cotton Initiative (BCI) – the largest cotton sustainability programme in the world which locally includes Woolworths and Pick n Pay Clothing as its retail members – says legislation requiring businesses to demonstrate knowledge of their supply chains is becoming more common around the world.

Companies are not only being asked to know more about the origins of their materials but also about the conditions under which they are produced.

"Increasing media and academic attention on geopolitical issues, including the treatment of Uyghur Muslims in the Xinjiang area of China, has further demonstrated that production location and sustainability are crucially interlinked," says Amy Jackson, BCI director of membership & supply chain.

Up to now, the BCI has made use of its Chain of Custody (CoC) framework that incorporates the concept of "mass balance" – a widely-used volume-tracking system that allows Better Cotton to be substituted or mixed with conventional cotton provided equivalent volumes are sourced as Better Cotton.

However, it has halted all field-level activities in the Xinjiang Uyghur Autonomous Region (XUAR) of China after acknowledging "an increasingly untenable operating environment." And work is underway on a new Chain of Custody (CoC) solution that will go beyond this mass balance chain of custody model and offer full traceability of its cotton by 2022.

"As our world progresses, we recognise that it is time to explore going beyond this mass balance CoC model to offer full traceability and even more value to Better Cotton farmers and companies. For Better Cotton, this means that, at minimum, we seek to determine the region in which the seed cotton was produced and identify the businesses involved in its transformation to a finished good," Jackson adds.

Loss of capacity and skills in cotton value chain

While South Africa's cotton industry has experienced solid growth in the last seven years, the country still lacks the capacity and skills within the value chain to take full advantage of local beneficiation.

This means that most of the land's lint cotton is exported for processing before the final product is imported again. This translates into an opportunity loss of about ZAR20.4bn (US$1.35bn) of beneficiation in the local cotton value chain based on the 2018/19 production year's output of 51,000 tons of lint cotton.

The country's cotton production has grown by almost 800% since 2013 following the establishment of the South African Sustainable Cotton Cluster

(SCC), which was funded by an initial grant of ZAR200m from the Department of Trade and Industry.

84% of cotton lint exported

Although local cotton ginners have up to now been able to absorb the surge in cotton production, South Africa does not have the spinning capacity to convert the lint into yarn, meaning that around 84% of lint cotton has to be exported. According to IQ Logistica's Robbertse, the set-up of a cotton spinner is very capital intensive, costing anything from ZAR1bn upwards to install.

"Despite the number of ginners declining from 24 in the heyday of local cotton production to the present seven ginners, it is still able to accommodate the cotton that is currently farmed. However, South Africa lacks spinning capacity meaning that most of the lint cotton is exported for processing and manufactured into clothing items, before being imported again."

Employment opportunities lost

Robbertse says in 2019 cotton lint left South Africa's shores at about ZAR24/kg, whilst the finished product was imported at around ZAR500/kg. "Based on the export of about 42,840 ton cotton lint and the concomitant value loss of ZAR476/kg (ZAR500/kg – ZAR24/kg), the opportunity loss in local beneficiation to the economy comes to roughly ZAR20.4 billion. Not to mention the many potential employment opportunities that have gone wasted.

"But even if we were to build spinning capacity in South Africa, there would still be a huge skills shortage because of the demise of the clothing textile industry over the last 30 years brought on by trade liberalisation and global competition, which unfortunately also led to cheap imports.

"This all means that were we to establish spinners in South Africa, we would still have to import skills from Asia that could then also train local labour in the trade."

But according to Robbertse, it is not all bad news as the export of cotton lint does earn the country important foreign exchange and helps farmers to offset some of their input costs like fertilizer, fuel and equipment that are all dollar-based.

Source: just-style.com– Mar 05, 2021

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EU Smart Textiles market to reach € 1.5 billion in 2025

As per a Euratex report, the EU smart textiles market is expected to reach € 1.5 billion in 2025 with key innovations in areas of smart high performance materials and products, digital manufacturing and supply chains and bio-based materials and processing. Digital evolution will play a big role in the industry's further developments.

In future, the IoT (Internet of Things) revolution will totally change how production machines operate while gathering data on all processes will cement big data in the decision-making at all levels. At the same time, the design within the fashion manufacturing and within the technical textiles sector moves to a completely digital process, allowing fast simulation of the created products to evaluate their effectiveness before they are actually produced.

According to a 2020 research, the European project ICT-TEX "ICT in textile and clothing higher education and business, most companies currently use automatic programs, even if the production stages are mainly managed by the personnel. Companies consider innovation as an important aspect and expect their employees to improve the production lines and to develop new kinds of products. On the other hand, they believe that these kinds of competences, together with those related to technological and ICT skills are the ones that the technical staff need to improve the most.

They also expect their employees to manage pieces of machinery exploiting the possibilities offered by their latest functionalities and covering all the functions based on software, representing nowadays machineries essential components. They also expect companies working in the smart textile sector to develop new smart products, including also those skills connected to sensors and ICT components development.

Finishing printing and functionalization specialized companies need to adopt innovative technologies. For this, they need to develop technical abilities and special knowledge mainly related to specific dyeing and printing processes, as for example rotary screen printing technology, raster printing, colorimetric, and so on. Around 66.7 per cent T&C companies used Cad systems while 38.1 per cent used Cam Systems. ERP is used by 31,7 per cent while PPC is used by 30,2 per cent.

Source: fashionatingworld.com– Mar 15, 2021

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Bangladesh: Keep yarn prices unchanged for a month, urge Bangladesh knitwear makers

At an extraordinary general meeting (EGM) of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), knitwear manufacturers and exporters called for keeping yarn prices unchanged for at least a month to help them negotiate prices with global buyers. As per Dhaka Tribune, they also called for a policy to ensure stable yarn prices. Shafiul Islam Mohiuddin, MP and former President, FBCCI was the chief guest at EGN while Selim Osman, President, BKMEA was the moderator.

The meeting was convened to discuss ways to come out from the present crisis caused by the pandemic, which pushed the prices of raw materials up and slashed demands of finished goods. Shamima Akhter, Managing Director, KAP Fashion said though they are getting a good response from buyers and work order flow is better, yarn prices go up abruptly forcing Bangladeshi exporters to lose their competitiveness in global market.

Fluctuating yarn prices prevents fixing a deal with buyers within the set prices, said Zakir Hossain Jewel, MD, Best Style Composite. BKMEA data reveals, prices of mostly consumed 30-carded yarn rose to $4.81, which was $2.78 last year.

As of February 2021, the average price of yarn went up to $3.77 per kg from $2.94 a kg in 2020. Exporters called for holding a tripartite meeting among Bangladesh Textile Mills Association (BTMA), Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and BKMEA to put a leash on the price hike.

They also urged for keeping the yarn prices static for at least a month, as well as informing the buyers about the change 15 days beforehand, so that negotiations can be better dealt.

Source: fashionatingworld.com – Mar 05, 2021

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Vietnam to export textiles and apparels worth $39 billion this year

As per recent Vietnam General Department of Customs stats, the country's textiles and apparels exports are expected to reach $39 billion this year. Exports increased $270 million to reach $3.77 billion by February 15, 2021.

Le Tien Truong, Deputy Chairman, Vietnam Textile and Apparel Association (VITAS) and Chairman, Vinatex says, since the COVID-19 situation is still intense and consumption is declining in Vietnam's major export markets like the US, EU, and Japan, many local firms have shifted to producing items for common use with reasonable price tags.

VITAS expect consumption to reach 2019 levels in the third quarter of 2022. However, slow recovery can delay this to 2023-end. Total aggregate demand for textile and apparel products has declined by 22 per cent globally.

According to Vinatex, many firms in the sector have signed orders until the end of April. Similarly, new orders for knitwear and items have been placed until July and August.

Source: fashionatingworld.com – Mar 05, 2021

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Online clothing market to see robust growth from 2021-31: Report

A report by ESOMAR-certified market research and consulting firm, projects online clothing rental market will see robust growth between 2021 and 2031. The report perdicts the will reach $1.8 billion by 2021-end with subscription model becoming a new trend in clothing rental business.

The online clothing rental subscription market is extending customer's reach by obliging specialty/niche markets. Some of them are adopting innovative strategies to gain traction. For instance, Gwynnie Bee offers rental clothes for plus-sized shoppers.

The market is expected to grow at a CAGR of 11.0 per cent between 2021 and 2031, says the latest market intelligence study. The US has emerged as a highly lucrative market, accounting for nearly 95 per cent of the North America market.

The UK is projected to register 11.8 per cent Y-o-Y growth in 2021, performing exceedingly well within the Europe market. Germany and France will continue exhibiting high demand for online clothing rental Within East Asia, the demand for China and South Korea is expected to be higher than Japan.

Source: fashionatingworld.com – Mar 05, 2021

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Bangladesh to enjoy GSP benefits till 2027

Bangladesh will to continue to enjoy the generalized system of preferences (GSP) on trade until 2027, according to British high commissioner in Dhaka Robert Chatterton Dickso. The two countries will find out a mechanism to maintain a trade regime beneficial for both after 2027.

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

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

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

Source: fashionatingworld.com– Mar 05, 2021

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Pakistan textile profitability increases by 32%

Pakistan's textile sector's profitability increased significantly by 32per centYoY during the first half (July-Dec) of FY21 primarily due to an increase in exports, improvement in other income, and decline in finance cost.

According to data shared by Topline Pakistan Research, the country's overall textile revenues increased 12per centYoY during the period under review, with exports rising 8pc YoY in USD terms and 13per centYoY in PKR terms.

Topline's data regarding the listed textile composite sector is based on profitability analysis of 21 companies that represent 82per cent of the sector's market capitalization.

The increase in pricing and depreciation of PKR/USD by 4.6per centYoY helped mitigate the impact of rising cotton prices, as gross margins remained largely unchanged at 16per cent. However, gross profits increased by 9per centYoY.

According to Topline Research, local cotton prices increased 7per centYoY to average Rs9,154 per maund during 1HFY21. This was mainly due to 34pc YoY decline in cotton production.

Other income of sample companies increased 22pc YoY mainly due to re-measurement gain booked on Gas Infrastructure Development Cess (GIDC) as per the IFRS, and exchange gain recorded on net foreign asset exposure.

Finance costs also declined 14per centYoY during 1HFY21, mainly attributable to lower interest rates as SBP reduced policy rate by a cumulative 625bps to 7.0per cent.

Source: fashionatingworld.com– Mar 05, 2021

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NATIONAL NEWS

PM addresses webinar on Production Linked Incentives scheme

The Prime Minister, Shri Narendra Modi addressed a webinar on Production Linked Incentives scheme organized by Department for Promotion of Industry and International Trade and NITI Aayog through video conference.

Speaking on the steps taken to boost trade and industry in this year's Union Budget, the Prime Minister said that over the past 6-7 years, several successful efforts have been made to encourage Make in India at different levels. He stressed on the need to take a big leap, increase the speed and scale to boost manufacturing. He cited examples around the world where countries have accelerated the development of the country by increasing their manufacturing capacities. He said increasing manufacturing capacities would increase Employment Generation in the country proportionally.

The Prime Minister said the Government's thinking is clear - Minimum Government, Maximum Governance and expects Zero Effect, Zero Defect. He said the Government is working at every level to promote the industry like Ease of Doing Business, reducing the compliance burden, creating multimodal infrastructure to reduce logistics costs, constructing district level export hubs.

He said the government believes that government interference in everything creates more problems rather than solutions. Therefore, Self-Regulation, Self-Attesting, Self-Certification are being emphasized. He emphasized the need to make Indian companies and manufacturing being done in India, globally competitive and also, to create global recognition for our production cost, products, quality and efficiency. "We have to attract cutting edge technology and maximum investment in the sectors related to our core competency" , he said .

Underlining the difference between the earlier schemes and the schemes of the current government, the Prime Minister said, earlier, industrial Incentives used to be open ended input based subsidies, now they have been made targeted and performance based through a competitive process.

The Prime Minister said 13 sectors have been brought under Production Linked Incentives for the first time. PLI benefits the entire ecosystem associated with the sector. With PLI in auto and pharma, there will be very less foreign dependence related to auto parts, medical equipment and raw materials of medicines. He added that the energy sector will be modernized in the country with the help of Advanced Cell Batteries, Solar PV modules and Specialty Steel. Similarly, the PLI for the textile and food processing sector will benefit the entire agriculture sector.

The Prime Minister remarked that it is a matter of pride that following India's proposal, the United Nations has declared the year 2023 as the International Year of Millets. He said more than 70 countries came to support India's proposal and unanimously accepted it in the UN General Assembly.

He said this is also a big opportunity for our farmers. He urged to start a worldwide campaign in 2023 on the nutritional potential of millets or coarse grains to protect people from getting sick. He said that the demand for millets at home and abroad will increase rapidly with the announcement of the International Year of Millets by the UN in 2023 and this will greatly benefit our farmers. He also urged the Agriculture and Food Processing Sector to take full advantage of this opportunity.

The Prime Minister highlighted that in this year's budget, a provision of about 2 lakh crore rupees has been made for schemes related to the PLI scheme. An average of 5 % of production is given as incentive. This means that PLI schemes will lead to production worth $ 520 billion in India in the next five years. It is also estimated that sectors for which the PLI scheme has been created will witness doubling of the workforce.

The Prime MInister said that PLI related announcements are being implemented with speed. He said recently approved PLI schemes in IT hardware and Telecom equipment manufacturing will lead to tremendous increase in production and domestic value addition. IT hardware is estimated to achieve 3 trillion rupees worth production in 4 years and domestic value addition is expected to rise from current 5-10 percent to 20-25 percent in 5 years. Similarly telecom equipment manufacturing will witness an increase of about 2.5 lakh crore rupees in 5 years. We should be in a position to export worth 2 lakh crore from this, said the Prime Minister.

In the Pharma sector, the Prime Minister expect more than 15 thousand crore rupees investment in next 5-6 years under PLI leading to 3 lakh crore in pharma sale and export increase worth 2 lakh crore

The Prime Minister asserted that the way India is serving humanity today, India has become a big brand all over the world. India's credibility and India's identity is constantly reaching new heights. He said the brand of India is continuously reaching new heights. He said trust has increased in our medicines, our medical professionals and our Medical Equipments across the world.

To honor this trust, he urged the pharma sector to work on chalking out long-term strategy to take advantage of this. He said the PLI scheme was launched last year to incentivise manufacturing of mobile phones and electronic components in India. Even during Pandemic, the sector manufactured goods worth Rs 35000 crore last year, saw a fresh investment of about Rs 1300 crore and created thousands of new jobs in this sector.

The Prime Minister said the PLI Scheme would make a major impact to the country's MSMEs ecosystem by creating the anchor units in every sector that will need a new supplier base across the entire value chain. He urged the industry to join and take advantage of the PLI scheme. He said the focus of the industry should be on creating Best Quality Goods for the country and the world. He urged the industry to innovate according to the needs of the fast changing world, increase our participation in R&D, upgrading the manpower skills and use of new technology.

Source: pib.gov.in– Mar 05, 2021

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India - Sweden Virtual Summit

Prime Minister Shri Narendra Modi and Prime Minister of the King-dom of Sweden H.E. Stefan Löfven today held a Virtual Summit where they discussed bilateral issues and other regional and multilateral issues of mutual interest.

Prime Minister Modi expressed solidarity with the people of Sweden in the wake of the violent attack on 3rd March and prayed for early recov-ery of the injured. The Prime Minister fondly recalled his 2018 visit to Sweden for the first India-Nordic Summit, and the India visit of Their Majesties the King and Queen of Sweden in December, 2019.

Both the leaders underlined that the longstanding close relations between India and Sweden were based on shared values of democracy, rule of law, pluralism, equality, freedom of speech, and respect for human rights. They reaffirmed their strong commitment to work for multilateral-ism, rules-based international order, counter terrorism and peace and se-curity. They also acknowledged the growing salience of India's partnership with the European Union and EU countries.

The two leaders reviewed the extensive ongoing engagement between India and Sweden, and expressed satisfaction at the implementation of the Joint Action Plan and Joint Innovation Partnership agreed during Prime Minister Modi's visit to Sweden in 2018. They explored avenues of further diversifying the themes under the rubric of these partnerships.

Prime Minister Modi welcomed Sweden's decision to join the International Solar Alliance (ISA). The leaders also noted the growing member-ship of the India-Sweden joint initiative – the Leadership Group on Indus-try Transition (LeadIT) that was launched during the UN Climate Action Summit in September 2019 in New York.

The two leaders also discussed the Covid-19 situation including the vaccination drive and stressed the need for vaccine equity by providing urgent and affordable access to vaccines across all nations.

Source: pib.gov.in– Mar 05, 2021

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Free Trade Agreement: Talks may gain traction during UK PM Boris Johnson's likely visit to India

UK Prime Minister Boris Johnson is likely to visit India in the coming months and that is when there might be some visibility on the proposed Free Trade Agreement (FTA) between the two countries, said Alex Ellis, UK High Commissioner to India.

"The British PM was to visit India in the end of January but he couldn't because of the Covid situation in the UK. But that is getting much better, thanks to the vaccination programme," Ellis said at a media briefing on Friday. Answering queries on the UK government's view on the ongoing Cairn India-Government of India dispute over retrospective taxes and India losing the international arbitration case, the High Commissioner said that it was no secret that discussions were going on between the two on the matter.

"We encourage both parties to reach a swift settlement," he said. On the possibility of an early harvest programme between India and the UK as a prelude to a full-fledged trade deal, Ellis pointed out that while India had traditionally not been very enthusiastic about trade deals, one could see a definite shift and a desire for bilateral trade deals including with the UK.

'*Big growth area*'

Ellis said the process is fraught with complexities as trade negotiations are, but it was a big growth area as India and the UK had complementary economies.

India is keen on an FTA with the UK following the country's exit from the European Union as it is an important trade partner and attractive market for Indian service providers. Commerce & Industry Minister Piyush Goyal has even hinted at giving greater market access to Scotch Whisky as part of an early harvest programme in lieu of matching benefits.

The High Commissioner expressed hopes that Prime Minister Narendra Modi would attend the G-7 meeting in the UK and said that India had also been invited for the D-10 group (which includes democratic partners Australia, South Korea and India in addition to the G-7). Ellis also said that the New Graduate Scheme, which would allow students to work in the UK after finishing their studies, would help a large number of Indian students to benefit from it.

Source: thehindubusinessline.com– Mar 05, 2021

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PLI scheme to make major impact on India's MSMEs: PM

The Prime Minister Narendra Modi on Friday said that production linked incentive (PLI) scheme would make a major impact to the country's micro small and medium enterprises (MSMEs) ecosystem by creating the anchor units in every sector that will need a new supplier base across the entire value chain.

He urged the industry to join and take advantage of the PLI scheme and added that the focus of the industry should be on creating 'Best Quality Goods' for the country and the world. He also urged the industry to innovate according to the needs of the fast changing world, increase our participation in R&D, upgrading the manpower skills and use of new technology.

"We have the talent everywhere in handicrafts...from the MSMEs and we can make them export oriented," he said while addressing on PLIs scheme organised by the Department of Industry and International Trade and Niti Aayog through a webinar.

The Prime Minister highlighted that in this year's budget, a provision of about ₹2 lakh crore has been made for schemes related to the PLI scheme and an average of five per cent of production is given as incentive. This means that PLI schemes will lead to production worth $520 billion in India in the next five years. It is also estimated that sectors for which the PLI scheme has been created will witness doubling of the workforce.

He said recently approved PLI schemes in IT hardware and Telecom equipment manufacturing will lead to tremendous increase in production and domestic value addition. IT hardware is estimated to achieve ₹3 trillion worth production in four years and domestic value addition is expected to rise from current 5-10 per cent to 20-25 per cent in five years.

Similarly telecom equipment manufacturing will witness an increase of about ₹2.5 lakh crore in five years. "We should be in a position to export worth ₹2 lakh crore from this," he said.

In the Pharma sector, Modi said he expects more than ₹15,000 crore investment in next five-six years under PLI leading to ₹3 lakh crore in pharma sale and export increase worth ₹2 lakh crore.

The Prime Minister asserted that the way India is serving humanity today, India has become a big brand all over the world. India's credibility and India's identity is constantly reaching new heights.

"The brand of India is continuously reaching new heights. The trust has increased in our medicines, our medical professionals and our medical equipment across the world," Modi said. And, to honor this trust, he urged the pharma sector to work on chalking out long-term strategy to take advantage of this.

He said the PLI scheme was launched last year to incentivise manufacturing of mobile phones and electronic components in India. Even during the pandemic, the sector manufactured goods worth ₹35,000 crore last year, saw a fresh investment of about ₹1,300 crore and created thousands of new jobs in this sector.

The Prime Minister said 13 sectors have been brought under Production Linked Incentives for the first time. PLI benefits the entire ecosystem associated with the sector. With PLI in Auto and Pharma, there will be very less foreign dependence related to auto parts, medical equipment and raw materials of medicines.

He added that the energy sector will be modernised in the country with the help of Advanced Cell Batteries, Solar PV modules and Specialty Steel. Similarly, the PLI for the textile and food processing sector will benefit the entire agriculture sector.

Source: thehindubusinessline.com– Mar 05, 2021

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Indian cotton prices increase 5% in a month; trade expects upward trend to continue

Prices of Indian cotton have increased 5% in the past one month, following the bullish trend in international prices. However, cotton exports are strong as Indian cotton is cheaper than the overseas varieties.

Traders, millers and brokers are upbeat that the rising trend in cotton prices will sustain in 2021-22 owing to projections of lower sowing in major cotton growing countries such as the United States, Brazil and India.

Cotton prices have increased to Rs 46,000 per candy of 356 kg from Rs 44,000 over the past month as the domestic cotton production is expected to be much lower than expected earlier. As against the earlier estimate of 40 million bales, the industry now expects the 2020-21 cotton production to be about 33 million bales.

Projections of lower output in the next cotton crop in major cotton producing nations including the US and Brazil as farmers shift to maize and soybeans, which have given better returns, have also supported domestic prices.

Indian cotton prices being 13% cheaper than the prevailing global cotton prices, exports are expected to be higher than earlier estimates of 6 million tonnes. The industry is keenly awaiting the decision of the Pakistan government regarding import of cotton from India.

"Traders are watching if Pakistan, traditionally the largest importer of Indian cotton, can open its doors for Indian cotton as reportedly demanded by its cotton-based industry from the government of that country," said Pradip Jain, president, Khandesh Ginning and Pressing Association.

Thanks to good prices in the open market and good demand from traders and millers, the Cotton Corporation of India (CCI) has offloaded 75% of its cotton stock this season. "Our opening stock was 115 lakh bales of 170 kg each on October 1, when the new cotton season began. We procured 92 lakh bales of cotton at minimum support price (MSP) during the ongoing 2020-21 cotton season. Of the total stock of 207 lakh bales, we are now left with only 50 lakh bales," said Pradip Agarwal, chairman, CCI.

Since March 1, the CCI has offered a free period to millers as well as traders, allowing buyers to purchase cotton at today's price and lift it up to 90 days later depending upon the quantity they opt to purchase.

Source: economictimes.com– Mar 04, 2021

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Designing a smart PLI programme

Genuine value addition, creating jobs that go beyond mere assembling and boosting exports must be the aim

A steady transformation of the global production map is underway, triggered by the Covid pandemic. India with its massive domestic market and a mature industrial eco-system, presents a very attractive option. And despite significant skill constraints, India still has one of the largest pool of workers in absolute numbers across all skill categories.

In that context the Production Linked Investment (PLI) scheme has the potential to be a transformational force multiplier, helping create champions that firmly embed India's position in the global value-chains in the identified 13 sectors for such PLI.

But PLI is an industrial policy instrument that picks winners, and this is never easy. To be successful the PLI scheme has to be well designed, and contextualised to the needs of each of these 13 sectors. An important part of that would be to make sure that the sectoral programmes are not designed to prioritise the administrative comfort of the bureaucracy, an approach that has hobbled industrial policy in the past.

Things to avoid

Expert opinion has highlighted the list of "must avoids" for PLI schemes. This includes not having overly complicated incentive reward criteria that allows too much discretion to officers in disbursement of incentive, and long-term tariff protection from foreign competition. Any tariff protection to these sectors needs to have an explicit end date which is non-negotiable.

But there is far greater need to focus on what the PLI needs to do to achieve genuine industrial transformation and provide long-term competitiveness to Indian manufacturing. The basics for this are easy to establish. PLI should lead to embedding India into the global value-chains in these industries through the transfer of skill and technology. This in turn means that the manufacturing activities PLI promotes involves genuine value-addition, leads to creation of a critical number of jobs that require skills beyond mere generic assembling of components, and leads to successful penetration of export markets.

If one goes by the PLI scheme adopted by MeITY for mobile phones and electronic components, none of these goals are explicitly being achieved. The criteria for incentive are a threshold level of capital investment, and achieving a certain level of sales. One can easily set up a basic assembly plant and import most of the parts and components to assemble a high-end phone or electronic component in that factory.

Since the unit price of the final product would be relatively high, achieving the required level of sales revenue, especially if supported by tariff protection from foreign competition in a large domestic market like India, would not be difficult. Since workers would be undertaking simple assembling work, there would be minimal skill development, and very little genuine transfer of technology or production process know-how.

There have been many instances where entire 'factories' were transported from one country to another. Thus, showing high plant and machinery investment, i.e., achieving the threshold level of capital is not difficult in this day and age of modular factories. An investor might rent or lease a factory, effectively cook the books and set up operations in India and once the incentive period is over, quietly shift away somewhere else.

Tariff protection increases the incentive for such temporary location of assembly type production in India. For e.g., a multinational mobile phone manufacturer could locate just the assembly of final product in India to bypass the tariff on the final product, but continue genuine production in say China.

The levels of scrutiny to verify that investment is genuine and not just on paper requires skills far beyond our bureaucrats. Even the dependence on third party, i.e., certified engineers and chartered accountants is equally self-defeating. There are just too many examples where such third-party scrutiny failed to be effective.

In any case, having such complicated scrutiny requirements would be counter-intuitive to the idea that such schemes be simple to avail and easy to administer, and open it up to bureaucratic discretion with all its associated fallouts.

There are two bits of good news here. First, nothing stops making our PLI schemes from having a smarter design that require the manufacturer to meet objective criteria related to value-addition, skilled employment generation, and achieving international competitiveness over time.

WTO's Anti-Subsidies and Countervailing Measures Agreement does not prohibit government support to industry based on objective criteria related to value-addition, skill development or employment generation, including an indirect link to exports, i.e., exports acting as just one of the criteria for grant of incentive, that too as a proxy for international competitiveness.

Leveraging databases

Second, given the digitalisation of government databases related to value-added calculation of tax that maps invoiced price of final product vis-à-vis intermediates used (GST), customs and DGFT databases (export and import data), payments to labour (Employment Provident Fund Database or EPFO) among others, administering such an objective criterion based incentive programme will be much less cumbersome than subjective assessments of investment and other such criteria.

In fact, smart algorithms that uses the data available in these databases would be adequate to asses whether a firm is deserving of incentive or not without the need for a single file having to be reviewed by a Ministry based official. Finally, a scheme focused on scale and quality of production outcomes, such as value-addition and employment generation would not end up rewarding investment in temporary facilities and jobs or revenue earned from sale of a final product with very little value actually added in India.

It would instead incentivise efforts that lead to improved competitiveness. Such efforts might not need huge capital infusion, but simply the appetite to take the risk of developing a new production line. Nothing stops an existing factory to re-orient itself to produce a new range of products that captures a niche for itself in the global market with minimal new investment.

Such a genuine transformation of production needs to be supported and encouraged and would lead to huge expansion of new jobs, skills, and innovation. After all a production linked incentive should be attuned to criteria related to the scale and more importantly the quality of that production rather than investment.

Source: thehindubusinessline.com– Mar 05, 2021

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Cotton prices may take a breather after 9 straight months of rally: Ravindra Rao of Kotak Securities

Domestic Cotton futures, which touched historical low level of Rs 14,800 in the month of May (due to COVID fever), have been on a northward march since then and posted positive returns in next nine straight months. Cotton first month futures at MCX has surged by nearly 50 percent in last nine months amid firm cotton prices at ICE (US) and ZCE (China) index. ICE Cotton futures, which also went below 49 cents/pound in April have nearly doubled since then and touched 95.50 cents in last week of February (highest level since June 2018).

Resuming business activities around the globe after multiple months of restricted movement, world's largest Cotton consuming nation, China, buying more cotton this season, stark recovery in crude oil and humongous subvention package offered by central banks around the globe to combat COVID stress have helped natural fiber to post stark rally in global market since past many quarters.

On top of it, lower returns from Cotton since last two consecutive years (due to COVID stress & US – China trade spat) is likely to drag world Cotton production lower by 7 percent this year (24.9 million tons). On the other hand, demand for natural fiber is expected to rise by 14 percent in 2020-21 season (25.5 million tons), which is expected to keep global Cotton stock lower this season.

Moreover, attractive Indian Cotton prices in the world market and aggressive CCI procurement (procured nearly 92 lakh bales of Cotton across the country till last week of February) have added in the positivity in domestic Cotton.

However, after steep rise in Cottonseed prices in physical market (ruling above MSP of Rs 5,515 per quintal in majority of the state) CCI has nearly halted procurement operation of Cotton at present. Besides, demand from domestic millers is also reported to be limited at such higher price levels, which may keep Cotton prices under check in coming few weeks.

Due to aggressive CCI procurement since last year, India is reported to have a huge carry over stock of Cotton this year. CAI estimates, Indian Cotton stock for this season near 115 lakh bales (170 kg each) for 2020-21 season, whereas, USDA projects Indian Cotton stock around 232 lakh bales for 2020-21 season.

ICE Cotton futures, which surged above 95.50 cents level in last week of February have plunged by more than 10 percent since then (ruling near 85.70 cents as we write), whereas, domestic cotton futures have hardly moved by 2-3 percent since last week. Hence, unless, WASDE March report turns out to be very bullish, we expect Indian Cotton futures to trade on a weaker note in coming weeks.

Source: moneycontrol.com– Mar 06, 2021

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ECGLS helps push MSME loan growth as of end Sept: Report

The emergency credit line guarantee scheme (ECGLS) has helped in the credit growth for small businesses, aiding an index of growth in loans for the crucial sector ending a notch higher at the end of the September quarter. However, because of the special asset quality recognition dispensations like the moratoriums, recast and then the Supreme Court decided standstill, the 'strength index' for the MSMEs (micro, small and medium enterprises) will get clearer in the next few months, Transunion CIBIL and Sidbi, who prepare the index, said.

The latest MSME Credit Health Index indicates that credit growth has accelerated, as the overall growth index inched up to 114 points, which is a three-point increase from 111 in June. The overall Strength Index also improved to 89 from 83 over the same period, the index prepared by the credit information company and the state-run financier said.

“The true direction of the Strength Index will become clearer over the next few months as regulatory and legal guidelines with respect to NPA (non-performing assets) restructuring emerge,” it said.

The index is prepared in association with the Ministry of Statistics and Programme Implementation (MoSPI), since November 2020 and is built using credit data submitted by lending institutions to Transunion Cibil.

Cibil's managing director and chief executive Rajesh Kumar said the ECLGS infusion has been a timely policy intervention that is proving it benefits in both the short as well as long term.

“As MSMEs now have access to much needed financial support, they are able to scale their businesses which had experienced catastrophic lows post-pandemic and resulting lockdowns,” he said.

Private banks and public sector banks (PSB) have seen a surge in growth in the June and September quarters, while non-bank financial companies (NBFCs) show a muted growth, the report said.

Absolute credit disbursements data showed that the PSBs have emerged as the leading MSME lender group in the period starting June 2020 to

September 2020, while disbursals by private banks, which were also impacted during the lockdown, are back to pre-COVID-19 levels.

Tamil Nadu, Maharashtra and Gujarat have shown higher growth momentum during the quarter, while Uttar Pradesh has also sustained its growth in the last two quarters.

Among the top 10 states with respect to exposure, the southern states have shown more growth than the northern states cumulatively with respect to microloans, it said.

West Bengal and Telangana, which are also in the top 10, have stable Strength Indices along with steadily increasing Growth Indices, it added.

Source: thehindu.com– Mar 05, 2021

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How e-commerce exports can enable Indian MSMEs to win in global markets

The correlation between economic growth and global trade is undisputed. This explains the impetus placed on trade across the world, with each country looking to increase its share in global exports. MSMEs in India currently contribute to over a third of the GDP today while accounting for about half of the country's exports. The government has been focused on increasing the MSME share of overall exports. It will help small businesses benefit from the opportunities that cross-border trade offers, allowing them to scale operations exponentially and support the growth of our economy. Removing barriers and making exports easier is especially important at a time when millions of Indian businesses are emerging from the impact of an unprecedented pandemic.

The sheer size of the global market, the breadth of opportunity, and the headroom to scale have made exports an attractive business opportunity for Indian manufacturers and business-owners for decades. However, supply chain complexities, initial investments, cross-border payments and uncertainty of demand have often meant that the exports business is not for everyone. As a result, Indian businesses, especially the micro, small and medium enterprises (MSMEs) have traditionally limited their aspirations with respect to exports. In the last few years, however, the wider availability of the internet and evolution of technology have brought in a transformation to the exports business. Today, e-commerce exports have lowered the entry barrier for Indian MSMEs to enter, experiment and win in global markets. Imagine, an Ayurvedic supplement manufacturer selling directly to customers in the UK or schools in the US purchasing 'Made in India' STEM toys and make it part of their curriculum.

Closer to the 'customer'

E-commerce exports or Direct to Customer (D2C) exports enable businesses to sell directly to customers abroad. It simply helps businesses transcend boundaries and open a much larger pool of customers, providing an easy to adopt and scale mechanism for MSMEs to grow their business outside India, without having any footprint locally in the foreign region and reducing dependence on intermediaries — bringing the 'seller' closer to the 'customer'. One of the biggest challenges that the traditional channels of exports presents is the inability of smaller businesses to participate in the process. E-commerce creates a level playing field for any kind of business to access foreign markets. This can happen in a couple of ways — one, where businesses can set up their own websites, take and fulfill orders on their own and second, where they onboard themselves on to e-commerce websites which have presence in global markets and benefit from their presence both in terms of incoming customer traffic and infrastructure support.

E-commerce exports allow businesses to test the waters and identify how products fit into the needs of customers in other cultures. By running experiments directly with customers in small quantities and with lower upfront investments, businesses can establish product-market fit as well as stress-test all-important operational aspects such as buying, shipping, and handling of returns.

Moreover, MSMEs get access to information needed to build a customer base, and understand their preferences almost real-time. To quote an example, NMK Textiles is a Maharashtra-based textiles company that has been exporting conventionally for over a decade. They adopted e-commerce exports with Amazon and launched a new brand called California Design Den to export high-end bed linen made in India and in the last 3-4 years have doubled their business selling to customers in North America and have since expanded to other global markets too.

Rising demand for Made in India products

Today, Made in India products from across categories are witnessing great demand in global markets; this demand cuts across traditional categories like textiles, herbal products, teas to newer sectors like toys, home and kitchen products and a lot more. The rising popularity for 'Made in India' products has also given rise to innovative customer use cases for the products, such as customers replacing creamers in coffee with ghee, using printed bedsheets as beach throws or using soap bars as shaving foam. Thousands of Indian MSMEs are already benefiting from this demand, helping them create a niche for themselves. We have seen many examples of Indian businesses across categories become globally popular brands in their own categories. Importantly, these businesses have a positive impact downstream on job creation and the economy overall.

The importance of MSMEs-led exports growth

As India gradually moves in the direction of economic self-reliance, the success of MSMEs and the sector's contribution to exports will play a significant role in the Government of India's vision for an 'Atmanirbhar Bharat'. With easier market access and seamless logistics, e-commerce will be crucial for MSMEs to Make in India for India and for the world. With e-commerce exports, Indian businesses have an avenue to create an international identity for world-class products manufactured locally. We believe that e-commerce can play a big role in making exports easy and accessible for lakhs of MSMEs across India and take the local innovation and expertise global.

Source: theprint.in– Mar 05, 2021

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Maharashtra economy to dip 8% in FY21: State economic survey

Agriculture and allied activities to grow by 11.7%, industry, services take a hit

The Economic Survey of Maharashtra report has said the State's economy for fiscal 2020-21 is expected to post a negative growth of 8 per cent as the per the advance estimates. The Indian economy is also expected to grow by minus 8 per cent.

On Friday afternoon the report was tabled in the Maharashtra Legislative Assembly.

Due to the Covid pandemic, the industrial growth is also in the red with a negative 11.3 per cent growth while the services sector is at a negative 9.0 per cent. The only saving grace is agriculture and allied activities, which is expected to grow by 11.7 per cent.

Investment trends

The per capita State Income during 2020-21 is expected to be at ₹1,88,784 (advance estimates), which is a decline of ₹13,346 over 2019-20 when it was ₹2,02,130 (first revised estimate).

The report pointed out that during the during Magnetic Maharashtra 2.0, a State government summit to promote industrial investments, in June 2020, the State attracted investment proposals of ₹1.13 lakh crore with expected employment of over 2.50 lakh persons.

The Maharashtra Industrial Development Corporation is offering a ready-to-move-in factory environment under Plug & Play Infrastructure and is allocating over 40,000 acres. It will also provide industrial shed spaces on a rental basis.

The FDI inflows in the State from April 2000 to September 2020 was ₹8,18,522 crore, which was 27.7 per cent of total FDI inflows at all-India level.

During 2020-21 up to September, the total FDI inflows in the State was ₹27,143 crore, the report said.

Normal monsoon

The report added that the State received 113.4 per cent of the normal rainfall during monsoon 2020. Out of 355 talukas (excluding Mumbai City & Mumbai suburban districts), 139 talukas received excess rainfall, 173 received normal and 43 received deficient rainfall. During the kharif season of 2020-21, sowing was completed on 156.89 lakh hectare. The production of cereals is expected to increase by 60 per cent, pulses by14 per cent, oilseeds by 28 per cent, cotton by 33 per cent and sugarcane by 40 per cent over the previous year,

During rabi season 2020-21, by the end of December sowing was completed on 53.64 lakh hectares. The production of cereals is expected to increase by one per cent and pulses by 12 per cent while production of oilseeds is expected to decrease by 18 per cent over the previous year.

Source: thehindubusinessline.com– Mar 05, 2021

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