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INTERNATIONAL NEWS

USA: Sourcing From China Suffers another Blow

After four years of bad news for China sourcing—tariffs and rumors of tariffs, allegations of forced labor on an almost unfathomable scale, the risk getting drawn into political crossfire—it might seem that there aren't many shoes left to drop. Hopes that 2021 might bring a 'return to normal' were challenged on March 1, not by political developments or another explosive human rights exposé, but by a U.S. court ruling calling into question the viability of "first sale" for companies sourcing from China—and Vietnam too, for good measure.

If not reversed on appeal, the decision by the U.S. Court of International Trade (CIT) in Meyer Corp. U.S. v. United States imperils the use of first sale, and could increase the customs duty expense of sourcing apparel from these countries by an average of 10 to 15 percent.

Much depends not only on how the case fares if appealed, but on how U.S. Customs and Border Protection ("CBP") decides to apply the decision to other importers. At a minimum, though, the risk associated with utilizing first sale has shifted. Companies that rely on first sale for China and Vietnam sourcing should take additional steps to mitigate the risk of exposure for additional customs duties and penalties.

First sale is widely used by apparel importers as a tried-and-true method of reducing tariff liability. If the necessary conditions are satisfied, an importer is able to value goods for customs purposes on the basis of an earlier sale in the chain of transactions leading to importation. The classic example is a three-tier transaction involving a factory (for instance, in China), a middleman (say, in Hong Kong) and a U.S. importer.

The U.S. customs value statute—that is, a law passed by Congress and signed by the president—says that an importer can value goods for importation on the basis of the price actually paid or payable "when sold for exportation to the United States." Several decades ago, enterprising importers and their innovative customs counsel realized that this language could be interpreted to mean not just the price paid by the U.S. importer, but any earlier sale in the chain of transactions leading to importation.

These importers pressed their case in court, and the courts agreed. The landmark case from the Court of Appeals for the Federal Circuit laid out the basic requirements for first sale, which have been repeated in many subsequent court cases, and dozens of customs rulings since. In common recitation, there are three elements.

As mentioned above, the value statute specifies that a transaction value must involve a “sale for exportation,” so that’s element No. 1. Goods sold in a valid first sale must be clearly destined to the United States at the time the sale takes place.

The other two “elements” of first sale aren’t actually unique to first sale; they’re simply reiterations of requirements that apply to the use of any sales price as a customs value. If you want to declare a sales price as a customs value—whether it’s a first sale, a last sale, or something in between—it must be a “bona fide sale” that occurs at “arm’s length.” Those are elements No. 2 and No. 3.

The CIT began its opinion in Meyer with the eyebrow-raising assertion that a company seeking to utilize first sale must satisfy four elements, not just three. New to the mix in 2021? An importer must also prove that the proposed first sale price is “absent any distortive nonmarket influences.”

The idea is that in a non-market economy (an official status conferred on China and Vietnam under U.S. law), non-market influences could result in artificial depression of prices for any number of reasons—because the production of cotton is subsidized, because factories take a government payment to employ certain workers, or because polyester manufacturers don’t have to pay market rates for rent or utilities, just to name a few examples. The decision in Meyer now suggests that an importer must have some proof that the first sale values it wishes to use are not influenced by these types of distortions. The CIT frames this both as a new, fourth stand-alone requirement for first sale, and as a previously unexplored dimension of the arm’s length rule.

Where did this new legal requirement sprout from? Turns out, it was there in that seminal Court of Appeals decision all along. That court held in 1992 that: The manufacturer’s price constitutes a viable transaction value when the goods are clearly destined for export to the United States and when the manufacturer and the middleman deal with each other at arm’s length, in the absence of any non-market influences that affect the legitimacy of the sales price.

For whatever reason, that final "requirement" was simply overlooked for decades. Though this paragraph has often been quoted by CBP in rulings on first sale, it has seldom, if ever, been recognized as a legal element requiring supplemental documentation or proof. Yet in an era where everyone is looking at China trade a little bit differently, everyone, it seems, includes U.S. courts.

So where does this leave apparel and footwear importers, which rely on first sale for more than $5 billion in annual imports?

Let's hit the good news first.

For starters, first sale has not been abolished. The customs value statute hasn't been changed, and a sale for exportation to the United States, if it meets the requirements applicable to any transaction value, should be an acceptable customs value, regardless of your politics. Moreover, there are both legal and practical arguments that could limit the impact of the decision in Meyer.

That said, whether the case is appealed or not, all importers relying on first sale should reevaluate their first sale programs in light of this case. Even in ordinary times, first sale programs require active maintenance and consistent self-auditing to avoid devolving into risky monstrosities. With a new legal requirement in the mix, importers should be proactive in assessing their exposure, and developing a strategy for compliance and risk reduction.

Source: sourcingjournal.com– Mar 11, 2021

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EURATEX welcomes initiative on due diligence; warns difficulties ahead

EURATEX, the voice of the European textile and apparel industry, has welcomed the general aim of the legislative report on due diligence adopted by the European Parliament on March 10. It has, however, pointed out that implementation is yet to be debated and it will penalise the European industry with unintended consequences and excessive burden on SMEs.

EURATEX has also warned about the impact of new legislation on an industry severely hit by COVD-19. The own-initiative legislation was voted in the European Parliament with 504 in favour, 79 against and 112 abstention.

"EURATEX welcomes the broad consensus registered around several important points, such as harmonisation of legislation at European level instead of pursuing national approaches, and the principle of proportionality. However, the seriousness of unintended consequences especially in difficult economic times appears still not thoroughly understood," it said in a statement.

European harmonisation would avoid chaos across Europe on necessary requirements, it would minimise the confusion over the interpretation of “responsible business conduct” and it may support level playing field. However, fair enforcement and the related operational challenges are not sufficiently considered, according to EURATEX.

"Proportionality is a very crucial principle in the debate on due diligence. The Small and Medium Size Enterprises (SMEs) do not own the capacities of larger companies and they are very much exposed to unintended consequences of legislation, even if its purpose is good. EURATEX appreciates the acknowledgement in the report that SMEs need to have 'less extensive and formalised due diligence processes' and further support and information. However, the scope shall be further clarified and spare all SMEs from un-appropriate legal requirements," the statement added.

The implementation of due diligence requirements will also bring negative impacts on the European value chain that, in EURATEX’s experience, on-line support tools can hardly avoid. Policymakers should properly assess the operational aspects in the elaboration of requirements in the upcoming proposals. It is essential to avoid new threats and additional costs, including those from administrative burdens for the industry and, specifically, for SMEs, EURATEX said.

Recent years' experience shows how due diligence is a process that needs to be adapted to individual companies. It should be proportionate to size, sourcing model and the capacity of a company in the supply chain. It needs to be balanced with risk and potential adverse impact.

EURATEX has insisted that policy proposals - to be effective - should be based on a "smart mix of measures", combining incentives and support to responsible practices. The established industry-specific schemes, also referred as "safe harbour approach", should be accepted as a tool to recognise compliance with regulation. The EU may support businesses in adopting traceability solutions. These actions may be instrumental to remove barriers on actual data-exchange, hence facilitate due diligence, it said.

"After many years, a milestone on due diligence has been reached, but the difficult debate on implementation is yet to start," said Mauro Scalia, EURATEX director of Sustainable Businesses.

Source: fibre2fashion.com– Mar 11, 2021

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Inditex Group's FY20 online sales grow 77%

Inditex Group, a Spanish fashion retailer, reported 28 per cent sales decrease to €20.4 billion during fiscal 2020, ended on January 31, 2021 compared to the sales of €28.2 billion in the previous fiscal. Group's net income for the year slipped to €1.1 billion (FY19: €1.1 billion). However, online sales grew 77 per cent to €6.6 billion during FY20.

"Inditex has emerged stronger after such a challenging year thanks to the amazing commitment displayed by everyone here at the company," Pablo Isla, Inditex's executive chairman, said in a press release. "The digital transformation strategy initiated in 2012, which is built around the integrated store and online sales platform."

Gross profit for FY20 was €11.4 billion (€15.8 billion). EBITDA was €4.5 billion (€7.6 billion). Inditex's operating income for the year dipped to €1.5 billion (€4.7 billion).

Sales of brand Zara (Zara and Zara Home) fell to €14.1 billion (€19.5 billion), while Pull&Bear sales were €1.4 billion (€1.9 billion) during FY20. Group's all brands registered decline in sales during FY20: Massimo Dutti €1.2 billion (€1.9 billion), Bershka €1.8 billion (€2.4 billion), Stradivarius €1.3 billion (€1.7 billion), Oysho €522 million (€604 million), and Uterqüe €75 million (€115 million).

According to company's release, Inditex launched its online sales platform in 25 new markets and opened new stores in 29 during 2020.

"Inditex as a company is stronger today than it was two years ago, with a unique business model and a global, flexible, digitally integrated and sustainable sales platform, which places us in an excellent position for the future," Isla said.

Source: fibre2fashion.com– Mar 11, 2021

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UK sportswear imports to rise in 2021: TexPro report

Sportswear imports by the UK increased 9.79 per cent to $234.0 million in 2020 (2019: $213.1 million). UK experienced this growth when the world's textiles and apparel businesses were struggling with spread of Covid-19 pandemic. By leveraging trends in sportswear, UK's imports for the category in 2021 is further expected to rise 10-15 per cent to $269.1 million.

The reason behind the surge in UK's sportswear imports is people's inclination towards fitness and healthy life, as UK's population became more focused on overall well-being, according to TexPro. In addition to this, wearing sportswear became more popular amongst everyone while working from home. Consumers now demand more sportswear and leisurewear compared to casualwear and formals.

In December 2020, the UK and Vietnam signed a free trade agreement. Under the agreement, all the customs duties between the two countries will be eliminated once it is implemented fully. The agreement will likely improve apparel exports of Vietnam as the apparel produced there is very competitive in UK.

Meanwhile, top sportswear brands like Adidas, Nike, Puma, Reebok and Slazenger are fully prepared to fulfil their local and international orders with quality and attractive products.

Source: fibre2fashion.com– Mar 11, 2021

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John Lewis Won't Reopen Some Stores After Lockdown Lifts

John Lewis Partnership reported a loss for the year, and plans to lean in on categories that are doing well, such as home. The British retailer is also shifting more stores to smaller service-oriented formats that cater to local customers.

In a Nutshell: "Hard as it is, there is no getting away from the fact that some areas can no longer profitably sustain a John Lewis store," said Sharon White, partner and chairman at John Lewis. The company, she added, expects some stores shuttered for lockdowns to remain closed when restrictions lift, "which will also have implications for our supply chain." The retailer is in talks with landlords, with final decisions forthcoming by the end of the month, she said.

White said that the "climate emergency presents an even greater challenge than the pandemic, and we believe now is the time to accelerate efforts to improve sustainability."

The company's e-commerce presence at Johnlewis.com grew 73 percent from 40 percent before the crisis. The retail chain added click & collect to over 900 locations at its Waitrose operations, and includes purchases from apparel brands Boden and Sweaty Betty. In addition, 30 new fashion and beauty brands have been added to its stores and online, and another 50 are currently in the process of being introduced, with many brands "independent and British."

Growth investments include a greater emphasis on digital, and the update of offerings for major categories, including home. The company said it has been doing research on how its customers are shopping. Noting that they have said they want to shop John Lewis closer to home, the company said it will "reshape our store estate" over the next five years. Destination stores and smaller, more local shops, are on the agenda.

"We entered this year with our financial performance already challenged—profits and Partner bonus having fallen for the past three years. We are having to take very difficult decisions to return the business to a path of sufficient profit of 400 million pounds by 2025/26. Last year we closed eight John Lewis stores and seven Waitrose stores that were loss making, and we are in the process of reducing the cost of our head office by 20 percent," White said.

One bit of good news White noted was that the company has "seen limited impact from Brexit so far operationally" due to the company's advance preparations and the Brexit trade deal. She noted that one area of temporary business disruption has been deliveries to Northern Ireland, but that those deliveries are expected to "resume" before the summer.

Net Sales: Net sales fell 5 percent to 1.70 billion pounds ($2.37 billion) from 1.80 billion pounds ($2.51 billion). At the John Lewis retail operation, sales fell 25 percent to 554 million pounds ($773.4 million) from 734 million pounds ($1.02 billion). Excluding the 53rd week for the year, sales would have declined by 10 million pounds ($14 million). At the company's Waitrose grocery business, sales rose 8 percent to 1.15 billion pounds ($1.60 billion) from 1.06 billion pounds ($1.48 billion).

Earnings: The company reported a loss before tax of 517 million pounds ($721.8 million) against a profit before tax of 146 million pounds ($203.8 million) in the comparable year-ago period. On an adjusted basis, the company posted a profit of 131 million pounds ($182.9 million), or up 87 percent, from a profit of 70 million pounds ($97.7 million), a year ago. Profit on an adjusted basis was helped by Covid-19 crisis-related support from the U.K. government.

"The business rates relief has helped to keep us running and avoid more severe restructuring of the Partnership, which would have put more jobs at risk at a time when the high street is already under pressure. We are not out of the crisis yet and the economic environment remains extremely uncertain. Therefore, our current intention is to accept the business rates relief made available from April to June, but we will keep this under review," John Lewis Partnership said.

CEO's Take: "We now have a five-year Partnership Plan. The first priority is to reduce our costs and reinvest the proceeds in improved customer service to ensure that John Lewis and Waitrose remain the go-to brands for quality, value and sustainability, with greater ease and convenience. With retail margins declining and the Partnership wishing to return more benefit to Partners, customers and communities, we are aiming that by 2030, 40 percent of our profits will come from areas outside retail, namely financial services, housing and outdoor living," White said. "Many customers will have accumulated savings over the past year, having been less able to spend on holidays and going out. This pent up demand might be spent shopping or on the experiences that they have been deprived of in the past year. Equally, with unemployment and inflation both forecast to rise our customers may be more hesitant about spending and more cost conscious."

Source: sourcingjournal.com– Mar 11, 2021

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US' jeans imports decline 5.36% in January: OTEXA

US' jeans imports dropped 5.36 per cent to a value of $251.8 million in January 2021 compared to a year earlier before the affects of coronavirus were felt in the United States. As per OTEXA, US' jeans imports from Bangladesh increased by 73 per cent to a value of $56.4 million, imports from Mexico rose by 1.31 percent to $42 million after declining 40 percent for the year through January.

Imports from Pakistan also increased by 21.54 percent to $26 million, while those from Nicaragua increased by 39.35 percent in the month to $7.16 million and from Lesotho, they climbed to 64.9 percent to $8.27 million. On the other hand, imports from China declined 16.42 percent to $28.44 million, those from Vietnam by 34.49 percent to $24.97 million, Cambodia by 9.1 percent to $14.63 million, Egypt by 41.86 percent to $8.82 million and imports from Sri Lanka declined by 35.95 percent to $3.84 million. Among Tier-II suppliers, imports from Madagascar jumped 153.97 percent to $5.05 million and shipments from Turkey increased by 40 percent to $4.4 million.

Source: fashionatingworld.com– Mar 11, 2021

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81% brands say customers expect faster service resolutions: US study

Results from a new Forrester Consulting Market Opportunity Snapshot commissioned by Simplr illustrate rising consumer expectations, with 81 per cent of brands confirming that customers expect faster resolutions than just two years ago. These same brands, however, are having difficulty meeting the challenge, with 30 per cent saying their strategies are effective at responding to customers in a timely fashion.

As a result, brands are paying a price: 39 per cent say not meeting those customer expectations results in lost revenue opportunities; 41 per cent do not have enough talented customer service staff; 40 per cent cannot effectively automate key customer service use cases; and 28 per cent believe the automation they use to interact with their customers is very effective and accurate.

"This Forrester study brings into sharp focus just how hard it is for brands to meet the expectations of today's NOW Customers, who are always online and always seeking in-the-moment customer service," said Eng Tan, chief executive officer and founder of Simplr, a human-first, machine-enabled customer experience solution.

"Traditional contact centers haven't innovated their technology and staffing models, leaving brands in the unfortunate position of providing outmoded, outmatched customer experience. We designed Simplr's CX solution to bridge that innovation gap in customer service delivery and are gratified to see in the Forrester Consulting Total Economic Impact Study that the brands we serve are seeing strong return on investement," he said in a company press release.

The Forrester's Total Economic Impact Study, which modeled the business benefits of partnering with Simplr-based customer interviews, found brands partnering with Simplr saw a 178 per cent total return on investment in less than three months.

Source: fibre2fashion.com – Mar 12, 2021

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The garment industry is ignoring the plight of its workers

The COVID-19 pandemic brought the extreme vulnerability of garment workers to the fore, as apparel brands responded to the economic crisis triggered by this unprecedented public health emergency by cutting orders and refusing to pay for those already in production.

The result has been mass job losses. An estimated 10 percent of the garment workforce suddenly found themselves unemployed, with many failing to receive any severance pay or even the wages already owed to them.

These workers are in production countries that often offer no social security or safety nets. They are desperate, starving, unable to pay rent or support their families. These workers are the backbone of the trillion-dollar global garment industry and yet those at the top, the brands, are only paying lip service to their plight.

The ongoing crisis in the garment industry started in February 2020, when workers in Southeast Asia were sent home without pay because fabric from China failed to reach their factories. As wages have always been woefully insufficient, that first missed paycheque immediately sent many families from poverty into destitution.

As it became apparent that there is no end in sight to the crisis, the International Organization of Employers (IOE), International Trade Union Confederation (ITUC) and IndustriALL Global Union acknowledged the need for a coordinated response and, in April 2020, launched a Call to Action (CtA) with support from the International Labour Organisation (ILO).

So far, more than 130 industry stakeholders, two-thirds of whom are brands and retailers, signed the CtA which aims to protect garment workers and manufacturers from the worst of the economic fallout and establish sustainable systems of social protection for workers.

While the CtA is undoubtedly a step in the right direction, workers in need of emergency relief cannot wait for its protections to be put into place. Moreover, some of the brands that have signed the CtA are now using it to excuse their ongoing inaction.

When asked in October 2020 what brands would do to ensure workers receive their full wages, Michael Levine, vice president and chief sustainability officer of Under Armour, which is a member of the CtA working group, responded that brands “are not in a position to make additional contributions” beyond the CtA. However, participating in the CtA does not in any way free brands of their responsibility to ensure workers are paid, especially as brands are not obligated to contribute any funds to the CtA.

The fact that signing the CtA does not offer absolution from supply-chain accountability should have been self-evident. The CtA working group decided early on to focus their efforts on eight priority countries – Bangladesh, Cambodia, Ethiopia, Haiti, India, Indonesia, Myanmar and Pakistan. This approach left out countries such as the Philippines, Sri Lanka, and Vietnam which, according to reports from the ILO itself, are also experiencing mass lay-offs in the garment industry and lacking meaningful social security mechanisms. Many brands that signed the CtA, such as Primark, produce garments in countries that are not prioritised by the programme.

Moreover, the CtA is not able to provide swift solutions to supply-chain problems even in countries that it prioritises. Progress has been painstakingly slow. In an October update, the CtA announced “successes” in Bangladesh, where the European Union and the German government committed 113 million euros ($135m) – a commitment which was not leveraged by the CtA, which only unlocked an additional 1.8 million euros ($2.15m) – as well as Indonesia, Cambodia and Ethiopia where a multi-donor ILO initiative with funding from the German government made 2.2 million, 1.95 million and 4.9 million euros ($2.63m, $2.33m, and $5.86m) available respectively. No numbers have been given for the other priority countries.

Even the more considerable funds Bangladesh received, according to our sources, led to less than 2,000 workers receiving direct income support. Arguably, with no obligation for brand contributions and no corresponding figures released, European taxpayers are paying for brand shortcomings via government donations.

These amounts are woefully insufficient to meet even a fraction of the urgent need for relief in the garment industry. Last summer, we calculated that garment workers in Bangladesh were owed $500m for the first three months of the pandemic alone. We estimated the wage gap to be more than

$400m in Indonesia and almost $125m in Cambodia. Globally, garment workers are owed at least $3bn alone for the period between March and June 2020. Not only is this an economic crisis, but evidence shows it's also a driver for other labour rights violations, such as union-busting.

The project to build up social protection in countries where this is currently lacking is of immense importance, but workers also need immediate support. This is why trade unions and other labour rights organisations are demanding brands publicly commit to a wage assurance and severance guarantee fund and assure the workers in their supply chain that they will be paid during this crisis and receive the severance they are owed if they lose their jobs. For just 10 cents per t-shirt, brands can ensure garment workers receive the economic relief they need now and also strengthen unemployment protections for the future.

The industry must stop hiding behind initiatives that use public money to fill the gaps they have wilfully profited from for decades. Instead, they should reach into their own pockets to address the issues in their own supply chains. Brands committing to establishing a wage assurance and severance guarantee fund will not balance the inequalities at the core of an industry that has its roots in colonialism, but it will be a vital step towards building back better. Paying for what you owe is a baseline from which all else should grow – anything less is to be complicit in wage theft.

Source: aljazeera.com – Mar 11, 2021

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Bangladesh's apparel exports to US decline by 16% in January: OTEXA

As per OTEXA, Bangladesh's apparel export to the US, the country's single largest destination, registered over 16 per cent decline in January 2021 year-on-year mainly because of the Covid-19 pandemic.

Bangladesh fetched $ 519.37 million in January 2021 through apparel export, down from $622.82 million over the corresponding month of 2020, according to data of the Office of Textiles and Apparel (OTEXA) - affiliated with the US Department of Commerce.

In the first month of 2021, Bangladesh shipped 198.66 million sq m of apparel items, whereas the export was 219.08 million sq m in January 2020.

The country fetched $5.22 billion in 2020, which was $5.92 billion in 2019, according to data.

Experts and exporters attributed the poor performance of ready-made garments (RMG) export to the US to sluggish demand, higher COVID infection rate, change in sales pattern, and election-related uncertainties.

However, some of the local exporters were still upbeat, as they were getting more queries in the recent months compared to three to six months back.

Fazlee Shamim Ehsan, director of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said local RMG export to almost all major destinations witnessed a negative growth throughout last year mainly because of the coronavirus outbreak, and the US market was not an exception.

The pandemic also squeezed the demand, followed by the shutdown of retail shops amid lockdown in the US, he explained.

The virus outbreak also changed the sales pattern that resulted in placing small quantity orders instead of bulk ones.

Source: fashionatingworld.com – Mar 11, 2021

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Pakistan: Call to save textile exporters

Textile exporters are facing severe problems in meeting export demands. There is a drop in yarn production but textile industry's demands have increased.

The gap between supply and demand has put a pressure on textile exporters who are already facing severe financial crisis for non-payment of Rs330 billion in income tax refund and duty drawback taxes. This was stated by Pakistan Textile Exporters Association patron-in-chief Khurram Mukhtar in statement issued here on Thursday.

He said yarn had a 60 per cent drop in its production this year while there was a 25 per cent increase in the textile industry demand. This gap has led to a shortage of cotton yarn in the market and resulted in immense increase in the thread price.

He welcomed the government decision of importing yarn from the Central Asian States via Torkham but said it would cost more as compared to India. He urged the government to make arrangements for income tax refunds to save textile exporters.

Source: thenews.com.pk– Mar 12, 2021

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Pakistan: Exporters deplore yarn shortage

Expressing grave concern over the unavailability of cotton yarn and non-payment of duty drawback of taxes and income tax refunds, the Pakistan Textile Exporters Association (PTEA) on Thursday urged the government to accord immediate remedial measures.

PTEA Chairman Muhammad Ahmad said the crisis has almost disrupted the exports cycle while the textile industry has become economically unviable due to escalating prices on the back of short crop. Our liquidity had already taken a strong negative hit since the Covid-19 pandemic, he added.

With low production, country needs to import cotton in an effort to bridge the demand-supply gap.

Speaking on the occasion, PTEA Patron-in-Chief Khurram Mukhtar also expressed concern over undue delay in disbursement of exporters' duty drawback of taxes and income tax refunds of over Rs50 million.

Our liquidity had already taken a strong negative hit since the Covid-19 pandemic, he added.

Source: dawn.com– Mar 12, 2021

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Bangladesh: Uniform VAT rate sought for all yarn sale

Textile millers and garment manufacturers yesterday demanded that the government impose value-added tax (VAT) of Tk 3 on the sales of every kilogramme of all kinds of yarns, including that of manmade fibres, to facilitate product diversification.

Currently, the rate has been set by the National Board of Revenue (NBR) on sales of yarn made of cotton fibres inside the country.

But millers who produce yarn from manmade fibres have to pay Tk 6 per kg as VAT on sales.

Similarly, millers who make fabrics from manmade fibres have to pay a 5 per cent VAT at the production level whereas those using cotton fibres need not.

Such kind of discrimination has been acting as a barrier in product diversification, discouraging manmade fibre importers.

In Bangladesh local yarn and fabrics manufacturers are very much dependent on cotton fibres, using it in a mix where manmade fibres account for just 20 per cent.

However, the international scenario is different. In the global fashion industry, 28 per cent of the mix is cotton fibre.

This is why product diversification within the garment sector has not been taking place and Bangladesh is still struggling with basic garment items and lower prices from the international retailers and brands.

China, Vietnam, Cambodia and India have been performing strong with manmade fibres and their garment exporters have been receiving premium prices from international clothing retailers and brands.

"We want the government to fix a uniform rate on sales of all kinds of yarn and fabrics," said Bangladesh Textile Mills Association (BTMA).

"There should not be any discrimination between any kind of yarn and fabrics," it said in its pre-budget proposal to the NBR at a meeting in Dhaka.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) also submitted their proposals.

Leaders of all three trade bodies urged reducing source tax to 0.25 per cent from the existing rate of 0.50 per cent for at least five years.

The primary textile millers also demanded withdrawal of a 5 per cent advance tax on import of polyethylene terephthalate (PET) chips which are used to make yarn in the production of garment items.

They also demanded withdrawal of a 10 per cent tax on 4 per cent cash incentive provided against export receipts. Among their major demands, the textile millers also urged allowing duty free import of spare parts of textile machinery on the basis of certification from the BTMA.

The BGMEA demanded withdrawal of VAT on purchases of all kinds such as expenditures on subcontracting, printing, courier services and fees on lawyers and architects for the purpose of export. The garment trade body also demanded facilities on import of fire extinguishing products for the expansion of factory operations.

The local garment manufacturers should also be facilitated so that they can get subcontracts from factories housed inside export processing zones, said the BGMEA.

Both the BGMEA and BKMEA demanded withdrawal of certification on import and installation of capital machinery. They also sought relief from submission of VAT return certificates, reasoning it was an additional pressure on exporters.

The BKMEA demanded duty-free import of chemicals used in running effluent treatment plants to save the environment.

BGMEA President Rubana Huq, BTMA President Mohammad Ali Khokon and BKMEA Vice-President Mohammad Hatem also spoke at the meeting with NBR Chairman Abu Hena Md Rahmatul Muneem in the chair.

Source: thedailystar.net– Mar 11, 2021

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Pakistan: Textile exporters outcry cotton crisis

Unavailability of cotton yarn and non-payment of duty drawback of taxes and income tax refunds are adversely affecting the export growth putting millions of dollars export orders at stake. Government must accord immediate remedial measures as further delay will seize the industrialization, halt the export growth and lead to an unmanageable level of unemployment.

Talking to media here on Thursday, Chairman of the Pakistan Textile Exporters Association (PTEA) Muhammad Ahmad expressed grave concern over cotton yarn crisis. Extreme shortage of cotton & unprecedented price hike of cotton yarn has almost disrupted the export cycle and textile industry has become economically unviable due to escalating prices on the back of short crop, he lamented.

Cotton production is set to drop to a historic low during the year when demand is up by 13% with the textile sector operating at full capacity after decades, he added. With low production, country needs to import cotton in an effort to bridge the demand-supply gap. Low cotton productivity and ban on cross-border cotton import has spiked the price of cotton yarn and textile exporters are forced to pay a higher price for raw materials.

He appreciated the Prime Minister Imran Khan for taking serious notice of cotton shortage and allowing the import from Afghanistan and Central Asian States via Torkham land route; however he considered it insufficient to meet the apparel industry’s raw material needs as importing yarn from central Asian countries is not only expensive but will take one to two months to reach Pakistan. In order to overcome the scarcity of basic raw material, he demanded a cross-border import of cotton yarn from India to ensure continuity in export growth.

Patron-in-Chief PTEA Khurram Mukhtar expressed concern over undue delay in disbursement of exporters’ Duty Drawback of Taxes and Income Tax refunds (over Rs. 50 million) as exporters’ liquidity has already taken a strong negative hit from adverse impacts of Covid-19. Government must take immediate measures to ease off the financial stress and gear up the export growth, he said. Giving details, he said that outstanding amounts of Duty Drawback of Taxes have been accumulated approx. Rs. 30 billion; resultantly textile exporters are facing severe financial issues.

He maintained that in order to support the textile export industry during challenging times of Covid-19, the government made payment of Income Tax refunds up to Rs. 50 million; however, refund claims beyond Rs. 50 million are still pending. Claims even processed and ready for payment are not being disbursed. He stressed for immediate disbursement of Income Tax Refunds (over Rs. 50 million) & Duty Drawback of Taxes to address the financial issues of exporters.

Vice Chairman of PTEA Saqib Majeed was of the view that undue delay in approval of Textile Policy is resulting in deferral or even backing out of investors from possible investments in the textile chain. Implementation of textile policy would attract domestic and foreign investment in the textile value chain and the development of value-added sectors.

He demanded immediate approval and implementation of textile policy to pick-up the growth pace of the textile value chain. He said that global markets are wide open and Pakistan can achieve significant increase in exports by encouraging investment in addition to enhancing competitiveness.

It is the right time to facilitate the export sectors as we direly need to stabilize the economy because only the export sector has the ability to put the country's economy on track and steer Pakistan towards economic prosperity. He demanded immediate payment of all outstanding refunds to robust the industrialization, increase exports and generate new job opportunities.

Source: dailytimes.com.pk– Mar 12, 2021

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NATIONAL NEWS

1st Meeting of the BRICS Contact Group on Economic and Trade Issues held

The BRICS Contact Group on Economic and Trade Issues (CGETI) leads held their first meeting under India's Chairship from 9-11 March 2021. The theme of BRICS this year is -"BRICS@15: Intra BRICS Cooperation for Continuity, Consolidation, and Consensus".

India, under its Chairship in 2021, presented the calendar of events for BRICS CGETI 2021, which included the priority areas for deliverables, schedule and scope of the MSME roundtable conference workshop on Services Statistics, and the BRICS Trade Fair. This was followed by a series of presentations, scheduled in separate sessions, made by the concerned Departments of the Government of India on the proposed deliverables during India's Chairship under the BRICS CGETI track.

The deliverables proposed are on (i) Action plan based on the document "Strategy for BRICS Economic Partnership 2025" adopted during Russian Presidency in 2020 (ii) BRICS Cooperation on Multilateral Trading system including cooperation for the TRIPS Waiver proposal at WTO; (iii) Framework for Consumer Protection in E-Commerce; (iv) Non-Tariff Measures (NTM) Resolution Mechanism; (v) Sanitary and Phyto-Sanitary (SPS) Working Mechanism; (vi) Co-operation framework for protection of Genetic Resources and Traditional Knowledge; (vii) BRICS Framework on Co-operation in Professional Services. Each of these sessions was followed by detailed feedback sessions.

The BRICS partners appreciated the activities planned by India, being timely and relevant in the current context and expressed their support for working together on the various initiatives proposed by India. From now on till September, 2021, inter sessional deliberations will be carried out to reach a consensus amongst the BRICS countries. The BRICS officers tasked with CGETI would continue the work for the 27th official level CGETI meeting, scheduled to be held in June 2021.

Source: pib.gov.in– Mar 12, 2021

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Production Linked Incentive Scheme

Keeping in view India's vision of becoming 'Atmanirbhar' and to enhance India's Manufacturing Capabilities and Exports, an outlay of INR 1.97 lakh crore has been announced in Union Budget 2021-22 for PLI schemes for 13 key sectors for a period of 5 years starting from fiscal year (FY) 2021- 22.

These 13 sectors includes already existing 3 sectors named (i) Mobile Manufacturing and Specified Electronic Components, (ii) Critical Key Starting materials/Drug Intermediaries & Active Pharmaceutical Ingredients, and (iii) Manufacturing of Medical Devices and 10 new key sectors which have been approved by the Union Cabinet recently in November 2020. These 10 key sectors are:

(i) Automobiles and Auto Components, (ii) Pharmaceuticals Drugs, (iii) Specialty Steel, (iv) Telecom & Networking Products, (v) Electronic/Technology Products, (vi) White Goods (ACs and LEDs), (vii) Food Products, (viii) Textile Products: MMF segment and technical textiles, (ix) High efficiency solar PV modules, and (x) Advanced Chemistry Cell (ACC) Battery.

The PLI schemes will be implemented by the concerned Ministries/ Departments and will be within the overall financial limits prescribed.

The PLI Schemes are expected to enable the setting up of a widespread supplier base for the global champions established under the scheme. It will help bring scale and size in key sectors and create and nurture global champions. All the units put together would help India to generate massive primary and secondary employment opportunities.

The Government of India is making continuous efforts under Investment Facilitation for implementation of Make in India action plans to identify potential investors. Support is being provided to Indian Missions abroad and State Governments for organizing events, summits, road-shows and other promotional activities to attract investment in the country under the Make in India banner. Investment Outreach activities are being carried out for enhancing International co-operation for promoting FDI and improve Ease of Doing Business in the country.

Recently, in addition to ongoing schemes, Government has taken various steps to boost investments in India. These include the National

Infrastructure Pipeline, reduction in Corporate Tax, easing liquidity problems of NBFCs and Banks, trade policy measures to boost domestic manufacturing. Government of India has also promoted domestic manufacturing of goods through public procurement orders, Phased Manufacturing Programme (PMP), Schemes for Production Linked Incentives of various Ministries.

Further, with a view to support, facilitate and provide investor friendly ecosystem to investors investing in India, the Union Cabinet on 03rd June, 2020 has approved constitution of an Empowered Group of Secretaries (EGoS), and also Project Development Cells (PDCs) in all concerned Ministries/ Departments to fast-track investments in coordination between the Central Government and State Governments, and thereby grow the pipeline of investible projects in India to increase domestic investments and FDI inflow.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri SomParkash, in a written reply in the Lok Sabha today.

Source: pib.gov.in– Mar 10, 2021

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Major reforms implemented to boost domestic manufacturing

The Government has implemented major reforms in the last one year to boost domestic manufacturing, industrial production and GDP growth. Production-Linked Incentive (PLI) Scheme in 13 key sectors, under the aegis of AatmaNirbhar Bharat, have been announced for enhancing India's manufacturing capabilities and exports. PLI Schemes for medical devices; mobile phones; electronic components; pharmaceutical drugs; telecom and network equipment; and electronic technology products have been notified. Empowered Group of Secretaries (EGoS) and Project Development Cells (PDCs) have been set up in the Ministries/Departments to facilitate and promote investment.

A Single Window System involving clearances by Ministries /Departments and selected State Governments is on the anvil to provide end-to-end facilitation support. In the Union Budget 2021-22 with a view to promote domestic manufacturing, announcements have been made on setting up seven Mega Investment Textiles Parks(MITRA) over the next 3 years with plug-and-play facilities, rationalization of customs duty structure across sectors and for a Scrappage Policy to phase out old and unfit commercial vehicles. The National Infrastructure Pipeline is expected to significantly boost infrastructure and spur growth impulses in the economy. Reduction in the compliance burden is an ongoing process to spur investment and enhance ease of doing business in India

To boost domestic manufacturing, Department for Promotion of Industry and Internal Trade has taken a number of measures including setting up of world class infrastructure by developing nodes across various Industrial Corridors; formulation of National Master Plan on multimodal connectivity infrastructure; implementation of Industrial development schemes for North-East States, Himachal Pradesh, Uttrakhand, and Union Territory of Jammu &Kashmir to boost industrialization in the industrially backward and hilly States; for start ups, setting up a Fund of Funds and Seed Fund to build up a strong ecosystem for nurturing innovation and entrepreneurship; Development of industrial information system for improving availability of industrial land and amendment in Public Procurement Rules to enhance minimum local content.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri SomParkash, in a written reply in the Lok Sabha today.

Source: pib.gov.in– Mar 10, 2021

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Strong domestic economy, exports crucial for India to rise globally: Kotak

Highlights 8 vital themes for India to emerge as an economic leader

A strong domestic economy, significant positioning of exports, stable financial sector and meeting the challenge of jobs are some of the critical focus areas for India to help get global leadership, said veteran banker and CII President Uday Kotak on Wednesday.

“Going ahead, global economic leadership in the world will not be determined only by military but by technology and economic power,” Kotak said at the CII Western Region Annual Meeting 2020-21 and Conference on ‘Regaining Growth: From Crisis to Opportunities’, while highlighting eight key themes for India to emerge as an economic leader.

Infra and investments

Apart from the focus on consumption, there is also a need for infrastructure and investment, which the Budget has highlighted, for a strong domestic economy, he said. Similarly, as part of the Aatmanirbhar efforts, there should be significant positioning in the world of Indian exports. Kotak, who is Managing Director and CEO, Kotak Mahindra Bank noted that Indian businesses also need to lead in technology and research and work on climate change, environment and sustainability.

“The Covid-19 pandemic has also broken the barriers of region, states and countries, which are now taken over by the digital world,” he said. He added that healthcare will be an important focus in the future.

Meanwhile, B Thiagarajan, Managing Director, Blue Star, has been elected as the Chairman of the CII Western Region for the year 2021-22 while Sunil Chordia, Chairman and Managing Director, Rajratan Group has been elected as the Deputy Chairman of the CII Western Region for the year 2021-22.

Source: thehindubusinessline.com– Mar 10, 2021

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Exports in March expected to record healthy growth: Commerce Secy

Commerce Secretary Anup Wadhawan said the country's merchandise exports were impacted on account of the COVID pandemic.

"But since then, there is a steady cumulative recovery. Our exports turned positive in September 2020. After September, there was borderline negative (growth) for a few months, then in January 2021, it was positive again.

"February was more or less even and now March is again promising to be significantly positive," he said in a webinar. He added that India's exports borne the shock well and it has recovered quickly from the pandemic.

India's exports marginally declined 0.25 per cent to USD 27.67 billion in February while imports grew by 6.98 per cent to USD 40.55 billion during the month.

The official trade data for March will be released in April. He also said there is a need to recover in areas like gems and jewellery and petroleum and there is a "need to sustain the gains in areas like pharma, and food products".

About trade agreements, he said that India has implemented 10 free trade pacts and six preferential trade agreement.

"We have FTAs (free trade agreement) with major economic powers" including with Japan, Korea and ASEAN, he said adding "we have not done badly in FTA and we are serious about growing this space," the secretary added.

Further, he said that India is emerging as a major investment destination hub in the world and the government is taking steps in that direction.

Wadhwan said that huge investment opportunities are there in the services sector like finance, and insurance.

Source: economictimes.com– Mar 10, 2021

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UK hasn't sought flexibility in India's data norms in trade, invest pact: Govt tells Parliament

The UK has not sought flexibility in India's data norms as part of talks for trade and investment treaty, Parliament was informed Wednesday.

"No," Urban Development Minister Hardeep Singh Puri told Lok Sabha.

During the trade ministerial meeting between India and the UK held on February 6, 2021, it was agreed to launch an Enhanced Trade Partnership (ETP) during the visit of the UK Prime Minister to India, later this year and both sides are "accordingly extensively engaged" with each other to finalise the modalities of the ETP.

"This is part of the ongoing process and both sides would continue to discuss and address all issues of bilateral interests as part of the regular bilateral trade engagement between India and the UK," Puri said.

In a separate reply, he also said that the ministers also committed to relaunch the India-UK CEO Forum and agreed on its meeting at the earliest. Government is actively engaged to discuss all trade matters with the UK for furtherance of India's economic relations with the UK.

Basmati protection

The government also informed Parliament that applications have been filed in 19 foreign jurisdictions for protection of Geographical Indication/ Certification Mark vested in 'Basmati' and so far, the Certification Mark 'Basmati' and its logo have been registered in four countries – UK, South Africa, New Zealand and Kenya.

Besides, a watch agency has been appointed to monitor the trade mark registers worldwide for any third party attempt to register the name 'Basmati' or any deceptive variations and a law firm has been engaged to initiate/ deal with the consequential legal matters for protection of GI/ Certification of Mark for 'Basmati', both in India and foreign jurisdictions.

AYUSH export promotion council
Commerce and industry minister Piyush Goyal told Lok Sabha that the Ministry of AYUSH is currently holding stakeholder consultations to explore setting up an AYUSH Export Promotion Council (EPC).

"Most of the products of Ayurveda, Homoeopathic, Siddha, Sowa Rigpa and Unani systems, Herbal Products and Medicinal Plant products are not identified under specific HS Codes (International Harmonised Commodity Description and Coding System)," he said in a written reply, adding that they are spread over several HS chapters.

Goyal said the recommendations of the Task Force set up by the AYUSH ministry to expand trade classification, quality control and standardization of Indian Systems of Medicine (ISM) and Herbal Products are under examination of the government.

The Federation of Indian Chambers of Commerce and Industry (FICCI) has been tasked with coordinating with the Department of Commerce and the industry who are interested in forming the corpus of an AYUSH Export Promotion Council.

Startup trademark

Goyal told Parliament that 13,703 trademark applications filed by startups have availed the benefit of reduced fee till February 28, 2021.

On the Scheme for Facilitating Startups Intellectual Property Protection, he said more than 900 facilitators have been registered with the Controller General of Patents, Designs and Trademarks of which 392 have been registered for facilitation for Trademarks under the Scheme.

Recognised startups

Minister of State for commerce and industry Som Parkash said that as on date, Rs 1461.29 crore stands released to the Small Industries Development Bank of India (SIDBI). As of January 31, 2021, SIDBI has committed Rs 4376.95 crore to 62 SEBI registered Alternative Investment Funds.

He also said the Department for Promotion of Industry and Internal Trade (DPIIT) has recognized 1,402 startups this year till January 27, 2021.

In a separate reply, Parkash said since the launch of Startup India initiative, a total of 44,534 Startups have been recognized by the DPIIT as on February 24, 2021.

Export sop

As on February 26, 2021, the value of scrips issued under the Merchandise Exports from India Scheme (MEIS) is Rs 15,452.83 crore compared to Rs 39,530.45 crore in 2019-20, Parliament was informed Wednesday. The MEIS has been discontinued with effect from January 1, 2021.

“A committee headed by CEO, NITI Aayog comprising members from Department of Commerce and Ministry of Finance had reviewed the MEIS in 2019,” Puri told Lok Sabha.

The main recommendation of the Committee was that a scheme to refund currently un-rebated Central, State and Local Taxes on inputs consumed in manufacturing exported products should be launched, consistent with the globally acceptable and World Trade Organization compatible principle that exports should be zero rated.

The outgo under MEIS has increased over these years largely due to increase in coverage of HS lines to about 7,500 in FY18 from about 5,000 lines in FY16 and for more than 2,250 HS lines, rates under MEIS were increased during FY18.

MSME export

The export of products reserved for manufacturing by MSME was $18.34 billion during April-December 2020-21 compared to $27.2 in the entire 2019-20, Lok Sabha was informed. The share of estimated value of exports of MSME related products in India’s total exports rose to 9.11% in the first nine months of FY21 from 8.68% in the entire FY20.

Source: economictimes.com– Mar 10, 2021

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378 SEZs are presently notified, out of which 265 are operational

The Special Economic Zones (SEZs) policy was launched in April, 2000. The Special Economic Zones Act, 2005, was passed by Parliament in May, 2005 which received Presidential assent on the 23rd of June, 2005. The SEZ Rules, 2006 came into effect on 10th February, 2006. The salient features of the SEZ scheme are:-

- A designated duty free enclave to be treated as a territory outside the customs territory of India for the purpose of authorised operations in the SEZ;
- No licence required for import;
- Manufacturing or service activities allowed;
- The Unit shall achieve Positive Net Foreign Exchange to be calculated cumulatively for a period of five years from the commencement of production;
- Domestic sales subject to full customs duty and import policy in force;
- SEZ units will have freedom for subcontracting;
- No routine examination by customs authorities of export/import cargo;
- SEZ Developers /Co-Developers and Units enjoy tax benefits as prescribed in the SEZs Act, 2005.

The notification of Special Economic Zones (SEZs) in the country is guided by the following:-

- generation of additional economic activity
- promotion of exports of goods and services;
- promotion of investment from domestic and foreign sources;
- creation of employment opportunities;
- development of infrastructure facilities

There were 7 Central Government Special Economic Zones (SEZs) and 12 State/Private Sector SEZs prior to the enactment of the SEZs Act, 2005. In addition, 425 proposals for setting up of SEZs in the country have been accorded formal approval under the SEZ Act, 2005. Presently, 378 SEZs are notified, out of which 265 are operational. Click here for more details

Source: pib.gov.in– Mar 10, 2021

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MSMEs need many therapies to recuperate

Tweaking the new definition of MSMEs and enhancing cost competitiveness will help them tide over the pandemic impact

The Covid-19 pandemic had a deep impact on MSMEs (micro, small and medium enterprises). Most small units faced the challenge of keeping their financial wheels turning during the lockdown period with business activity almost coming to a halt, weak demand and low consumer confidence.

Apart from these issues, the country's supply chain was massively disrupted. Gradually, the proactive measures undertaken by the government in the last 8-9 months, which included a economic relief package of around ₹30-lakh crore, began to yield results. In May 2020, the MSME Ministry also launched the CHAMPIONS (Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength) portal, with the aim of assisting MSMEs march into the big league.

In consonance with the clarion call by Prime Minster Narendra Modi for a self-reliant India, the Finance Minister announced various relief and credit-support measures to businesses, especially MSMEs. These include the ₹3-lakh crore Emergency Working Capital Facility for Businesses; a new definition of MSME with revised investment limit; and e-market linkage for MSMEs.

Recently, to ensure more credit to small businesses, the RBI exempted banks from keeping the cash reserve ratio (CRR) requirement against loans disbursed to first-time MSME borrowers; units that had not taken any credit as of January 1 can be considered for this exemption. This will go a long way in incentivising new credit flow to MSME borrowers and fulfil their financial needs.

The new, broadened definition of MSMEs — ₹250 crore annual turnover and ₹50 crore investments in plant and machinery — will bolster the manufacturing sector, and create millions of new jobs for India's young workforce. This will also enhance the production possibility frontiers of MSMEs, increase their competitiveness and create a level-playing field for them to tap new opportunities in the domestic and international markets.

However, a clarification is essential, as to whether both the criteria of investment and turnover or either one of them is required to be met for an enterprise to be classified as MSME.

The objectives of expansion, growth and technology upgradation of MSMEs would not be achievable if both the criterion are required to be fulfilled.

Preferably, the turnover criteria should be set for an enterprise to be classified as MSME.

Going ahead, the cost competitiveness of MSME exporters should be enhanced and a level-playing field created. Apart from boosting exports, this will reduce imports of items where India has domestic capabilities.

MSMEs have been seeking tax-free status for export income. This will help in partly compensating the additional cost of logistics and other bottlenecks which exporters face. MSMEs not only play a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialisation of rural and backward areas, thereby reducing regional imbalances and assuring more equitable distribution of national income and wealth.

Raw-material sourcing

Often, the origin/source of raw materials for MSMEs is far away, which hampers ease of accessibility and raises the cost of procurement. Also, economic power/activity is concentrated in mega cities. The Government should, therefore, rationalise or simplify the existing laws to distribute this concentration of economic power help bring raw-material and manpower resources closer to MSMEs.

Further, the focus should be on ensuring hassle-free disbursement of loans to MSMEs, especially in rural areas. Banks must see that the significant repo rate cuts announced by the RBI are transmitted fully to borrowers. Lowering the compliance burden of MSMEs will improve ‘ease of doing business’ at the ground level and a lower tax regime will increase the personal disposable income of the people and create an overall virtuous circle of growth and development in the economy. Both MSMEs and start-ups require a lot of support to help them tide over the pandemic. The value chain of MSMEs should be enhanced, to make them structurally more competent and add to their efficiency.

Keeping in view the disruptions in global supply chains, India should build domestic capacities to mitigate the impact on import demand and to fulfil domestic demand with indigenous production. Domestic capacity building at this juncture will not only reduce the impact of pandemic but also provide an opportunity to increase our presence in global exports. This will help the country become the manufacturing hub of global supply chain and an export powerhouse.

Source: thehindubusinessline.com – Mar 10, 2021

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States wary: Labour codes not to take effect soon

States' reluctance to frame rules under the four labour codes could delay, if not derail, the Centre's ambitious labour reforms. The plan to roll out the codes from April 1, 2021, has been put on hold, official sources said, citing the lethargy displayed by several states.

The development might hit India's prospects of attracting fresh investments, at a time fixed asset creation in the economy needs to gather pace for the much-awaited economic rebound.

The states' dithering would prolong the wait for increased labour flexibility by the existing establishments. Among the reform proposals are freedom for businesses to retrench workers or close units without prior government permission and fixed-term employment scheme, which are in sync with the nature of business of several establishments, especially the export-oriented ones.

On its part, the Centre is ready with the rules for implementation under all the four codes – codes on wages, industrial relations, social security and operational safety & health — but while central rules are applicable for the central sphere such as ports and railways, the codes empower the states to make rules, modelling on central rules, for establishments under their jurisdiction. Only three-four states have prepared the draft rules so far, the sources said.

The Centre, however, may not wait for long to implement the rules; it will wait till some major industrialised states come out with the rules.

"The codes have a concept of the appropriate government. The central government is the appropriate government for public sector undertakings, railways, ports. But for the vast majority of the industry, which practically covers all the private sector, the state government is the appropriate government. Until the states come out with their own rules, then there is no framework at all that will apply to those entities," said Atul Gupta, partner, Trilegal.

"Gradually, states will frame the rules, then the consultation process will begin. I think it will take at least a couple of months or more," he added.

XLRI professor K R Shyam Sundar said there has been a visible lack of coordination between the Centre and the states on framing the rules. Even the Centre is not very keen to give effect to the labour codes at this juncture because along with the farmers' issue, the labour codes could become contestable.

"The Centre government should call for state-level ministers' conference which is a historical practice and stress the need for making the rules quickly," he said.

Amalgamating 29 central labour laws into four codes, the Centre wanted to bring in a sea change in the way business and industry functions today. While the code on wages was passed in August 2019, the Parliament approved three other codes on September 23 last year.

Apart from various industry-friendly proposals, the new laws ensure minimum wages along with timely payment of wages to all workers and propose to bring them all under the social security net.

Source: financialexpress.com – Mar 12, 2021

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Import tariff needs to be brought down by 50% to achieve competitiveness: Montek Ahluwalia

Bringing down import tariffs by at least 50 per cent holds the key to achieve competitiveness in India, former deputy chairman of the Planning Commission, Montek Singh Ahluwalia has said.

Stating that the Indian economy has not witnessed "fast enough" growth, Ahluwalia said "the underlying challenge is the ineffectiveness to translate broad uncontroversial objectives of competitiveness and growth into concrete and actionable policy programmes yielding results in a time-bound manner."

He was speaking at a webinar on "improving India's competitiveness for inclusive economic growth" by CUTS International on Tuesday.

In addition, Ajit Pai, distinguished expert, economics and finance at NITI Aayog, stressed on the need for designing a sequential strategy of policy interventions in order to achieve the objectives of competitiveness.

Developing scale of manufacturing, both as a strategy and as an outcome of policy instruments, should be the imperative to achieve this, he added.

Source: economictimes.com – Mar 10, 2021

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Yarn shortage pushes up summer wear prices by 20 per cent

Shortage of cotton yarn in the domestic market has pushed up prices of hosiery items, including innerwear and loungewear, by 10-20%, and manufacturers say the price jump could double if the supply disruption caused by increased exports is not remedied.

Top manufacturers said the increase in yarn export to Europe and the US since October--due to disruptions in their local manufacturing and in their sourcing from China--has led to a shortage of yarn in the domestic market, and the situation is not expected to improve till July.

About a third of the country's Rs 30,000-crore innerwear industry is in the organised sector, controlled by companies having more than Rs 500 crore in annual turnover.

Vinod Kumar Gupta, managing director of Kolkata-headquartered Dollar Industries said his company has already increased prices of innerwear and outerwear by 6-8% since January and plans to increase prices further. "During the next few months, starting from March till May, we are going to further increase the prices by 10% or 12%," Gupta said, adding that prices of yarn and finished goods are unlikely to cool before July.

However, Gupta said that the price increase would not lead to any contraction in demand. "Since the products we manufacture are of basic nature, people can only differ from buying, but cannot do away with it. Hence, demand suppression may not happen during the summer season sales," he said.

Lux Industries has increased the price of garments containing cotton yarn. "We have scarcity of raw material in south India, as required quantity is not available. The market demand starts converting to the summer season from January onward. Since January, we have already increased prices by about 20%," said Rahul K Todi, director, Lux Industries.

Explaining the shortage of yarn and other raw material like dies, plastic and corrugated boxes using for packaging, Shashi Agarwal, general secretary, All India Federation of Hosiery Manufacturers, said, "After Europe opened in October, the export demand started growing, creating scarcity of raw material from November onwards. Prices of yarn in the international market have increased by about 45% since November, as demand for yarn from countries like Bangladesh, Sri Lanka, Vietnam, etc., which export garments to European countries and the US, has increased."

India's knitwear industry is among the few sectors that managed to buck the general downtrend seen in the economy due to disruptions caused by the Covid-19 pandemic.

"The industry is doing very well. The business we had during the first nine months of the current fiscal has already crossed the business we had during the first nine months of the previous fiscal, and we also expect to do good business in the fourth quarter," said Gupta of Dollar Industries.

Source: economictimes.com – Mar 10, 2021

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India's e-Commerce market projected to grow by 84% by 2024: FIS report

According to a new report released by global financial technology company FIS (Fidelity Information Services), India's e-Commerce market is expected to grow dramatically due to the Covid-19 pandemic.

The report stated that the market is forecasted to increase by 84 per cent by 2024 to US$111 billion.

The 2021 Global Payments Report by Worldpay from FIS, which examines current and future payments trends across 41 countries, found that global digital commerce trends accelerated under the pandemic.

Countries, including India, have seen a shift in consumer behaviour caused by Covid-19, and new payment trends are shown to be on the rise.

The report noted that India's e-Commerce market will be largely driven by mobile shopping, projected to grow 21 per cent annually over the next four years. Digital wallets (40 per cent) followed by credit cards (15 per cent) and debit cards (15 per cent) were the most popular payment methods online in 2020.

The report further said that 'Buy Now, Pay Later' is the fastest growing online payment method in India. Based on an analysis in the report, only three per cent of the market is projected to increase to nine percent by 2024. Data in the report shows that purchases made with digital wallets are expected to increase their market share of online payments by 2024 to 47 per cent.

In-Store Payment Trends

The Point of Sale (POS) market in India is projected to increase by 41 per cent between now and 2024 to US$1,035 billion, according to data in the report. The most popular in-store payment method is cash at 34 per cent, followed by digital wallets (22 per cent) and debit card payments (20 per cent).

The report projects digital wallets will overtake cash as the most popular in-store payment method by 2024, accounting for 33 per cent of payments.

“The Indian e-Commerce industry has witnessed a huge upsurge due to Covid-19, and there is substantial room for future growth,” said Phil Pomford, Managing Director of Asia Pacific, Worldpay from FIS.

He added: “e-Commerce capability is no longer limited to just traditional websites, and physical retail has blended with the digital world... Those who position themselves with digital payments capabilities will be well-positioned to capture the next wave of growth in the retail and e-Commerce market in India.”

Source: thehindubusinessline.com – Mar 10, 2021

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PLI for man-made fibre, setting up of 7 textile parks to boost production, exports: AEPC

Production Linked Incentive scheme for man-made fibre and the creation of seven mega textile parks in the country will help increase production and exports of the sector, AEPC said on Wednesday.

Apparel Export Promotion Council (AEPC) Chairman A Sakthivel said the MMF garment industry in India is poised for fast growth as the government has agreed to promote the sector.

He was speaking at a virtual B2B meeting on 'Improving MMF Fabric Options for Indian Apparel Exporters'.

The council in a statement said that buying houses believe that Indian man-made fibre (MMF) garment exporters can aspire to grab USD 20 billion business in the global MMF garment trade even as the domestic apparel industry works at resolving its limitations.

Source: economictimes.indiatimes.com – Mar 10, 2021

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Rlys expects to carry extra 10 mt cargo in FY21

Wagon maintenance dues will be collected from October 2008

Indian Railways expects to carry an extra 10 million tonne cargo extra this fiscal against last fiscal, according to sources.

Last year (fiscal 2020), Railways carried 1196.86 million tonne cargo, which was one per cent lower than the previous year. This indicates a V-shaped recovery of the economy, said the official.

Cargo that supported this increase include automobile and cement.

In another move, Railways has also firmed up its stance on land licensing policy for Container Corporation of India (Concor), which is going to be divested this year, said the official without divulging any further detail.

Land licensing fee is the amount paid to Railways by Concor for using its land on lease.

Concor has a network of terminals, for which it had got land at concessional rate.

Source: thehindubusinessline.com– Mar 10, 2021

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