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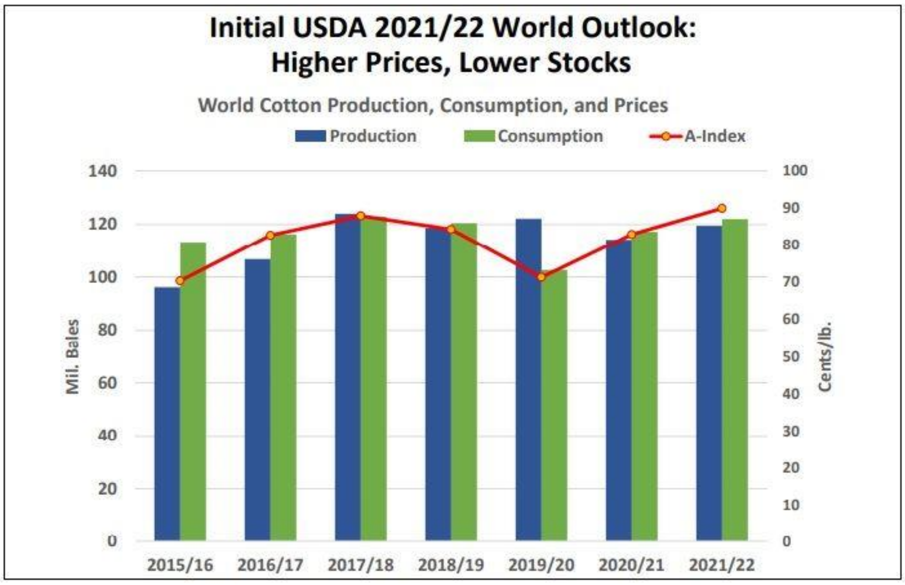
NEWS CLIPPINGS

	NATIONAL NEWS
1	Hit to exports: Exporters fear low RoDTEP refunds
2	Cotton exports seen hitting 60 lakh bales on competitive rates
3	CBIC clarifies on GST refunds related to deemed export, zero-rated supplies
4	Targetting MSMEs in cross border e-commerce can help increase CBT revenue 4X: draft e-commerce policy
5	India's foreign exchange reserves surpass Russia's to become world's fourth largest
6	One District One Product initiative set for big push
7	How to make India a global export hub
8	PLI scheme to boost exports, cut trade deficit: Prahalathan Iyer of India Exim Bank
9	Industrial production contracts 1.6 per cent in January
10	Slim chances of cotton exports to Pakistan as section of traders opposed to Indian fibre
11	Taking a shot with textiles
12	Vietnam envoy seeks better business ties with Punjab, Haryana
13	Covid aftermath: States to see varying degrees of stress in FY22, says India Ratings report
14	Area under jute to go up in Bengal
15	Post pandemic, small scale businesses suffer without return of migrant labours

INTERNATIONAL NEWS

Global cotton consumption to grow 4.1% in 2021-22: USDA

As the world economy recovers from the severe 2020 downturn, global cotton consumption is expected to grow by 4.1 per cent in 2021-22 season, substantially above the long-term average rate of 1.7 per cent, according to the US department of agriculture (USDA). This will be the second consecutive year when world consumption will exceed production.



World cotton stocks are expected to reduce by 3.2 million bales, according to the initial world and US cotton outlook for the 2021-22 season released by USDA in February at the Agricultural Outlook Forum.

Meanwhile, world cotton production is expected to rise 4.7 per cent with the most significant year-over-year growth in Pakistan, Australia, Brazil, the United States, and West Africa, the Foreign Agricultural Service (FAS) of the USDA said in its March 2021 report 'Cotton: World Markets and Trade'.

Overall, strong cotton consumption growth in 2021-22 and tightening stocks are expected to support prices with the A-Index forecast up 7 cents to 90 cents/pound for the marketing year. "If realised, this would be the highest in 8 years," the report said.

The USDA had published initial 2021-22 cotton balance sheets for two countries—the United States and China. For the US, "production is up 17 per cent to 17.5 million bales as planted area remains stable and abandonment declines on the assumption of normal weather.

However, weather conditions, especially in Texas, provide significant downside risk. Consumption is expected to rise to 2.5 million bales, but still nearly 500,000 bales lower than 3 years prior; exports are expected to remain at 15.5 million bales. As a result, ending stocks are forecast at 3.8 million bales, a 5-year low." USDA said.

China’s 2021-22 imports are forecast at 11.0 million bales, unchanged from the previous year’s level, which was the highest level in 7 years. Further growth in yarn and fabric production, coupled with lower domestic production, is expected to maintain strong imports in addition to the State Reserve maintaining an optimal level of government-held stocks comprised of both imports and domestic supplies.

China’s consumption is projected to increase at a rate below the world average due to above average growth in 2020-21. It is because China realised an earlier recovery from the impacts of COVID-19 relative to other major consumers, with the resultant 2020-21 consumption growth rate above the world average.

Source: fibre2fashion.com– Mar 13, 2021

HOME

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New COVID-19 variants threaten recovery in global trade: WTO report

As per the latest Goods Trade Barometer released by the World Trade Organization, though global trade has rebounded from the deep decline in the third quarter, prospects for 2021 and beyond are uncertain as new variants of COVID-19 have appeared.

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

While all component indices are either above trend or on-trend. Furthermore, the indicator may not fully reflect the resurgence of COVID-19 and the appearance of new variants of the disease, which will undoubtedly weigh on goods trade in the first quarter of 2021, the report added.

The two most reliable wind direction indicators of global trade, the export order index (103.4) and the auto product index (99.8) have both peaked recently.

In contrast, the container shipping index (107.3) and air transportation index (99.4) are still rising. Both the electronic component index (105.1) and the raw material index (106.9) are steadily above trend and rising, possibly due to inventory stockpiling.

Source: fashionatingworld.com– Mar 13, 2021

HOME

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Japanese firms left UK for EU following Brexit referendum

The number of UK-based Japanese firms fell by 12 per cent from 1,084 in 2014 to 951 in 2019, with most of the drop occurring during the politically tumultuous period following the Brexit referendum in June 2016.

During fiscal 2018-19, the number of firms dropped by 4 per cent, according to Japanese ministry of foreign affairs (MoFA) data analysed by Rudlin Consulting.

Most of the impact was on the financial services and manufacturing sectors.

The UK drop is in contrast to a growing number of Japanese firms situating in the European Union (EU). Between 2014 and 2019, the number of such firms in the Netherlands grew by 67 per cent, according to the MoFA data.

There were also increases in Germany, France and Italy of 11 per cent, 7 per cent and 53 per cent respectively during the same period.

The UK decline is coming off a high base, with Britain hosting the second-highest number of Japanese companies after Germany. Britain is home to the highest number of Japanese nationals in Europe as well as the most employees of Japanese companies.

Source: fibre2fashion.com– Mar 13, 2021

HOME

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UK GDP shrinks 2.9% amid COVID lockdown; Brexit cuts exports

The British economy shrank 2.9 per cent in January as the nation was hit by a new round of coronavirus restrictions and Brexit slashed exports to the European Union.

The Office for National Statistics said Friday that the drop in gross domestic product was fueled by declines in retail trade and education as efforts to slow the spread of COVID-19 shut nonessential shops and schools across the U.K. Britain's economy is about 9 per cent smaller than it was before the coronavirus pandemic began in February 2020, the ONS said.

Manufacturing declined for the first time since April, driven by a drop in exports as the nation felt the full effects of its departure from the EU for the first time after transitional arrangements ended December 31, the ONS said.

Exports of goods to the EU plunged almost 41 per cent in January, while imports from the bloc dropped 28.8 per cent, the ONS reported.

Britain's decision to leave the EU ended more than 40 years of free trade with the 27-nation bloc and its 450 million people.

Shipments between Britain and the EU are now subject to tariffs, border checks and increased paperwork that have curtailed trade.

Source: financialexpress.com– Mar 12, 2021

HOME

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China Jan-Feb Retail Sales Rise Almost 34%

In January and February, the total retail sales of consumer goods in China rose 33.8 percent year-on-year, according to data released today by the country's National Bureau of Statistics (NBS).

The dramatic rise is largely due to the fact that retail spending was hindered during the same period in 2020, when the coronavirus outbreak first took hold in China, leading to widespread lockdowns, limitations on movement and the closure of public spaces, including malls and restaurants, in many parts of the country.

Having said this, the total sales for the two month period of almost 7 trillion yuan ($1.1 trillion) also represents growth of 6.4 percent over the same period in 2019.

Urban retail sales growth of 34.9 percent in the first two months of this year, compared with the same period last year, outpaced rural growth, which stood at 26.7 percent on the year.

In a release from the NBS, the agency said that "upgraded consumer goods" experienced particularly fast growth. Online retail sales also continued their upward trajectory, growing 32.5 percent year-on-year for January and February.

Source: businessoffashion.com– Mar 15, 2021

HOME

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China shows employment vital to economic recovery, expert says

China has shown that a path to recovery entails a drive for direct job creation as gainful employment can bring a rise in income and keep the economy on track, a Bangladeshi scholar has said.

China has adopted a series of measures and policies, and constructed a whole set of systems covering policy, work and institution, Rashed Al Mahmud Titumir, chairman of Unnayan Onneshan, a think tank in Bangladesh, told Xinhua in a recent interview.

China has demonstrated that industry-driven poverty reduction brings employment, said Titumir, who holds a Ph.D. degree in Economics from the School of Oriental and African Studies at the University of London.

The Covid-19 crisis necessitates a new roadmap to salvage humanity, highlighting the importance of bringing a qualitative change in people's life in terms of good health, quality education, decent work, gender equality and strong institutions, he said.

The Covid-19 pandemic has had an unprecedented impact on people's livelihood in Bangladesh, with the emergence of new poor, unemployed and working poor, said Titumir, also a professor of Economics at Bangladesh's top Dhaka University.

China-Bangladesh relations can evolve to a partnership in production networks that create employment, particularly in the labor-intensive cottage industries, as well as micro, small and medium-sized enterprises, he added.

The partnership can start with textiles, textile-related goods and capital machinery, he said, adding that the next step can be in the fields of light engineering and assembling industries, covering smartphones, televisions, refrigerators, motorcycles and other home appliances.

Emphasis upon skill development and the improvement of labor productivity is therefore required to help develop the economy, said the professor, adding that China can be a partner in building educational institutions, including technical and vocational training centers in Bangladesh.

A universal social security program suitable to the life cycle of the public, involving children, mothers, the youth and the elderly, is urgently needed, he said, adding that the program has to be for everyone and should include income support, national health services and job seekers' allowances, among others.

"China has shown resilience in its recovery, and thus in order to avert a diverging K-shaped recovery path, a policy regime of active restraint, involving provision of public goods, and equitable distribution of resources are needed for a relatively equitable recovery," said Titumir.

"These would allow countries to move towards achieving sustainable development goals," the scholar added.

Source: thestar.com.my– Mar 15, 2021

HOME

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Italy's Benetton Group Suspends New Orders from Myanmar Suppliers

Italy's Benetton Group on Friday said it had immediately suspended all new orders from its suppliers in Myanmar due to concerns over rising violence in the Southeast Asian nation after the ousting of Aung San Suu Kyi's government last month.

Myanamar accounts for 2 percent of Benetton's suppliers, according to the Italian group's website.

"We express our most profound concern for what is happening in Myanmar," the high-street clothing group said in a statement.

"The situation presents such problems, both in terms of security and of freedom and rights violations, that we have decided to suspend all new orders."

Myanmar activists held more rallies against the country's junta on Friday, a day after a rights group said security forces killed 12 protesters.

More than 70 protesters have been killed since the coup, the Assistance Association for Political Prisoners (AAPP) advocacy group said.

Benetton said its move intends to give a "strong and tangible signal" in supporting values such as integration and non-violence.

Earlier this week, Sweden's H&M, the world's second-biggest fashion retailer, said it was shocked by the use of deadly force against protesters in Myanmar and that it had paused placing orders in the country.

Source: businessoffashion.com – Mar 15, 2021

HOME

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Zara owner Inditex's 2020 profits slump on virus hit

Zara owner Inditex said Wednesday its profits plunged in 2020 as a surge in online sales failed to make up for enforced store closures due to the coronavirus pandemic.

The Spanish textile giant, which also owns the Bershka and Massimo Dutti brands, recorded a net profit of 1.1 billion euros ($1.3 billion) last year, a 70 per cent drop over 2019.Total sales were down 28 per cent from last year at 20.4 billion euros, as lockdown restrictions forced the closure of stores around the world, it said in a statement.

At one point last year nearly 100 percent of Inditex's stores were closed as nations imposed strict lockdown measures to curb the sprad of the virus, Chairman Pablo Isla told a news conference.

Only 18 per cent of its stores were operating normally as of January 31 when Inditex's fiscal year ends, he added. Thirty percent were closed in countries like Britain that reintroduced lockdowns while the rest faced restrictions such as limits on the number of customers that can be inside at a time.

Inditex, which operates nearly 7,000 stores worldwide, expects almost all stores to be open again by April 12.Total sales were down 28 percent from last year at 20.4 billion euros including 6.6 billion in online sales -- an unprecedented 77 percent increase over 2019. "Inditex has emerged stronger after such a challenging year," Isla said.

The company was late to online sales with Zara, its flagship brand, opening its first store online in 2010.But Inditex has since sought to quickly made up for lost time. It has spent 2.5 billion euros since 2012 to develop online sales and the company said Wednesday it plans to invest another 2.7 billion euros between 2020 and 2022.
Inditex also said it had stepped up its restructuring of its shops, with the closure of 751 smaller shops and the opening of 111 flagship locations.

Euromonitor analyst Natasha Cazin said the company was "well positioned to rebound in the near future" thanks in part to its massive investment in online sales. The company has also managed to "diversify its line of products to attract consumers who are now more interested in self care and who spend more time at home" such as comfortable home wear and interior decoration items.

Inditex posted a net loss of 409 million during its first quarter which runs from February to April, its first quarterly loss in nearly two decades, as the country grappled with the first wave of the pandemic which brought the global economy to a virtual halt.

Shares in Inditex closed up 1.20 per cent, outperforming Spain's Ibex-35 index which ended up 0.34 per cent.

Source: thedailystar.net – Mar 12, 2021

HOME

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Vietnam's Textile and Apparel Industries Pivot to Sportswear

As a pandemic-era focus on producing personal protective equipment (PPE) begins to wind down in the face of worldwide Covid-19 vaccine rollouts, Vietnam's National Textile and Garment Group (Vinatex) says its members are looking to capitalise on new areas for growth.

Major players in the industry, including Thành Cong Textile Garment Investment Trading JSC, one of Vietnam's most successful businesses in 2020 on the back of its PPE exports, have shown confidence in an imminent post-pandemic age by halting orders for PPE, and focusing on the products such as T-shirts and sportswear.

The compounded annual growth rate for the sportswear market in the last five years was 6.5 per cent, 1.5 times the industry average, and it is expected to be worth $479 billion globally by 2025.

According to the Vietnam Textile and Apparel Association (VITAS), many manufacturers have orders until the end of April, mainly for sportswear.

Source: businessoffashion.com– Mar 12, 2021

HOME

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FTA can raise Bangladesh's exports to India by 182%: World Bank

A free trade agreement (FTA) could increase Bangladesh's exports to India by 182 per cent and by 126 per cent the other way round, according to a new World Bank report, which said improving transport connectivity could take it even further by 297 per cent and 172 per cent respectively. The border could be made irrelevant from a trade perspective by removing barriers.

The World Bank's Dhaka and India offices recently jointly released the report titled 'Connecting to Thrive: Challenges and Opportunities of Transport Integration in eastern South Asia'.

The report pointed out that high tariffs, para-tariffs and nontariff barriers were the major hurdles between the neighbours. The duo's average tariff was more than twice the world average, it said.

Complicated and non-transparent nontariff measures, which are policy measures other than tariffs that affect the free flow of goods and services across borders, add to the high trade costs.

As a result, bilateral trade currently accounts for only about 10 per cent of Bangladesh's trade and a mere 1 per cent of India's trade.

Meanwhile in East Asian and Sub-Saharan African economies, intraregional trade accounts for 50 per cent and 22 per cent of total trade respectively, the report said.

It is about 15-20 per cent less expensive for an Indian company to trade with a company in Brazil or Germany than with a company in Bangladesh, the report pointed out.

Economic activity in Bangladesh is concentrated in Dhaka and Chattogram while bordering and poorly connected districts lag behind.

Night time light intensity per capita across the country highlights the concentration of economic activity around the capital.

Traditionally, the districts between the western border with India and Jamuna river have lagged behind the eastern part of the country, largely because of their limited connectivity and hence, limited market access.

Poverty in southwest Bangladesh is higher than in most eastern districts, the World Bank report said.

Western districts are far away from the capital and the main seaport in Chattogram because of the Jamuna river, which is crossable via only a single bridge.

These western districts' access to Indian markets is very limited because of the thick border with India, even though they are only a short distance from Kolkata.

All districts in Bangladesh would benefit from integration, with the eastern districts enjoying larger gains in real income.

Bangladeshi districts would see reductions in prices of goods and inputs from India and receive higher prices for their exports, becoming more competitive, the report said.

The eastern districts would benefit the most because of their comparative advantage, which would lead the southeastern workers to migrate to the north and east, raising real wages by as much as 37 per cent.

On connecting local markets, the report said that regional trade and transport initiatives typically linked major centres and trade gateways.

The initiatives are often designed around corridors that offer superior infrastructure, harmonised policies and procedures to facilitate trade and transport and supportive institutional mechanisms to coordinate among the many stakeholders.

Corridors are high-capacity systems that are most efficient when they facilitate the unimpeded movement of large volumes of traffic.

In order to benefit the communities and centres in regions through which the corridors pass, it is important to create on and off ramps for rural communities and intermediate centres to access each corridor.

As doing so could compromise the efficiency of a corridor, there is a need for careful design of local access solutions.

The report also stressed on the need for taking several measures to improve women's participation in export-oriented agricultural value chains.

These measures need to be grounded in the realities of women's lives and the fact that gender norms change slowly.

The most effective strategies are ones that are applied to value chain products and processes in nodes in which women are already participating.

Removing blockages to adding value at these nodes and increasing women's control of income over benefits can have direct impacts on returns to female value chain participants and be used to incrementally facilitate behaviour and norm changes.

In designing these strategies, care should be exercised to ensure that there are no unintended consequences for women in terms of increased violence against them, the World Bank said in its report.

Source: fibre2fashion.com– Mar 15, 2021

HOME

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Bangladesh holds Bt cotton field trials

India's JK Seeds provides the technology

Hyderabad-based JK Agri Genetics Ltd, an arm of the JK Organisation, is collaborating with the Bangladesh government to hold field trials of genetically-modified cotton in the neighbouring country.

"The Bangladesh government is conducting the field trials, which have been completed for the first season. The results are good. Field trials will be held for the second season this year sometime between April and November," said Gyanendra Shukla, President and Director of JK Agri Genetics, better popularly known as JK Seeds.

The US Department of Agriculture (USDA), in a note on the Bangladesh development, said that Dhaka's Cotton Development Board (CDB) began trials of the genetically-modified or bacillus thuringiensis (Bt) cotton with two varieties — JKCH 1947 Bt and JKCH 1950 Bt — which can resist bollworm and Fall armyworm in the plant.

According to the USDA, the CDB obtained the Bt cotton varieties under the material transfer agreement from JK Seeds, an erstwhile division of JK Tyres and Industries Ltd.

"Though the first season trials gave good results, more trials need to be done. Once the Bangladesh government is satisfied with the results, it will begin the deregulation process wherein farmers will be allowed to cultivate the Bt variety," said Shukla.

The CDB completed the greenhouse trial of the cotton varieties successfully on March 4 last year, and it got the permission of Bangladesh's National Committee on Biosafety Clearance to start confined field trials for the current crop year (August 2020-July 2021), the USDA said.

Increasing output

"We are doing nothing on our own. Nor are we engaged in any commercial activity in Bangladesh," the JK Seeds President said, hinting that the Sheikh Hasina Wajed government is independently handling these activities, while his company is collaborating.

Bangladesh's objective behind these trials is to develop "efficient genetically-modified cotton" as part of its efforts to increase cotton production. Currently, it meets about 25 per cent of its raw cotton requirements through imports from India.

The USDA has pegged Bangladesh's 2020-21 crop at 1.86 lakh bales (of 170 kg) on 46,000 hectares.

Source: thehindubusinessline.com– Mar 13, 2021

HOME

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Pakistan: Import Indian yarn: PETA

Unavailability of cotton yarn and non-payment of Duty Drawback of Taxes and Income Tax refunds is adversely impacting the export growth putting millions of dollars export orders at stake, industry officials said.

“In order to overcome the scarcity of basic raw material, the government should allow cross-border import of cotton yarn from India to ensure continuity in export growth,” said Muhammad Ahmad, Chairman Pakistan Textile Exporters Association (PTEA) in a statement.

Khurram Mukhtar, Patron-in-Chief PTEA, in his statement, expressed concern over undue delay in disbursement of exporters’ Duty Drawback of Taxes and Income Tax refunds (over Rs50 million) as exporters’ liquidity had already taken a strong negative hit from COVID-19.

“The government must take immediate measures to ease off the financial stress and gear up the export growth,” he said.

Saqib Majeed, Vice Chairman PTEA, was of view that undue delay in approval of Textile Policy was resulting in deferral or even backing out possible investments in the textile chain.

He demanded immediate approval and implementation of textile policy to pick up the pace of textile value chain growth.

Source: thenews.com.pk– Mar 14, 2021

HOME

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Pakistan: Garment industry wants early approval of textile policy 2020-25 by ECC

The garment industry on Sunday called for the final approval of new textile policy 2020-25 by the Economic Coordination Committee (ECC) of the Cabinet as it is vital for new investment and marketing plan in this major export-oriented sector.

Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) vice chairman Adeeb Iqbal Sheikh said that Prime Minister Imran Khan has already approved the five-year textile policy for onward submission to the ECC. However, the ministry was unable to oblige due to undisclosed reasons.

He said the government announced several schemes including settlement of outstanding refund claims, rationalization of refund regime, establishment of Exim bank, duty-free import of textile machinery and reduction of mark up rate for export refinance in past but the sector was not getting benefits yet.

Textile sector contributed about 60 percent to the country's total exports, besides providing direct and indirect millions of jobs which required a proper policy, he added.

He urged the government to redress the problems of the industry by taking comprehensive and innovative solutions in the new textile policy.

Adeeb Iqbal added that a clear long-term policy will provide investors a clear vision that the government of Pakistan is ready to support the apparel sector of Pakistan on long-term basis.

He said that the garment industry has been affected seriously due to long delay in the final announcement of the new textile policy by Economic Coordination Committee of the cabinet, as the PM has already given approval in this regard.

He was of the view that further delay in textile policy would result in delay or even backing out of investors from future local and foreign investment in the industry. Presently, we are in short production capacity and several exporters are refusing export orders because there is not enough capacity available in the country.

He claimed that targets set were ambitious and financial commitments of Rs188 billion and Rs65 billion respectively for first 2009-14 and second 2014-19 Textile Policies were made by the past governments to achieve them. However, commitments were not fulfilled and timely payments were not doled out in financial support schemes. Further, funds were not allocated for public sector development under infrastructure, vocational training, productivity and compliance related programs.

He urged the government to redress the problems of the industry by taking comprehensive and innovative solutions in the new textile policy.

He maintained that the timely implementation of a long-term policy would not only bring new investments in the country but also enable the industry to achieve the target of $30 billion exports in the next five years.

Source: dailytimes.com.pk– Mar 15, 2021

HOME

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NATIONAL NEWS

Hit to exports: Exporters fear low RoDTEP refunds

As the government prepares to notify refund rates under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, exporters fear the rates may turn out to be lower than recommended by a technical committee. Inadequate remission of taxes would result in residual embedded taxes in export products and hit Indian industry's competitiveness in world markets at a time shipments are witnessing a nascent recovery, they warn.

The government has budgeted only Rs 13,000 crore for the RoDTEP scheme for FY22, which is way below the scheme's initial estimated annual cost of Rs 50,000 crore. Also, it's only a third of the Rs 39,097 crore the government approved for exporters in FY20 under the Merchandise Exports from India Scheme (MEIS) for many sectors.

The GK Pillai committee, tasked with recommending the RoDTEP rates, will submit its report to the government on Monday. The scheme is supposed to reimburse various embedded levies (not subsumed by GST) paid on inputs consumed in exports.

Pillai told FE: "RoDTEP is an entirely new scheme meant for remission of taxes embedded in exports. It cannot be compared with the MEIS, which was an incentive scheme, where the benefits could have been extended in an arbitrary manner."

Asked about the gap between the budget outlay and exporters' estimate of the refunds required to offset all taxes, Pillai, who was formerly commerce secretary, said 'low budget outlay' was unlikely to be a constraint for meaningful implementation of the scheme. "The finance minister has already indicated that enough funds would be made available… Also, much of the amounts (to be reimbursed to exporters) could be in the form of drawbacks (which will get reflected in the net tax income of the government, rather than budgetary outlay)," he noted.

Since exporters themselves have no foolproof data or even complete knowledge of all taxes embedded in the export products, the committee has had a difficult task of determining the RoDTEP rates for as many as 8,000 tariff lines. The exercise has been done in a manner as comprehensive as possible in keeping with principle that taxes are not meant to be exported, Pillai said, but added the scheme could still take 2-3 years to stabilise.

Sections of the exporters' community, however, fear the government could slash the RoDTEP rates to limit the cost to the exchequer. Any such move will delay a recovery in exports, which have maintained a roller-coaster ride in the wake of the Covid-19 outbreak. The government, they said, should keep the RoDTEP outgo open-ended and not curtail the rates to limit refunds to a certain annual budgetary outlay, if the idea is to keep exports truly zero-rated in sync with global best practices.

The RoDTEP replaced the 'WTO-incompatible' MEIS from January 2021 but the refund rates are yet to be declared. Under MEIS, most exporters were getting scrips amounting to 2-5% of the freight-on-board value of the shipment.

Indian exporters are already struggling with volatility in demand from many key markets like the US and EU in the aftermath of the pandemic; the need for a higher-than-usual degree of market diversification is another challenge.

In a letter to finance minister Nirmala Sitharaman on February 25, the Aluminium Association of India said even the MEIS reward rate of 2% for aluminium exports won't "provide ample cushion to remain competitive against current bearish market condition".

When contacted, Ajay Sahai, director-general and chief executive at the Federation of Indian Export Organisations (FIEO), said: "Our position is that the RoDTEP rates should not be lower than what the Pillai committee has recommended."

Suranjan Gupta, executive director at engineering exporters' body EEPC India, expected the rates to be notified soon. Both Sahai and Gupta, however, stressed that MEIS and RoDTEP can't be equated, as the earlier scheme was viewed by critics as primarily an export subsidy programme, while the new one is fully consistent with the WTO norms. Nevertheless, some exporters have maintained that even the MEIS didn't compensate exporters for various structural bottlenecks.

As for the RoDTEP scheme, FIEO president Sharad Kumar Saraf recently said it was impossible to offset the blow of all the embedded levies within an annual outlay of just Rs 13,000 crore (about $1.8 billion) when exports were typically above $300 billion a year. Also, since these are mere reimbursements of various taxes that exporters are not supposed to pay in the first place, these are not “benefits” or “incentives” as touted to be.

Also, exporters have asked the government to notify the RoDTEP rates at the earliest. Since exporters typically factor in the “incentives” they get under key schemes while firming up deals, the absence of clarity on RoDTEP rates is hurting their prospects, they have said.

The Pillai committee was set up only in late July last year to undertake a humongous exercise of recommending RoDTEP rates for thousands of products.

The scheme is proposed to cover levies that are not subsumed by the GST (petroleum and electricity are still outside the GST ambit, while other imposts like mandi tax, stamp duty, embedded central GST and compensation cess, etc, remain unrebated).

According to an FIEO estimate, after a Covid-induced contraction this fiscal, India’s exports could rise to $340-350 billion in FY22 as the advanced economies are expected to recover from the shock of the pandemic. However, much depends on how the government implements the RoDTEP and remove other irritants, exporters say. Exports are expected to drop by about 8%, year on year, to $290 billion in FY21.

Source: financialexpress.com– Mar 15, 2021

HOME

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Cotton exports seen hitting 60 lakh bales on competitive rates

India's cotton exports are likely to hit 60 lakh bales (each of 170 kg) for the current season (October2020-September 2021) on cost competitiveness.

Trade body Cotton Association of India (CAI) has noted that so far about 60 per cent or 36 lakh bales has been shipped since the start of the season.

This is primarily due to Indian cotton's price competitiveness in the international market. Indian cotton quoted at around ₹44,000-45,500 per candy (each of 356 kg of processed cotton) during the past couple of months.

At this rate, the Indian exporters could offer a 10-per cent discount to the international prices, which hovered at around 85.60 cents per pound.

Higher crop outlook

However, trade insiders informed that India's competitive advantage may not be sustained as the international cotton prices are seen falling on higher crop outlook in the next year. The downward pressure on the international prices is also reflected in the far month futures on ICE, which quoted December ICE futures at 74 cents — about 11 cents lower than current prices.

On the other hand, Indian cotton prices have also started upward journey amid increased offtake in the export market. The benchmark Guj (ICS-105 - 29mm variety) has surged by over ₹2,000 a candy from ₹43,200 on January 12.

Last year India's cotton exports were estimated at 50 lakh bales.

CAI projections

For the cotton crop, CAI has revised its output projections downward to 358.5 lakh bales, lower by about 1.5 lakh bales from previous estimate. Last year, the output was expected at 360 lakh bales.

CAI, in its latest crop outlook for March, stated that India's cotton imports will be around 12 lakh bales for the year, which is lower by about 2 lakh bales from the earlier estimated about 14 lakh bales for the season.

The likely drop is attributed to the recent hike in the import duty on long-staple variety of cotton. Last year, India had imported 15.50 lakh bales of the fibre. As per the CAI data, as on February 28, total 7 lakh bales has already arrived at Indian ports.

Cotton balance sheet

Total cotton availability for the season is estimated at 495.50 lakh bales, which included the opening stock of 125 lakh bales at the beginning of the cotton season on October 1, 2020, and imports of 12 lakh bales, besides the crop size of 358.50 lakh bales, of which 298.89 lakh bales or about 83 per cent crop has already arrived in the markets till February 28, 2021.

The CAI estimates suggested that based on the consumption projections, about 330 lakh bales will be consumed in the domestic market, while 60 lakh bales will be exported leaving behind the carry-over stock at the end of the cotton season 2020-21 on September 30, 2021, at 105.50 lakh bales, which is marginally lower from 107.50 lakh bales in the previous season.

Source: thehindubusinessline.com– Mar 12, 2021

HOME

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CBIC clarifies on GST refunds related to deemed export, zero-rated supplies

The Central Board of Indirect Taxes and Customs (CBIC) has come out with a clarification on GST refunds related to deemed export supply and zero-rated supply.

The board said that representations have been received on the difficulties being faced by the recipients of the deemed export supplies in claiming refund of tax paid in respect of such supplies since the system is not allowing them to file refund claim under the aforesaid category unless the claimed amount is debited in the electronic credit ledger.

Deemed export supply

The circular said though there is no restriction on recipient of deemed export supplies in availing ITC of the tax paid on such supplies when the recipient files for refund claim, but some restrictions emerged on account of Master Circular of 2019.

Explaining this, Aditya Singhania, Founder at Singhania's GST Consultancy & Co, said supply of goods against Advance Authorization, supply of capital goods against EPCG authorisation, supply of goods to EOU and supply of gold by a bank or PSU against Advance Authorisation are categorised as deemed exports in GST with effect from October 18, 2017 in order to prevent cash blockage of exporters due to upfront payment of GST on imports as well as on domestic procurements. For this purpose, the rule was amended to allow either recipient or supplier of such supplies to claim refund of tax.

When a recipient has to claim refund of unutilised ITC, it is obvious that amount to be claimed as refund has to be debited from the electronic credit ledger maintained at GST portal.

Since there were various circulars issued on GST refunds, in 2019, CBIC released a Master Circular wherein it was inadvertently mentioned that the recipient has to furnish an undertaking that he has not availed ITC on invoices for which refund can be claimed, which is practically not possible, as in order to claim the refund of unutilised ITC, one has to first avail ITC and thereafter debit the same from the credit ledger.

"The debiting of ledger is important as in order to ensure that there is no dual benefit to the claimant by way of ITC that can be used in offsetting the liabilities as well as refund. Master Circular has been modified to this extent which placed restriction in the said Circular," he said.

Zero-Rated Supply

It has been decided to extend the relaxation provided for filing refund claims where the taxpayer inadvertently entered the details of export of services or zero-rated supplies to a Special Economic Zone Unit/Developer in table 3.1(a) instead of table 3.1(b) of FORM GSTR-3B till March 31.

Adjusted Total Turnover

The CBIC clarified that the value of export/ zero-rated supply of goods to be included while calculating 'Adjusted Total Turnover' will be same as being determined according to the amended definition of 'Turnover of zero-rated supply of goods.' Earlier, doubts were raised as to whether the restriction on turnover of zero-rated supply of goods to 1.5 times the value of like goods domestically supplied would also apply for computation of 'Adjusted Total Turnover' for calculation of admissible refund amount.

Singhania explained that doubt emerged as rule only amended the definition of 'Turnover of zero-rated supply of goods' and did not amend the definition of 'Adjusted Total Turnover', due to which one of the interpretations that Adjusted Total Turnover has to be considered by taking sum of domestic value and exports as per amended definition, was leading to significant loss of refund as it curtailed the ITC benefit of the value of the exports over and above 1.5 times of domestic valuation of goods.

Source: thehindubusinessline.com– Mar 12, 2021

HOME

****

Targetting MSMEs in cross border e-commerce can help increase CBT revenue 4X: draft e-commerce policy

If India can target around 2.5 lakh MSMEs moving into Cross Border Trade (CBT) space in the next four years, it can successfully list at least 1 lakh MSMEs with 5 million products and can increase four times the existing CBT revenue in B2C category, the government said in its latest draft e-commerce policy. Issued by the Department for Promotion of Industry and Internal Trade (DPIIT), the draft, however, noted that domestic manufacturers, traders, sellers, MSMEs, and startups, which operate or intend to operate on a digital platform, continue to "struggle with compliances and costs which reduce their competitiveness and sustainability in international markets." A copy of the draft was seen by Financial Express Online.

"Only a fraction of MSMEs is engaged in cross-border e-commerce. There are around 6.5 crore MSMEs in India out of which 36 per cent are in the manufacturing space, which is around 2.3 crore. So, the target of 2.5 lakh MSMEs set by the government is, in fact, very low as many MSMEs haven't emerged to operate on e-commerce portals. If they are able to successfully operate online in cross border e-commerce space, then it will work wonders," Govind Lele, General Secretary, Laghu Udyog Bharati told Financial Express Online.

India's exports declined had declined by 0.25 per cent to $27.67 billion in February 2021 vis-à-vis $27.74 billion in the year-ago period, according to preliminary data from the Commerce Ministry. Overall exports during April-February 2020-21 were down 12.32 per cent to $255.92 billion from $291.87 billion during April-February 2019-20. MSMEs' contribution to exports stood at 48 per cent for the previous year even as the government intended to increase it to 60 per cent in the future, MSME Minister Nitin Gadkari had said on several public events in the recent past.

DPIIT said that export-oriented MSMEs would be provided with capacity building to help aggregate cross-border shipments and deliveries, specialise in regional shipments. Also translation skills, international tracking and solutions on overcoming international shipment challenges such as country-specific government regulations would be provided. Moreover, MSMEs would also be supported to identify means to overcome currency barriers and familiarize with local consumer behaviour. Further, steps would be taken to provide online lending, credit rating, finance, and transportation support to such enterprises through private and public banks.

The government also asked companies in the e-commerce sector, which is led by Flipkart and Amazon, to ensure equal treatment of all sellers and vendors registered on their platforms. It also asked them not to adopt algorithms which result in prioritizing select vendors and sellers. Inter alia, "e-commerce operators must ensure to bring out clear and transparent policies on discounts, including inter alia the basis of discount rates funded by platforms for different products/suppliers and implications of participation/non-participation in discount schemes, so as to ensure fair and equal treatment." The first draft of the e-commerce policy was released in February 2019.

Source: financialexpress.com– Mar 14, 2021

HOME

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India's foreign exchange reserves surpass Russia's to become world's fourth largest

India's foreign-exchange reserves surpassed Russia's to become the world's fourth-largest, as the South Asian nation's central bank continues to hoard dollars to cushion the economy against any sudden outflows. Reserves for both countries have mostly flattened out this year after months of rapid increase. India pulled ahead as Russian holdings declined at a faster rate in recent weeks. India's foreign currency holdings fell by $4.3 billion to $580.3 billion as of March 5, the Reserve Bank of India said on Friday, edging out Russia's $580.1 billion pile. China has the largest reserves, followed by Japan and Switzerland on the International Monetary Fund table.

India's reserves, enough to cover roughly 18 months of imports, have been bolstered by a rare current-account surplus, rising inflows into the local stock market and foreign direct investment. Analysts say a strong reserves position gives foreign investors and credit rating companies added comfort that the government can meet its debt obligations despite a deteriorating fiscal outlook and the economy heading for its first full-year contraction in more than four decades.

"India's various reserves adequacy metrics have improved significantly, particularly in the last few years," Kaushik Das, chief India economist at Deutsche Bank, said before the latest data were released. "The healthy FX reserves position should give enough comfort to RBI for dealing with any potential external shock-driven capital-stop or outflows in the period ahead."

The RBI bought a net $88 billion in the spot forex market last year, central bank data show. That helped make the rupee the worst performer among Asia's major currencies last year and earned India a place on a U.S. Treasury watchlist for currency manipulation.

A recent RBI report recommended further strengthening of foreign-exchange reserves, citing swings in the rupee around the time of the global taper tantrum in 2013. Governor Shaktikanta Das has said that emerging market central banks need to build reserves to prevent any external shocks, irrespective of being put on watch by the U.S.

Source: financialexpress.com– Mar 14, 2021

HOME

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One District One Product initiative set for big push

FIEO carrying out study to identify items with export potential in 25 districts

The five-year Foreign Trade Policy to be announced next month is likely to give a further push to the government's One District One Product (ODOP) initiative by providing incentives and support to items with export potential from identified districts.

"A lot of work is already being done in the Commerce & Industry Ministry to promote the ODOP initiative by working closely with States and UTs. The FTP is likely to give more incentive for production of such items with export potential," an official told BusinessLine. Exporters' body FIEO is carrying out a study to identify high-potential items from various districts that could be incentivised.

"We are doing a study on 25 districts and have already completed identification of items in five districts," said Ajay Sahai, Director-General, FIEO. The five year FTP, which got delayed by a year due to the Covid-19 pandemic, is likely to be announced on April 1.

The ODOP initiative has the strong backing of Prime Minister Narendra Modi who sees it as an extension of the 'Make in India' programme and in also line with 'Atmanirbhar Bharat.

The Directorate General of Foreign Trade (DGFT), under the Department of Commerce, has already started the process of engaging with State and Central government agencies to promote the initiative of ODOP after its merger with the 'Districts as Export Hub' initiative.

Objective of ODOP

The objective of ODOP is to convert each district of the country into an export hub by identifying products with export potential in the district, addressing bottlenecks for exporting these products, supporting local exporters/manufacturers to scale up manufacturing, and finding potential buyers outside India with the aim of promoting exports, promoting manufacturing and services industry in the district and generating local employment, according to the Commerce Department.

"The DGFT is in talks with States and UTs to ensure that the scheme is implemented in a phased manner by identifying products with the potential to make the district an export hub," the official said.

The FTP may identify its own set of districts and products with the highest export potential to give these a further boost and strengthen the ODOP initiative, the official said.

Based on ODOP, the Ministry of Food Processing Industries (MoFPI), in partnership with States, launched an all India Centrally Sponsored PM Formalisation of Micro food processing Enterprises Scheme (PM FME Scheme) recently.

Source: thehindubusinessline.com– Mar 14, 2021

HOME

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How to make India a global export hub

An integrated approach — by interlinking policies on foreign trade, FDI and industry — will help

In the current fiscal, hit by the Covid pandemic, the Indian economy, according to the IMF, is expected to shrink by 10.3 per cent. However, in 2021-22 it has predicted that India will witness a growth of 8.8 per cent.

The path for such a V-shaped recovery has been paved by the Union Budget 2021-22, which has laid emphasis on infrastructure, health, finance and agriculture. However, to consolidate this recovery and to realise the 'Make in India' dream in the short run and 'Make for the world' in the long run, India needs a robust Foreign Trade Policy (FTP) that can support exporters and reverse the pandemic-induced economic downturn.

To achieve export growth, it is important to adopt an integrated approach in the new FTP which is being formulated for implementation from April 1. India's exports over the last decade have not been too encouraging; since 2011 it has been hovering around $300 billion. India's share in world merchandise exports was 1.5-1.7 per cent during this period, and as percentage of GDP also it has not been encouraging — falling from 17 per cent in 2011 to 12.4 per cent in 2018.

The new FTP needs to tackle several issues.

The existing FTP incentivised exports through schemes such as the Merchandise Exports from India (MEIS) and the Export Promotion Capital Goods (EPCG). Under MEIS, exporters receive duty credit scrip for a percentage of the value of goods exported, which can be used for payment of different taxes and duties. Under the EPCG, exporters can import capital goods at concessional or zero import duty.

However, in 2019, the WTO dispute panel ruled that these schemes violate WTO rules and should be rolled back. Following this, India decided to replace MEIS with the Remission of Duties or Taxes on Export Products (RoDTEP) scheme, under which taxes and duties like mandi tax, VAT, coal cess, and excise duty on fuel, which were previously non-refundable, will be refunded.

As it is a humongous task to fix appropriate rates for all product categories, it is important for the government to ensure that the benefits of this scheme is evenly distributed to all important export sectors.

Exporters have complained that this scheme has benefited the textile sector more than any other. Other schemes such as EPCG and advance licensing also need to be overhauled so that they become WTO compatible.

Local manufacturing

To promote local manufacturing in sectors that have the potential to scale up globally, like mobile and electronic equipment, pharma, and textiles, the recently announced Production Linked Incentive (PLI) scheme is a good initiative. Under this, manufacturers will be incentivised by the government on incremental sale of goods based on certain eligibility criteria for five years.

This initiative has been taken at a time when many multinationals are moving out of China. The scheme will motivate them to establish units in India. Many MNCs have started talking to their Indian counterparts for relocation to India. However, since the US-China trade war began, only three out of 56 companies had relocated to India as of October 2019. Vietnam has been a clear winner with 26 companies setting up shop there.
India was not able to attract MNCs moving out of China because the manufacturing sector is beset by many problems. Its contribution in GDP has been 16-17 percent in past decade; in China, its share is about 40 per cent.

Multiple factors such as cost and quality of power, high logistics cost (around 14 per cent compared with the global benchmark of 9 per cent), low labour productivity, insufficient labour reforms and low R&D expenditure have contributed to this poor performance. To make India a global export hub, from where high value-added technology-intensive products are exported, the interlinking of FTP with FDI and industrial policies is required.

This would help India become a part of global value chain (GVC). In today's GVC, there is dominance of intra-firm trade at the global level.

Further, manufacturing infrastructure also needs to improve significantly. This can be achieved by setting up SEZs for sectors identified under the PLI scheme

The new FTP should help exporters explore the under-tapped markets. India should revive its ties in Africa through trade and investment. The FTP should also find ways of increasing people-to-people cooperation and provide technical support to exporters to understand the legal and business environment. Also, emphasis must be given to enhancing trade relations with neighbouring countries like Bangladesh and Sri Lanka. Similarly, the 'Act East' policy should be further strengthened.

Since, entering RCEP is out of question, at least in the near future, India should pave the path for meaningful negotiation with the EU for a free trade agreement (FTA). The efforts have been stalled as India wants to start with 'mini deal', whereas the EU is not agreeing for anything less than a full-fledged FTA.

Do away with protectionism

Since 2018, import tariffs for several product categories have been raised. To achieve the goal of 'Atamnirbhar Bharat', the Budget also increased the duties on a few more product categories like mobile handset and auto components. This has been done to develop domestic capabilities in the identified sector. All such protection should be accompanied with a 'sunset' clause. The government should gradually phase out of import tariff, especially for strategic partners. In the last couple of years, the US has raised the issue of high tariff several times. The US is now India's largest trading partner, in 2019-20 bilateral trade between the two nations stood at $88.75 billion.

As the new Biden regime appears favourable towards India, it is important to resolve tariff issues quickly. Moreover, these protectionist measure could hamper India becoming a part of the global value chain if continued for long. It is important for policy-makers to realise the economy of a country cannot grow without enhancing its export performance. However, seeing trade policy in isolation — that is, increasing exports through incentives and discouraging imports through tariff and non-tariff barriers — is not correct. Policymakers must help India attract MNCs and, at the same time, strengthen domestic manufacturers to make India a global export hub.

Source: thehindubusinessline.com– Mar 12, 2021

HOME

****

PLI scheme to boost exports, cut trade deficit: Prahalathan Iyer of India Exim Bank

An important step towards boosting investments in domestic manufacturing and cutting down import bills, the government's Production Linked Incentive (PLI) scheme will also help in enhancing overall India's competitiveness of manufacturing exports. The scheme was initially introduced for mobile and allied equipment, pharmaceutical ingredients and medical devices manufacturing, but has been now extended to several other sectors. It now covers a wide array of skill and technology-intensive sectors, including Advance Chemistry Cell (ACC) battery manufacturing, electronics (including telecom products, IT hardware, electronic components), automobile and auto components, bulk drugs and pharmaceuticals, medical devices, textile and allied sectors (including technical textiles, man-made fibre and RMG of man-made fibre), food processing, solar PV manufacturing, white goods (AC, LED) and steel Products.

"The scheme has been introduced to revive the growth in India's manufacturing sector. It may be noted that the recent performance of the manufacturing sector has been sluggish. National Accounts Statistics indicates that manufacturing accounted for only 15.1 per cent of India's gross value added (GVA) in 2019-20, as compared to a share of 17.4 per cent in 2011-12. The contraction in the share of manufacturing in GVA is in spite of the strong growth in private consumption in the country. This inertia in India's manufacturing sector has translated into high import dependence and large trade deficit," says Prahalathan Iyer, Chief General Manager, Export-Import Bank of India.

According to India Exim Bank Research, during 2019-20, the cumulative exports from the 10 PLI sectors stood at $71.9 billion with significant untapped potential in the sectors. And as the PLI scheme could boost domestic manufacturing, it could augment India's exports by another $55 billion, cumulatively.

"The introduction of the scheme is timely as the Merchandise Exports from India Scheme (MEIS), which was one of the key export incentive schemes, has been withdrawn w.e.f. December 31, 2020. The PLI, along with the scheme for Remission of Duties and Taxes on Exported Products (RoDTEP), would move the country towards a more comprehensive, production-oriented and WTO-compliant incentive system for exports. While PLI does not specifically incentivise exports, it would bolster the manufacturing sector, and thereby help promote exports and neutralise the trade deficit," adds Iyer.

India recorded a trade deficit in 5 out of the 10 PLI sectors, viz. Advance Chemistry Cell (ACC) battery manufacturing, electronics, medical devices, solar PV manufacturing, and white goods. Investment incentives could help reduce the imports in these sectors by building domestic capacities, which would also cater to exports of these goods. India Exim Bank estimates, through the two-pronged approach, the trade deficit could be effectively neutralised.

"It may be noted that in the aforementioned sectors the trade deficit amounts to nearly $40.9 billion during 2019-20, accounting for more than one-fourth of the overall merchandise trade deficit and 56.8 per cent of the non-oil merchandise trade deficit of India," states Iyer.

In the remaining five sectors where India enjoys an overall trade surplus, the PLI schemes will help Indian manufacturers move up the value chain, and lead to higher value-added exports from the country. Besides, scale economies would also fetch new customers and markets, thereby improving our export volume.

The analysis of India's imports by end-use (capital, intermediate, consumer) indicates that nearly 79 per cent of the imports by India in 2019 were intermediate goods. India's manufacturing sector has a significant dependence on imported intermediates, which can be reduced by greater localisation of manufacturing activities through the PLI scheme.

As nearly 70 per cent of international trade today involves global value chains (GVCs) - services, raw materials, parts, and components - often numerous times, promotion of exports through linkages with GVCs would necessarily entail imports of certain components and intermediates.

"The focus of the import substitution strategy in India is therefore not to insulate the economy, but to localise the higher-value added activities in the country and engender," adds Iyer.

Source: businesstoday.in– Mar 13, 2021

HOME

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Industrial production contracts 1.6 per cent in January

India's industrial production contracted by 1.6 per cent in January, official data showed on Friday.

According to the Index of Industrial Production (IIP) data, the manufacturing sector output contracted by 2 per cent in January 2021.

Mining output declined 3.7 per cent, while power generation grew 5.5 per cent in January.

The IIP had grown by 2.2 per cent in January 2020.

Source: thehindubusinessline.com – Mar 12, 2021

HOME

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Slim chances of cotton exports to Pakistan as section of traders opposed to Indian fibre

Indian traders have ruled out chances of any immediate cotton exports to Pakistan saying that cotton from Brazil and African countries has already reached the western neighbour.

Against its domestic need of 1.5 crore bales each of 170 kg ginned combed cotton, Pakistan normally produces 50 lakh bales every year. A major importer of Indian cotton before the start of the border skirmishes, Pakisan has stopped all imports for the last two years. The ceasefire declared earlier this month reignited hopes of normal trade ties being resumed.

Given the severe shortage of cotton bales facing the country, industry sources had discussed the possibility of India exporting at least 10-12 lakh bales to Pakistan. However, chances now appear slim given the stiff opposition to Indian imports by a section of Pakistani spinners.

A Parbhani-based cotton trader told The Indian Express that the demand for cheaper imports had come mostly from Pakistani weavers. Traditionally, Pakistan relies on US, Brazil, Uzbekistan and other countries to meet its import needs. But imports from such countries are both time consuming and costlier. India, they had argued, would be a cheaper option.

"But a section of traders in Pakistan had imported from Brazil and some African countries, which they are now holding on to. Indian imports will result in a price crash, which they want to avoid," the trader said. Also, farmers in Pakistan will be harvesting a new crop after June and imports might affect prices later. "In case that crop is affected, Indian traders can look to export cotton later in the year," the trader said.

By the end of January, India had exported 29 lakh bales of cotton. Prices of kapas (raw unginned cotton) have been bullish in the wholesale markets, which has seen the Cotton Corporation of India (CCI) withdrawing from the market.

Source: indianexpress.com – Mar 12, 2021

HOME

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Taking a shot with textiles

Textiles are the passion de jour. They pervade every creative sphere from design to art to photography to couture. Gopika Nath of the many talents wears several hats textile artist, writer and healer. Which one does she identify with herself the most?

No surprises here. Textiles. “My training is in textiles. Thread and fabric define my identity. However, without the other two derivatives, it would be incomplete,” says Nath who is showing at Gallery Art Positive, Delhi, along with seven other artists.

The exhibition, titled ‘Fibre of Our Lives’, offers an insight into the versatility of contemporary art practices inspired by textiles, weaving and embroidery techniques.

But the new twist in Nath’s weft is the camera. Like many successful artists today, she is at ease with amalgamated innovations involving other mediums: in her current exhibition, her work is a combination of photography on canvas, pen and ink, embroidery and stitching, and crochet, says the artist.

Inspired to embroider, rather than paint, Nath has given new meaning to the form and function of textile as a medium.

From crocheting shells onto delicate lace using a finer count of yarn that she dyes to her specification, to sometimes having the edges singed—her ultimate creation is often a mash-up of patches, but at the same time surprisingly presents a smooth visual.

Against a grey gallery wall, a Nath canvas framed in broad white seems like a wild display of emotions. It has anguish, despair and hope together woven into a beautiful tapestry of life.

Sixty-two-year-old Nath has been working with textiles for over four decades, “I trained to be a weaver; hence thread is fundamental to my creativity,” she says.

She started painting saris and scarves. “In the beginning, I held biannual sari exhibitions. But I couldn’t keep pace with the demand,” says Nath, who now is full time textile artist.

Nath uses a variety of textile techniques such as weaving, screen printing, block printing, knitting, crochet and embroidery. The innate relationship between different mediums is the force behind the final piece.

Nath is currently working on a series of works that interprets the idea of 'washed ashore' inspired by the sea and its relationship with consciousness. So you have the brilliant work that she calls 'Thought Net'. Using wool, she knits together a colourful, but haphazard, canvas that instantly reminds us of the chaos in our minds.

"It took me four years to arrive at the creative core of the series, but more is left to explore," she admits, going into artspeak, "The elevation of consciousness and taking control of one's life by totally surrendering to the nature of being becomes more than just a visually creative endeavour.

It becomes the fulcrum of life's purpose and the journey towards it. It's about being present. It's about savouring every moment for what it brings the rasa that experience includes every emotion from love, separation, disgust and more. The key is to be the rasa and the rasika."And to the tapestry of the past.

Source: indianexpress.com – Mar 14, 2021

HOME

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Vietnam envoy seeks better business ties with Punjab, Haryana

Vietnam Ambassador to India, Pham Sanh Chau, on Friday sought increased cooperation with industries and the travel community based in Chandigarh, Punjab, Haryana and Himachal Pradesh.

Both Punjab and Haryana have emerged as significant markets sharing economic and touristic potential with Vietnam, he told the media here.

"Punjab is a key hub for textile-based industries, including yarn, readymade garments and hosiery, pharmaceutical and agricultural products, whose exports feature Vietnam among India's top 15 trading partners in 2019," he said.

"Vietnam is also an ideal honeymoon destination for couples in the region and fast becoming popular as a perfect destination to celebrate dream weddings."

Chau said: "We aspire to forge a positive relationship between India and Vietnam across a wide number of sectors. From developing Indian business interests in Vietnam to working closely with travel agencies in northern India to boost tourism, we work to create a favourable image of Vietnam by developing economic and touristic activities in the region."

In contrast to other ASEAN economies, Vietnam has succeeded in keeping the coronavirus under control.

Vietnam has till date reported 1,300 coronavirus cases, keeping the economic impact of the outbreak to a minimum.

"Today (post-coronavirus), Vietnam is looking at becoming Southeast Asia's single economic success with the country rising to fourth in nominal GDP in the Association of Southeast Asian Nations (ASEAN) this year, surpassing Singapore and Malaysia and gaining on the Philippines (IMF). Rising exports have also helped to drive growth, as companies relocate production from China," said the Ambassador.

Vietnam has also surpassed its regional rivals Indonesia and Thailand and is the EU's second-most important trading partner in ASEAN.

The European Union-Vietnam Free Trade Agreement (EVFTA) is the second FTA between the EU and an ASEAN country, after Singapore. Vietnam is the second country to sign trade and investment agreements in the region, he added.

Since Punjab, together with Haryana is a major hub of SMEs encompassing industries that include food processing, tractors and auto components, agro-based parts, bicycle and bicycle parts, sports goods, light engineering goods, metal and alloys, chemical products and textiles, they become good trading partners to Vietnam.

Source: tribuneindia.com – Mar 13, 2021

HOME

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Covid aftermath: States to see varying degrees of stress in FY22, says India Ratings report

Covid aftermath: States to see varying degrees of stress in FY22, says India Ratings report

As the Covid-19 pandemic has strained finances of states, Uttar Pradesh is expected to witness a revenue deficit for the first time in 14 years in FY21. Similarly, Chhattisgarh would incur a record fiscal deficit of 6.5% of the nominal gross state domestic product (GSDP) in FY21, according to reports by India Ratings and Research.

Karnataka's deficit and debt ratios will likely be lower than the estimates firmed up by the state government in its FY22 budget. But the state's fiscal deficit will still worsen from an elevated level of 3.2% in FY21 to 3.5% in the next fiscal.

Despite an expected rebound in nominal growth in most states in FY22, their finances would continue to remain under pressure, thanks to havoc wrought by the pandemic. However, they will witness varying degrees of pressure in the next fiscal, in accordance with their inherent fiscal strength built up over the years.

According to India Ratings, Uttar Pradesh's revenue receipts have dwindled in FY21, but the revenue spending could not be compressed accordingly. According to the revised estimate for FY21, UP's revenue account is estimated to have a deficit of Rs 13,161 crore, 0.7% of GSDP, in FY21, against budget estimate of a surplus of Rs 27,451 crore, or 1.5% of GSDP. However, as per the FY22 budget, UP's revenue account is estimated to return to a surplus of Rs 23,210 crore, 1.1% of GSDP.

UP's fiscal deficit is estimated to increase to 4.2% of GSDP in FY21 from the budgeted 3%. It's budgeted to stay unchanged at 4.2% in FY22 as well. The state's fiscal account was in surplus of Rs 110.83 billion, 0.7% of GSDP in FY20.

As for Karnataka, India Ratings expects the state's fiscal position to be supported by a likely higher-than-budgeted GSDP growth in FY22. At the core of Karnataka's FY22 budget, is a pessimistic nominal GSDP assumption of Rs 17.02 lakh crore. This is even lower than the FY21 nominal GSDP of Rs 18.04 lakh crore. "It is quite baffling that the government of

Karnataka is projecting a nominal GSDP growth rate of 6.2% y-o-y for FY21 (a Covid-19 impacted year) and a contraction of 5.6% for FY22 (a year of expected recovery)," it added.

In Chhattisgarh, revenue expenditure growth (9.76%) outstripped the rise in revenue receipts (7.01%) in FY21. Consequently, its revenue account is expected to witness a deficit of 3.5% of GSDP, against the budget estimate of a surplus of 0.7%. As per FY22 budget, the revenue account is estimated to remain in deficit — at 1% of GSDP, according to the India Ratings report.

The state's fiscal deficit in FY22, however, is budgeted to narrow sharply from as much as 6.5% of GSDP in FY21 to 4.6%. With the exception of FY15, the state's fiscal account has remained in deficit since FY12, though lower than the limits prescribed by the successive finance commissions (3.0%), the report showed.

Source: financialexpress.com – Mar 15, 2021

HOME

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Area under jute to go up in Bengal

Maize farmers making a comeback on higher MSP and good prices for the fibre

Jute farmers in West Bengal, who had shifted to maize in 2020-21 because of the remunerative price it fetched in the previous season, are now making a come-back to the fibre as prices have surged by more than 50 per cent over the last few months.

Raw jute prices, which were ruling at around ₹4,750 a quintal at the beginning of this season in July 2020, is currently hovering around ₹7,100, a surge of almost 50 per cent. This has encouraged farmers to go in for a higher sowing of the crop during the current season. Jute sowing usually starts by the end of March and continues up to the end of May.

"During the season 2020-21 (July-June) there was a perceived shortfall in production due to poor weather conditions following the cyclone Amphan and persistent rainfall during the sowing period. This impacted the yield which was lower. This pushed up prices of raw jute. Buoyed by the good prices that the crop fetched, we are expecting bumper sowing of the crop during the coming season (2021-22)," Raghav Gupta, Chairman, IJMA (Indian Jute Mills' Association), told BusinessLine.

Production impacted

The poor weather conditions and the migration of jute farmers to other crops such as maize dragged down raw jute production to 55 lakh bales in 2020-21, as against an average production of around 65-70 lakh bales.

While the cyclone Amphan in May 2020 and the subsequent rains destroyed the crop in Bengal, heavy rainfall in North Bengal areas affected the crop in the region. Severe rain in 21 districts of Assam in July-August also impacted production of raw jute in the region.

The carry over stock from the previous season's production (2019-20) was close to 20 lakh bales (of 180 kg each).

The total consumption of jute is estimated to be close to 75-80 lakh bales, which includes the demand from both organised and unorganised sector.

With the drop in production there was a "perceived shortage" which pushed up prices.

While the MSP (minimum support price) for raw jute (TD-5 variety) for 2020-21 was ₹4,225 a quintal, jute price was hovering around ₹4,500-5,500 a quintal between July-September 2020 (at the beginning of the season).

Following the sharp increase in prices, the Jute Commissioner restricted fresh purchase of raw jute beyond two months' consumption requirement.

Higher production expected

The industry is expecting a 50-60 per cent increase in area under jute cultivation this coming season based on initial estimates. The sowing acreage, which had dropped to 6.5 lakh hectares in 2020-21, is estimated to increase to 7.5 lakh hectares during the coming season.

"There is a very good availability of seeds this year and farmers who had moved to maize last year are making a come back to jute encouraged by the surge in raw jute prices," Gupta said.

The industry requires about 5,500-6,000 tonnes of seed to cover the jute growing areas on an annual basis.

The CCEA has approved a higher MSP of ₹4,500 a quintal for raw jute during the upcoming season 2021-22. This is also likely to boost sentiments of jute farmers and sowing is expected to be higher this year, said the owner of a jute mill in Bengal.

Raw jute production is estimated to be close to 80 lakh bales if the weather conditions remain favourable.

Source: thehindubusinessline.com – Mar 12, 2021

HOME

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Post pandemic, small scale businesses suffer without return of migrant labours

Companies forced to hire locals with 20-30% premium for unskilled works

Many small companies especially in the construction industry in Tamil Nadu who rely heavily on migrant workers for unskilled work due to cheap labour cost are having a tough time now. Thousands of workers who went home when the Coronavirus started to spread from April last year have not returned to work. This has forced companies to hire local people with a 20-30 per cent premium.

In fact, some of the local tea stalls, grocery shops and textile stores that employed migrant workers are also affected. Now, the locals demand a premium, hurting the small employers.

Many of the migrant workers are upset as they were not taken care by their owners well during the pandemic, and were left to fend for themselves, said an owner of a grocery shop in Triplicane, Chennai, who used to employ six persons from Bihar. None of them returned, he added.

According to S Muralidharan, a building contractor in Srirangam, employees from Bihar did not return to work, forcing him to pay 20-30 per cent more for hiring locally. A maistry (head workman) is now paid ₹800 per day as against ₹700 before the pandemic, and a sithal (helper) is paid ₹500 as against ₹400. The construction cost will go up accordingly, he said.

Agreeing with Muralidharan, Dharmarajan, a building contractor in Oragadam said that he is also facing a similar situation in the highly industrial zone. "We have been trying to reach out to workers to return. However, most of their mobile phones are either switched off or they don't reply," he added.

Sensing that he could also face a similar issue, P Mathan of Agrogreen Resources India, an exporter of agro products such as onions and chilli employing over a dozen employees from Bihar, spent ₹1.5 lakh in flight tickets to bring back his employees. "When the pandemic struck, we sent them in a van from Chennai and told them not to return till the situation calms down. They returned in November by flight via Pune," said Mathan, who has a large warehouse in the city outskirts of Red Hills.

Commenting on the issue, Prashant Thakur, Director & Head – Research, ANAROCK Property Consultants, there may be exceptions but certainly, it is not the overall trend. A majority of migrant workers who left cities and went back to their hometowns during the lockdown are now back in the cities. In the construction activity at the project sites across cities, it has easily resumed to more than 80 per cent of the pre-Covid-19 levels. In some projects, particularly by large developers, it has even reached pre-Covid-19 levels.

In fiscal 2020, data indicated that the total workforce in real estate (both skilled and unskilled) was around 60 million. Of this, 90 per cent or 54 million were engaged in construction or building activity. Nearly 80 per cent of this 54 million (which is about 44 million) were unskilled labourers. Of the total unskilled labourers (44 million), at least 80 per cent were migrant workers, he said.

Source: thehindubusinessline.com– Mar 13, 2021

HOME

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