IBTEX No. 58 of 2021 March 22, 2021

US 72.43| EUR 86.19| GBP 100.34| JPY 0.67

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INTERNATIONAL NEWS

Sri Lanka: FTA gains

During Prime Minister Mahinda Rajapaksa's recent visit to Bangladesh one key outcome was moves to conclude a Free Trade Agreement (FTA), work to link a variety of sectors and also have the Central Banks of the two countries working closely together on swaps and other measures.

This is a hugely positive development for Sri Lanka, given the unique demographic, economic and cultural synergies shared by the two countries. However, it is imperative that both the Government and its many stakeholders have more clarity regarding its trade policy and genuinely focus on linking with global value chains.

The present Government's stance on trade has been an indistinct one, with more preference placed on import substitution. Ahead of its election supporters were vehemently against an expanded trade pact with India and opposed the FTA with Singapore. However, the country's debt and other dynamics demand a stronger export push, which needs the right framework. Policymakers have to keep in mind that exports are part of trade, and it is difficult to boost exports if Sri Lanka is not tied into global value chains and does not champion market reforms.

A breakthrough in Sri Lanka's export strategy would serve as a springboard for the country to become a high-income economy. Sri Lanka's merchandise export strategy needs to be revolutionised by diversifying to the export of medium to high technology products such as machinery and equipment, electronics, vehicles and pharmaceuticals, and value-added mineral products from the traditional low technology products, such as garments and tea.

Vietnam, a well-known achiever in Asia, diversified its exports from agriculture and natural resources based products to apparel in the early 1990s and then to electronics in the late 2000s, and thus stands amongst the leading exporters in the global production network today. Sri Lanka should also look beyond its traditional export markets.

Exports to the West have accounted for over half of its total exports, supported by preferential access to some extent. While GSP and GSP+ programs have supported Sri Lanka in boosting its exports in the past, such benefits are short-lived and will not be available for an upper-middle-income economy.

Therefore, Sri Lanka should gradually shift its focus towards exporting to emerging Asia and other non-traditional markets.

In addition to the diversification of merchandise exports, Sri Lanka needs to focus on further improving services exports. In addition to the already earmarked services sectors, such as tourism and IT-BPO, measures should also be taken to improve exports of other important services such as logistics and financial services. The Colombo commercial and financial hub, once ready for operation, would enable Sri Lanka to earn additional foreign exchange through the export of these services.

Sri Lanka needs to form strategic economic partnerships with other nations, particularly the regional countries, to promote its exports and maximise benefits from the movement of capital and human resources. Sri Lanka could yet again learn from the experience of Vietnam, which rose to become a leading emerging Asian economy driven by export growth. Since 1995, Vietnam actively signed multiple free trade agreements (FTAs), which resulted in the lowering of tariffs on Vietnamese exports, thereby paving way for the expansion of its exports sector as well as its economy.

While taking measures to reap the most from the existing FTAs, measures should be taken to establish new trade pacts with other trading giants while preserving the country's sovereignty and independence. Such trade agreements would assist domestic exporters to integrate into global value chains (GVCs), thereby improving access to markets, while also promoting competition, improving efficiency and supporting innovation. More crucially, Sri Lanka should also increasingly focus on attracting non-debt creating financial flows to support reaching a higher growth trajectory through increased domestic production.

Although inflows of FDIs to Sri Lanka have gradually risen over the past decade, it remains well below the levels experienced by its regional peers. For instance, Vietnam, with the implementation of investor-friendly policies and reforms over the years, has been successful in attracting substantially high FDI to productive and tradable sectors.

These are the multiple efforts that also need to be made by Sri Lanka, and it is hoped that the Government moves towards these goals in tandem with a progressive trade policy.

Source: ft.lk– Mar 22, 2021

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Ambassador: Ukraine interested in launch of FTA talks with Japan

Ambassador of Ukraine to Japan Sergiy Korsunsky made a corresponding statement at the online discussion "Ukraine-Japan-EU trade connectivity: mutual impact and new opportunities", an Ukrinform correspondent reports.

The diplomat said that he raised the issue of Ukraine's interest in starting negotiations on conclusion of a free trade agreement during numerous meetings with representatives of the Japanese authorities.

"Japanese counterpart is very cautious about that, and this is clear: 0.1 percent of Japan's foreign trade turnover is not something worth spending effort on. But we really need the free trade agreement," Korsunsky said.

As the Ambassador noted, Japan is in the very heart of a network of free trade agreements with the whole world.

"It's a completely unique case: no matter what dimension we take - trans-Pacific, transatlantic or regional, Japan has free trade regimes," he said.

According to him, another important fact is that Japan, like Ukraine, has free trade regimes with the EU, Great Britain and Canada.

"From my point of view, we are already very close legally with Japan, that is why the negotiations about free trade don't have to be long and difficult. I think we will be able to do that in a year, it would be desirable if there is a will," Korsunsky noted.

Commenting on the benefits for Ukraine in the case of conclusion of the FTA with Japan, he noted that the Ukrainian side is interested not only in the entry of Ukrainian goods into the Japanese market.

"Japan is important for Ukraine as a global, powerful trade nation in the world, which can help us have much wider markets in the Asian region," the Ambassador said.

As noted in the analytical commentary presented during the online discussion, according to the State Statistics Service of Ukraine, Japanese imports of goods to Ukraine last year stood at $1.1 billion, while Ukrainian

exports to Japan amounted to $182 million. The structure of Ukrainian merchandise exports has traditionally been dominated by low added-value goods, such as iron ores and concentrate thereof, tobacco products and industrial tobacco substitutes.

Japan primarily exported to Ukraine mechanical engineering products, such as automobiles. Exports of heavy engineering and electrical machinery accounted for 8.5 and 4.6 percent of the trade turnover, respectively.

Source: ukrinform.net – Mar 21, 2021

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Myanmar garment workers urge global brands to denounce coup

Tin Tin Wei used to toil 11 hours a day, six days week sewing jackets at a factory in Myanmar. But she hasn't stitched a single garment since a coup in February.

Instead, the 26-year-old union organizer has been protesting in the streets — and trying to bring international pressure to bear on the newly installed junta.

Her union, the Federation of Garment Workers in Myanmar, and others have been staging general strikes to protest the coup and are urging major international brands like H&M and Mango, which source some of their products in Myanmar, to denounce the takeover and put more pressure on factories to protect workers from being fired or harassed — or worse arrested and killed for participating in the protests.

"If we go back to work and if we work for the system, our future is in the darkness, and we will lose our labor rights and even our human rights," said Tin Tin Wei, who has been a clothing factory worker since age 13.

The response from companies so far has been mixed. Only a few have said they would curtail their business in Myanmar. Most others have put out statements that stop short of taking action, saying that while they denounce the coup, they want to support the workers by providing them with jobs.

Tin Tin Wei's union and the Confederation of Trade Unions in Myanmar have also been demanding comprehensive international sanctions — not the targeted sanctions some have imposed — to bring down the junta that ousted the civilian government of Aung San Suu Kyi.

As international sanctions were dropped in the mid-2010s when Myanmar began shifting toward democracy after decades of military rule and started to set some labor standards, Western brands looking to diversify their sourcing were attracted to the country's cheap labor. Broad sanctions now would cripple that burgeoning clothing industry, which has been growing rapidly in recent years before the coronavirus pandemic cut orders and eliminated jobs.

Comprehensive sanctions could wreck the livelihoods of more than 600,000 garment workers, but some union leaders say they would rather see massive layoffs than endure military oppression.

"I need to do some sort of sacrifice in the short term for the long term for our next generation," said Tin Tin Wei, who is the sole breadwinner in her family and has been receiving food donations.

The civil disobedience movement, or CDM as it is known, has included railway workers, truck drivers, hospital, bank employees and many others determined to stifle the economy.

The aim is "no participation with the junta at all," Sein Htay, a migrant labor organizer who returned to Myanmar from Thailand said in an emailed comment. "We believe that CDM is really working. So we are motivated to continue."

But violent crackdowns by Myanmar security forces against protesters including garment workers are escalating. Troops shot and killed at least 38 people Sunday in an industrial suburb of Yangon — an area dominated by clothing factories — after Chinese-owned factories were set on fire. Tens of thousands of workers and their families were seen fleeing the area in the days that followed.

The garment industry plays a key role in Myanmar's economy, particularly the export sector. Roughly a third of Myanmar's total merchandising exports come from textiles and apparel, worth $4.59 billion in 2018. That's up from 9%, or $900 million, in 2012 as international sanctions were dropped, according to the latest data from the European Chamber of Commerce in Myanmar.

Myanmar's apparel exports mostly go to the European Union, Japan and South Korea because of favorable trade agreements. The U.S. accounts for 5.5% of Myanmar's exports, with clothing, footwear and luggage representing the bulk of that, according to garment trade expert Sheng Lu.

But Myanmar still accounts for a tiny share — less than 0.1% — in U.S. and European Union fashion companies' total sourcing networks. And there are plenty of other alternatives for brands.

Despite this, many are taking a wait-and-see stance when it comes to any long-term decisions. Experts note it's not easy to shift products to a different country, nor is it easy to return to Myanmar once companies leave. Furthermore, some argue Western companies play a role in reducing poverty by giving workers in Myanmar opportunities to earn an income while also helping to improve labor standards there.

Factory working conditions were already poor before the February coup, but the labor unions had made some inroads and gave workers hope. And while the National League for Democracy, the party that was ousted in the takeover, wasn't proactively protecting unions, it didn't persecute or crack down on them, says Andrew Tillett-Saks, a labor organizer in Southeast Asia who previously was based in Myanmar.

Asian brands have so far remained quiet about the turmoil. The American Apparel & Footwear Association joined other groups like the Fair Labor Association in condemning the coup while urging members to honor existing financial contracts with factories there.

L.L. Bean CEO Steve Smith said he was saddened by the situation in Myanmar, which he visited in 2019. Bean uses several factories and suppliers for three product lines.

Smith said there's backup production elsewhere, but it's important not to abandon the country.

Other companies have been more forceful in their response. For instance, Hennes & Mauritz and The Benetton Group have suspended all new orders from factories in Myanmar.

"Although we refrain from taking any immediate action regarding our long-term presence in the country, we have at this point paused placing new orders with our suppliers," H&M said in a statement. "This is due to our concern for the safety of people and an unpredictable situation limiting our ability to operate in the country."

Spanish brand Mango said it would work with its trade and union partners, globally and locally in Myanmar, to ensure there's no retaliation against any factory worker or union leader exercising their civil or union rights.

Moe Sandar Myint, chairwoman of the Federation of Garment Workers in Myanmar who organized small strikes on factory floors that later moved to the streets, said brands aren't doing enough to help workers. She wants to see "concrete action."

Nearly 70% of the garment factories in Myanmar are owned by foreigners, according to the European Chamber of Commerce in Myanmar, and a good chunk of them are Chinese-owned. International brands using the factories don't directly hire the workers, often depending on a web of contractors and sub-contractors to produce goods for them.

But companies have "an enormous amount of influence in the industry," Tillett-Saks said. "They hold all the power over the supplier."

Tin Tin Wei says escalating intimidation by the military is scaring some employees at her factory. Located in the Hlaing Thayar industrial zone, it unionized five years ago. Out of 900 workers employed at the factory, 700 initially joined the protests but that number dropped to 500 by early March, she said.

Moe Sandar Myint, who's in hiding and moving from one safe house to another after the police raided her home in early February, said she will keep fighting.

"I cannot allow my generation and my next generation to live through another military leadership," she said. "This is unacceptable."

Source: taiwannews.com.tw – Mar 21, 2021

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Bangladesh envoy calls for diversification

Pakistan and Bangladesh should make thorough efforts to strengthen bilateral relations in all sectors of the economy, High Commissioner of Bangladesh Rahul Alam Siddique.

Speaking at the Lahore Chamber of Commerce and Industry (LCCI) on Saturday, he said that intensive market research, frequent exchange of trade delegations and close contact between trade bodies of the two countries could give a boost to the current trade volume.
"Jute and tea are major items being exported from Bangladesh to Pakistan," he highlighted and stressed upon the two nations to identify new areas for cooperation.

He said that exports of Bangladesh to China were rising at a gradual pace.

Siddique informed the business community that all industries in Bangladesh were open and fully functional at present. He remarked that there was huge demand for jute products around the world because of ban on plastic and other materials.

He also added that major destinations for Bangladeshi jute were China, European Union and US.

The envoy underlined that China had allowed special preferences to Bangladesh because many Chinese companies were operating in Dhaka.

"We support the export industry by providing it with subsidies on raw materials, taxes and duties," he told the businessmen. "Due to the Covid-19 pandemic, our growth declined but we are improving day by day through vaccination, which is available for every person."

Moreover, he told the business community that there was no restriction on securing business and family visas for Bangladesh, however, the visa obtaining procedures were lengthy.

Also speaking on the occasion, LCCI President Mian Tariq Misbah stressed that Pakistan and Bangladesh should effectively utilise the South Asian Association for Regional Cooperation (Saarc) platform. He also urged Saarc to play its due role in enhancing regional trade which was quite low compared to other economic blocs.

"Bangladesh is the 10th largest export destination of Pakistan and it also ranks among top importing countries for Pakistan," he said. "Although the balance of trade heavily favours Islamabad, the volume of mutual trade is way below the actual potential."

Citing figures, the LCCI president outlined that the volume of bilateral trade between Pakistan and Bangladesh stood at around $835 million in 2019.

He noted that Pakistan was a major supplier of cotton, cement, yarn, leather, vacuum pumps and other textile items to Bangladesh.
"On the other hand, major imports from Bangladesh include jute, unmanufactured tobacco, fasteners, jute yarn, cotton waste, tea and hydrogen peroxide," he said.

Misbah emphasised that there was a great potential for exploring mutual trade opportunities in sectors such as pharmaceutical, surgical goods, construction material, light engineering, food processing, and tourism. He held that view that since textile was a major sector in both the countries, there was considerable room for joint ventures in it.

"Recently, Pakistan lifted all the restrictions on visas for Bangladeshi applicants," he told the envoy. "Direct flights between Dhaka and Karachi need to be restored in order to promote trade."

Furthermore, he called for launch of a direct shipment facility from the Karachi to Chittagong ports in order to re-establish maritime links.

Source: tribune.com.pk– Mar 21, 2021

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How and why is Bangladesh better off than Pakistan today?

At a time when Bangladesh will celebrate 50 years of its separation from Pakistan on March 26, one needs to contemplate why a country – which in 1972 was called by Dr Henry Kissinger, the National Security Adviser to then US President Richard Nixon, a 'basket with a hole' – is cited as a success story and better off than Pakistan in many ways. How and why has an "impoverished" Bangladesh performed better than Pakistan? Are there lessons Pakistan can learn from Bangladesh?

Let me first note here that Indian Prime Minister Narendra Modi will be among chief guests on the occasion of Bangladesh's 50th Independence Day on March 26 – in an acknowledgement of Delhi's decisive role in the disintegration of Pakistan. One must feel bitter about Pakistan bashing that would take place in Bangladesh on the occasion in front of the Indian Prime Minister. But it is time to move on. A country where floods used to play havoc and political violence ruptured peace and stability is now self-sufficient in food and has done well in disaster management.

Bangladesh's remarkable performance during the past decade could be gauged from the fact that it is no more among the least developing countries. The volume of Bangladeshi exports is twice as much as Pakistan's and same is the case with its currency, taka, whose value has nearly doubled than that of Pakistan's rupee.

Bangladesh's GDP growth rate is 7.9% unlike Pakistan's 1.5%. The foreign exchange reserves held by Bangladesh are to the tune of $41 billion as against Pakistan's $20 billion. Only on remittances, Pakistan is ahead of Bangladesh. Bangladesh has a population of 164 million as compared to Pakistan's 220 million. Whereas, in 1971, the population of the then East Pakistan was 70 million and that of West Pakistan was 60 million. Bangladesh is also ahead of Pakistan when ranked in terms of passport index, literacy ratio, micro-credit financing and women empowerment.

With these facts in mind, four factors that contributed to transforming Bangladesh from an "international beggar" to an "economically vibrant country" are: leadership, innovation, planning, and ownership. Yet there are critical issues which Bangladesh is grappling with like political polarisation which has compounded due to the authoritarian mode of governance by Prime Minister Sheikh Hasina of the Awami League.

Political repression and media curbs also threaten to take the shine off the successes. However, the Awami League – which has seen one of his governments taken over by the military as well as its tilt towards its rival Bangladesh Nationalist Party (BNP) in the past – has now learned its lessons and started pampering senior military officers by awarding them perks and privileges.

The Sheikh Hasina government is also accused of toeing Delhi's line and behaving as its client instead of a sovereign state. A large number of people in Bangladesh harbour anti-India and anti-Modi sentiments due to the persecution of Muslims in India as well as the Citizenship Amendment Act that targets Bangladeshi-origin people living in Assam. That's why some political groups in the country have announced demonstrations against the Indian PM on the occasion of his visit to Dhaka on March 26.

By silencing opposition and accepting the Indian tutelage, the Sheikh Hasina government focused on economic and social development in its bid to tell the world that it has tried to eradicate religious extremism and terrorism from the country. One needs to understand that as compared to Pakistan which faces two-pronged security threat on its eastern and western borders, Bangladesh, which is surrounded by India from three sides, has compromised on its geographical vulnerability by accepting Indian domination as a fait accompli. Its resources, unlike those of Pakistan, are not heavily spent on defence and counterterrorism measures.

Since Bangladesh doesn't consider India as an enemy state, its defence expenditures are only 1.9% of its GDP as compared to Pakistan's 4%. Furthermore, unlike Pakistan, Bangladesh is a homogenous state and is not vulnerable to ethnic and lingual discords. There are three major realities which Pakistan should keep in mind while understanding how and why Bangladesh is better off than Pakistan.

First, innovative and creative skills of the people of Bangladesh which are reflected in the growth of exports of garments, population control, improved literacy ratio, poverty alleviation and women empowerment. There are thousands of garment factories in Bangladesh, a country which does not grow cotton.

But by importing cotton worth a couple of hundred million dollars, Bangladeshi garments factories are exporting it in the form of readymade garments worth $35 billion. On the contrary, Pakistan – despite being a cotton-growing country – has failed to increase its exports of garments and

textile products beyond $10 billion. Even worse, Pakistan is now importing cotton. In fact, a lack of innovation and commitment on the part of the authorities in Pakistan because of its feudal and tribal structures, it is unable to make use of its agricultural resources, particularly cotton, to increase its exports of textiles and textile madeups.

Second, the focus of Bangladeshi government, despite a deep-running political polarisation in the country, is on the economy, governance, and social and human development. Prime Minister Sheikh Hasina, a couple of years ago, confidently asserted that the 50th anniversary of the independence of Bangladesh will be celebrated under the Awami League's government. She also resolved that the League which spearheaded the Bangladesh movement will ensure that the country defeat Pakistan in terms of all economic, human and social development indicators. Sheikh Hasina's prediction several years ago has now come true mainly because of criminalisation of politics, corruption and nepotism in Pakistan.

Third, it seems as if those wielding power in Pakistan are least mindful about contributing for the betterment of the country. As a result, Pakistan continues to suffer from economic degradation, political instability, bad governance and societal breakdown. Merely securing military capability is not enough for a country to be recognised as a successful state particularly when its performance in terms of economic, human and social development indicators is deteriorating.

Unfortunately, Pakistan, which was better off than many post-colonial states in terms of its economy, human development, infrastructure and industrialisation progress till mid-1980s, went downhill because of corrupt, incompetent and dishonest leadership. Hundreds and thousands of Bangladeshis migrated to Pakistan during the late 70s and 80s because of enough economic opportunities available in the country and also because of the Pakistani rupee fetching them twice as much as Bangladeshi taka. But, things started changing during the nineties and the noughts because of economic degeneration and a consequent weak currency. And then poor law and order and an energy crisis rather forced many Pakistani businessmen to shift to Bangladesh with their investment. What is lacking on the part of Pakistan is a leadership which can make use of the available opportunities and resources to put its house in order and transform it into a vibrant state.

Source: tribune.com.pk– Mar 21, 2021

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Bangladesh exports face masks worth about $100m since coronavirus outbreak

Exports of face masks from Bangladesh increased in the first eleven months of 2020 during the prolonged pandemic, contributing to the diversification of the country's export basket.

The country exported US$95.9 million worth of masks during the period between January and November last year, according to the Trade Data Monitor (TDM), the world's top source of trade statistics.

During that period, the global market for masks was worth $65 billion and China was the global market leader for the product, grabbing more than 80 per cent of the world market.

Bangladesh mostly exported surgical and KN95 masks worth nearly $40 million to the USA market during the January-November period. The exports to the US accounted for over 41 per cent of the total shipment while Germany became the second biggest importing country of the Bangladeshi product, according to the TDM.

Canada imported Bangladeshi masks worth $7.7 million during the 11-month period, making the North American country the third biggest importing country of the Bangladeshi product.

However, the TDM could not provide any data about the quantity of masks exported by Bangladesh, as some countries import the masks by piece count while some others by kilogram. The USA imports it by piece count while Canada by kilogram.

The other importing countries of the product from Bangladesh are France, Poland and the United Kingdom.

According to the TDM, China also imported masks from Bangladesh, mostly through joint venture efforts. China may have imported partially-manufactured masks from Bangladesh and later exported them by adding more values.

Don Brasher, the CEO of Geneva-based TDM, told the FE through a digital platform recently: "Bangladesh's textile sector has been incredibly resilient

in helping meet the world's need for masks, gowns and other essentials to fight the Covid-19 pandemic."

This has diversified the country's export basket amid the pandemic, he added.

The garment sector of the country, the world's second largest exporter, was hit hard particularly during the lockdown in April and May last year.

But export orders of such products not only helped diversify the export basket but also helped increase its overall shipments during the ongoing pandemic, the TDM chief said.

Smart Group, a local mask exporting company, said Bangladesh has a long tradition for manufacturing different types of clothing.

"Although this is medical product but it has a link with the clothing manufacturing sector," said Mostafizur Rahman, Chairman at Smart Group.

Bangladesh had also exported many PPE gowns and other Covid-related clothing in 2020, he added.

Mr Rahman also said the third wave of Covid-19 might help boost the exports of the same and other related products. The Group produces surgical and KN95 masks for both local and export markets.

Local medical device manufacturing company--JMI--has also made similar products for export.

Bangladesh is heavily dependent on clothing exports. The garment factories here employ more than 4.0 million people and generate around 85 per cent of its export receipts.

In 1980, Bangladesh denationalised hundreds of textile manufacturing units, set up export processing zones and invited foreign investors and advisers, especially from the USA.

The result was a flurry of contracts with designers and retailers in the USA and Europe, making "Made in Bangladesh" a common tag on clothes around the world.

Bangladesh's accession to the World Trade Organization in 1995 solidified its place as a key player in global trade.

In 2019, Bangladesh exported $34.7 billion worth of textiles, second in the world only to China with $138 billion, according to the TDM data.

Vietnam was third with $31.4 billion while Germany was fourth with around $23.9 billion.

Source: thefinancialexpress.com.bd– Mar 20, 2021

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Pakistan: Keep an eye on textile group exports

Surely, it's a little bewildering that in the midst of all the talk about Pakistan's textile sector being flush with export orders and finally operating at 100 percent available production capacity textile group exports suddenly shrank 6.75 percent month-on-month (m-o-m) and 3.12 percent year-on-year (y-o-y) in February 2021.

The mystery only deepens when you consider that this decline followed a 10.79 percent y-o-y jump in January 2021. One very obvious reason for this change of trend is the resurgence of Covid-19 and return to lockdowns in many parts of Europe, Pakistan's prime textile export market mainly because of the Generalised System of Preferences (GSP) Plus facility.

And even though textile producers had only just boasted that most companies were pretty much over-booked till June this year, they might now have to brace themselves for more bad news down the road as well. For not only could a lot more of the available orders also be cancelled, now there's really no telling what might happen after June, especially in light of warnings of a possible third wave of the coronavirus originating from central Europe and spreading to the periphery even as the vaccines are being rolled out.

Yet no matter how badly everybody has been caught off guard by the virus once again, it still explains only half our problem. According to the Pakistan Bureau of Statistics (PBS), the squeeze in February was led by a decline in value-added exports. And since the government was informed in advance about the many bottlenecks in the supply of yarn, which is used in the production of value-added goods that fetch the best prices among textile exports, its own decision-making paralysis is also a big part of the problem.

As recently as a fortnight ago, the commerce ministry was pushing the government to green-light duty-free import of yarn from Central Asian Republics (CARs) through Afghanistan because the usual fallback market, India, was out of the question for the time being. Yet no decision has been taken so far.

And it doesn't inspire much confidence that the PM's adviser on commerce, Razzak Dawood, didn't have the answer when the press asked him about the February numbers and that he needed "some time to comment on it." If the issue has really been discussed threadbare, as he so clearly put it, then why

hasn't the government realised the urgency of the matter so far and why does a final decision continue to evade us even after the damage has started? Once it addresses these issues and then goes on to finalise the much-awaited textile policy sometime later, then it will have to go on and solve problems like the usual delay in announcing the cotton support price that sometimes forces farmers to opt for other crops, the shocking decline in cotton cultivation area that has pushed us from net exporters to desperate importers, and of course the complete absence of a coherent policy to deal with a sector that feeds the country's premier export industry.

The downtrend is now expected to continue at least till the end of the fiscal year. That upsets not just expectations but also revenue projections, on which the whole International Monetary Fund (IMF) reform programme and bailout facility stand. Even if the pandemic has delivered a painful punch to the textile sector at a very sensitive time, the government's own lack of focus has also played no small part in the whole affair.

It almost beggars belief that something so important has been allowed to languish so far down the priority list at a time when the government tries to make as much noise as possible all the time about the need to shore up national reserves. But that is precisely what happens to popular rhetoric when the ruling party spends more time in political feuds than honouring its promises.

Perhaps the one silver lining on this otherwise pretty dark cloud is that the pandemic has forced a similar situation on most producers and exporters, which means there is still time to solve some of our more urgent problems like where to get our yarn from to forestall the value-added sector collapse. But unless the government finds the political will to bolster the textile sector, it will never graduate to its true earning potential.

Source: brecorder.com– Mar 21, 2021

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Bangladesh: Open account to ensure apt finance for exporters: ICC-B

Shipments under open account credit terms will help the exporters access the appropriate finance and back-to-back payment would be settled on receipt of final payment on maturity, ICC-B President Mahbubur Rahman said.

The open account credit policy is a modified version of financing under factoring and supply chain to exporters against their export with external payment undertaking.

Bangladesh Bank's circular issued on June 30 last year on "Conditional open account transactions" is a good initiative, Rahman said.

However, the only introduction cannot ensure benefits. All stakeholders need to work to optimise benefits, said the president of International Chamber of Commerce-Bangladesh (ICC-B).

The facility offered under the change policy has been in operation for the last seven months. "I understand that the exporters still prefer export through letters of credit instead of open account," Rahman said.

"We all know that the Covid-19 outbreak, which is still continuing, has shocked international trade. As a result, the serious challenges of international trade transactions are getting translated into the disruption and shrinkage of trade finance; the main driver of economic development."

Rahman made the comments in his written speech in a webinar on "Global Awareness on Open Account, Export Transactions and Recent Policy Changes in Bangladesh" on March 18.

Traders, exporters, and importers are facing difficulties with preparing, shipping, and receiving goods; making and receiving payments; cancellation of orders and commitment failures; huge cash crunch and failure to comply with lending institutions' obligations, he said.

In this evolving and increasingly uncertain environment, banks, traders, and policymakers have become anxious and skeptical about the interpretations of 'certain situations of commitment failures' within the regulatory frameworks and guidelines.

According to the ICC Global Trade Finance Survey 2020, global trade flows have trebled from $ 6.2 trillion to $18.1 trillion by end of 2019 – a growth now widely acknowledged as having been enabled by trade financing.

Trade finance is the oxygen that keeps trade flows alive particularly for emerging markets like Bangladesh.

According to Bangladesh Garment Manufacturers and Exporters Association (BGMEA), due to Covid shutdown, international buyers have either cancelled or suspended $3.16 billion worth of shipments involving 1,142 factories affecting 2.26 million workers.

In fiscal year 2019-20, export earnings have registered a sharp decline of nearly 17 per cent at $33.67 billion due to cancellation and/or reduced export orders of garments, which accounts for 84 per cent of total national exports and 14 per cent of gross domestic product.

During July-February period of the current fiscal year, export receipts have declined 1.45 per cent year-on-year to $25.86 billion as the surge in Covid pandemic continues to ravage demand.

With the celebration of 50 years of independence, Bangladesh has stepped into a new journey as it qualified to graduate into a developing nation from a least developed country (LDC).

Until 2026, the country will continue to enjoy the trade benefits as an LDC.

However, after graduation Bangladesh will lose the benefits for LDCs, such as soft loans and export facilities.

Around 70 per cent of Bangladesh's export is conducted under preferences given by some developed and developing nations under the LDC criteria. According to experts, export market diversification will be a major challenge for Bangladesh in post LDC era.

Simplicity and lower costs are among many advantages of open account trading but there are risks if things do not go right, said Syed Nasim Manzur, former president of Metropolitan Chamber of Commerce and Industry (MCCI).

The export credit guarantee scheme needs to be worked out to reduce the cost, he said.

Steven Beck, head of trade and supply chain finance of Asian Development Bank, said ADB continues to work with the central bank and ICC-B in the transition period from LC to open account.

Prashanta Banerjee, professor and director of Bangladesh Institute of Bank Management, presented a keynote paper on "Bangladesh Bank Policy on Open Account Export Transactions and its Impact on Exporters during July 2020 to February 2021.

Rubana Huq, president of BGMEA, said there is a need for underwriting the risks of Bangladeshi manufacturers right now considering Covid-19.

"So we are facing two aspects here, one we are welcoming open accounts for selling credit. On the other hand, we are exposing ourselves to further vulnerabilities."

She said they are going to propose buyers credit rating in order to balance the two sides.

Huq also said Bangladesh has $8 billion receivable at this point.

Muhammad A (Rumee) Ali, chairman of ICC Bangladesh Banking Commission and CEO of Bangladesh International Arbitration Centre, and Md Fazlul Hoque, former president of Bangladesh Knitwear Manufacturers and Exporters Association, also spoke.

Source: thedailystar.net– Mar 22, 2021

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Pakistan: APCPLA demands ban on export of cotton, yarn

Muham-mad Ajmal Kasuri, Vice Chairman, All Pakistan Cotton Power Looms Association (APCPLA) while expressing serious concerns over non-stopping of exports of cotton and cotton yarn by the federal government, demanded immediate ban on export of basic raw materials of textile industry.

He drew the attention of the government to the continuous rise in raw material prices and consequent unbearable rise in production costs, saying that the textile industry, the backbone of the national economy, was currently facing severe difficulties. This is because the rise in raw material prices in the local markets is not going away. On the other hand, despite the protection of the country's economic interests, exports of cotton and cotton yarn continue.

He further said that Advisor to the Prime Minister on Trade and Investment Abdul Razzaq Dawood had assured the business community several times but the export of cotton and cotton yarn has not been banned so far to save the country's industries from collapse.

There is a wave of concern in the community and they are unable to understand the reasons why the country's industries are being put at stake by the constant delay in banning the export of vital raw materials for the textile industry.

He also demanded from the government in the best interest of the country to allow immediate import of cotton yarn from India so that cheap raw material could be made available to the textile industry and timely delivery of export orders to foreign buyers.

Source: brecorder.com– Mar 22, 2021

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NATIONAL NEWS

$23-b market for technical textiles by 2027: Report

Rising awareness and higher growth in the APAC region are key drivers

Indian technical textiles market is expected to grow at a rapid 7.6 per cent in the Asia Pacific region to reach $23.3 billion in 2027, up from $14 billion in 2020, supported by increasing awareness about the products, higher disposable incomes, changing consumer trends besides some sector-specific growth drivers.

Numerous factors such as developing end-user sectors, rising awareness, government initiatives, regulations, standardisations, technology upgradation among others are expected to drive considerable growth of domestic technical textiles in coming years, says a report by KPMG-FICCI.

The domestic technical textile market for synthetic polymer was valued at $7.1 billion in 2020 and is projected to reach $11.6 billion by 2027, growing at a CAGR of 7.2 per cent, while technical textile market for wovens is expected to grow at a CAGR of 7.4 per cent to $15.7 billion by 2027, up from $9.5 billion in 2020.

Industrial segment

Technical textile market for MobilTech (automotive textiles) is expected to grow to $3.7 billion by 2027 from $2.4 billion in 2020. Similarly, the market for InduTech (industrial textiles) would grow at a CAGR of 8 per cent from $2 billion in 2020 to reach $3.3 billion by 2027.

Some of the key strengths of Indian technical textile industry include strong value chain, large domestic market, and availability of skilled people, government support and the ability to scale up in quick time (this was proved in medical textile segment during Covid-19 period when demand for PPEs boomed).

Several government initiatives are supporting the growth of the segment. National Technical Textiles Mission (NTTM), from 2020-21 and 2023-24 at an outlay of ₹1,480 crore is expected to help Indian players compete with international players.

Production Linked Incentive (PLI) scheme in textiles sector with focus on MMF segment and technical textiles, will augment scale/capacities in technical textiles sector.

Also, the proposal to set up seven mega investment textiles parks over the next three years to give domestic manufacturers a level-playing field in the international textiles market.

Import dependence

During 2014-15 to 2019-20, India's exports grew at a 0.9 per cent CAGR, whereas imports increased at 4.3 per cent. Import substitution through favourable policies would help growth of these high-growth segments and ensure value retention within the economy and new skilled employment opportunities for Indian youth, it said.

The report highlights that the technical textiles industry infrastructure in India predominantly focuses on low-value commodity products such as bags and sacks under basic non-wovens. Other industrial countries such as China, Korea and Taiwan focus on high-value products (bullet proof, fire retardant products) and segments.

Source: thehindubusinessline.com– Mar 21, 2021

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Garment Exporters do have a point

Quick takes, analyses and macro-level views on all contemporary economic, financial and political events.

Indian garment exporters are right to worry about losing orders due to the uncertainty on the rates of reimbursement under the new scheme to refund exporters duties and taxes embedded in the value of the export.

The delay restricts their ability to price competitively, hurting the garments sector that is dominated by micro, small and medium enterprises. The same holds true for other export sectors as well. The government should swiftly announce the reimbursement rates on the so-called Remission of Duties or Taxes on Export Products (RoDTEP) scheme effective from January 1.

The WTO-compliant scheme will reimburse central and state taxes, duties and cess on petroleum products and electricity, and levies other than the goods and services tax (GST) that are embedded in the value of the export. This is in sync with the principle that countries export goods and services, not taxes.

Export bodies (such as the Cotton Textiles Export Promotion Council and the Garment Exporters and Manufacturers Association) want the Centre to remove the 10% import duty on raw cotton, saying it will make imports of extra-long-staple cotton, particularly from Egypt, expensive.

Basic customs duty is out of the GST chain, unlike countervailing and special additional duties. However, drawback of customs duty should be routine on exports.

Clearly, the audit trail that is necessary to link the import duty paid on import of raw cotton to the subsequent stages of spinning into yarn, weaving into fabric and tailoring into garment is faulty. The point is to fix this problem. All indirect taxes must be brought under GST so that exporters only need to claim a refund of the input taxes paid. This would be far more efficient than separate reimbursement schemes.

Source: economictimes.indiatimes.com– Mar 22, 2021

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Cargo traffic at 12 major ports falls for 11th month in February; down 7 pc in Apr-Feb

India's top-12 ports witnessed considerable decline in cargo traffic for the eleventh straight month in February to 600.62 million tonnes (MT), according to ports' apex body IPA.

Cargo traffic at 12 major ports that are under the control of the Centre dropped by 6.61 per cent to 600.62 million tonnes (MT) during April-February this fiscal, compared with 643.10 MT in the year-ago period, the Indian Ports Association (IPA) said in its latest report.

All ports, barring Paradip and Mormugao -- which recorded 0.27 per cent and 30.93 per cent increase in cargo handling to 102.90 MT and 19.28 MT respectively, saw negative growth.

Cargo handling at Kamrajar Port (Ennore) nosedived 23.29 per cent during April-February to 22.23 MT, while ports like Mumbai and VO Chidambaranar saw their cargo volumes dropping by over 12 per cent during the said period.

Cochin and Chennai ports suffered a sharp decline of about 10 per cent.

JNPT saw a decline of 8.06 per cent in cargo volumes, while Deendayal Port Trust and Kolkata ports logged an over 6 per cent drop in cargo volume. Cargo handling at New Mangalore and Visakhapatnam slipped 5.30 per cent and 4.87 per cent, respectively.

India has 12 major ports under the control of the central government -- Deendayal (erstwhile Kandla), Mumbai, JNPT, Mormugao, New Mangalore, Cochin, Chennai, Kamarajar (earlier Ennore), V. O. Chidambaranar, Visakhapatnam, Paradip and Kolkata (including Haldia).

In the wake of the COVID-19 pandemic, sharp declines were witnessed in the handling of containers, coal and POL (petroleum, oil and lubricant), among other commodities.

These ports handle about 61 per cent of the country's total cargo traffic. They handled 705 MT of cargo last fiscal.

Ports, Shipping and Waterways Minister ML Mandaviya had told Parliament earlier that there was a considerable decline in the total traffic, containers traffic and other than containers traffic in March, April, May, June, July and August 2020, as compared to the corresponding months in 2019.

The minister, however, had added that recovery has started since June 2020.

Source: economictimes.indiatimes.com- Mar 21, 2021

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20 States implement ease of doing business reforms

The number of States who have successfully completed the “Ease of Doing Business” reforms has reached to twenty. Five more States namely, Arunachal Pradesh, Chhattisgarh, Goa, Meghalaya and Tripura have completed the “Ease of Doing Business” reforms stipulated by the Department of Expenditure.

States completing Ease of Doing Business reforms are eligible for addtional borrowing of 0.25 percent of Gross State Domestic Product (GSDP). Accordingly, on receipt of recommendations from the Department for Promotion of Industry and Internal Trade (DPIIT), the Department of Expenditure has granted permission to these 20 States to raise additional financial resources of Rs.39,521 crore through Open Market Borrowings. State wise amount of the additional borrowing permitted to these 20 States is annexed.

The ease of doing business is an important indicator of the investment friendly business climate in the country. Improvements in the ease of doing business will enable faster future growth of the state economy. Therefore, the government of India had in May 2020, decided to link grant of additional borrowing permissions to States who undertake the reforms to facilitate ease of doing business. The reforms stipulated in this category are:

(i) Completion of first assessment of ‘District Level Business Reform Action Plan’

(ii) Elimination of the requirements of renewal of registration certificates/approvals/licences obtained by businesses under various Acts.

(iii) Implementation of computerized central random inspection system under the Acts wherein allocation of inspectors is done centrally, the same inspector is not assigned to the same unit in subsequent years, prior inspection notice is provided to the business owner, and inspection report is uploaded within 48 hours of inspection.

In view of the resource requirement to meet the challenges posed by the COVID-19 pandemic, the Government of India had on 17th May, 2020 enhanced the borrowing limit of the States by 2 percent of their GSDP. Half of this special dispensation was linked to undertaking citizen centric reforms by the States. The four citizen centric areas for reforms identified

were (a) Implementation of One Nation One Ration Card System, (b) Ease of doing business reform, (c) Urban Local body/ utility reforms and (d) Power Sector reforms.

State wise additional borrowing permitted for completion of Ease of Doing Business Reforms

Sl.No.	State	Amount (Rs in crore)
1.	Andhra Pradesh	2,525
2.	Arunachal Pradesh	71
3.	Assam	934
4.	Chhattisgarh	895
5.	Goa	223
6.	Gujarat	4,352
7.	Haryana	2,146
8.	Himachal Pradesh	438
9.	Karnataka	4,509
10.	Kerala	2,261
11.	Madhya Pradesh	2,373
12.	Meghalaya	96
13.	Odisha	1,429
14.	Punjab	1,516
15.	Rajasthan	2,731
16.	Tamil Nadu	4,813
17.	Telangana	2,508
18	Tripura	148
19.	Uttar Pradesh	4,851
20.	Uttarakhand	702

Source: pib.gov.in- Mar 20, 2021

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Arvind Panagariya wants India to have a more liberal trade regime

'When high protection applies to products accounting for a large part of imports and low protection to products that the country hardly imports, the effect of a given average tariff is more pernicious than when the opposite is the case'

It would be a mistake to downplay the damage that creeping import substitution can do to India's growth and jobs ambitions, cautioned Arvind Panagariya, former Vice-Chairman of Niti Aayog.

Referring to the tariff increases that have been applied selectively precisely where they have the greatest bite, he said: "The explicitly stated objective being import substitution, tariffs have been raised on precisely those products in which substantial imports exist and domestic industry is failing to compete."

Panagariya emphasised that when high protection applies to products accounting for a large proportion of imports and low protection to products that the country hardly imports, the effect of a given average tariff is more pernicious than when the opposite is the case.

Anti-dumping (AD) duties by India have complemented these tariff increases, Panagariya, who is now Professor of Indian Political Economy, Columbia University, said at the Export-Import Bank of India's 36th Commencement Day Annual Lecture.

Import substitution: deleterious effect

According to the Professor, of particular relevance is the deleterious effect that this creeping import substitution policy can have on growth in labour-intensive manufactures and associated expansion of well-paid jobs for India's vast workforce that has at best limited skills.

"When industries are promoted on the crutches of protection, they rarely become world-class.

"India's own successful industries such as information technology, pharmaceuticals and petroleum refining have succeeded on the back of global markets," he said.

In contrast, auto industry, which has had 70 years of autarky-level protection, is yet to acquire even 1 per cent share in the world automobile market despite being fully open to foreign direct investment (FDI).

Citing the example of India embracing import-substitution industrialisation in the electronics industry beginning in 2014, Panagariya said: “What has this policy achieved in the six years since then?

“Imports of electronic goods shot up from $32.4 billion in 2013-14 to $55.6 billion in 2018-19, while exports inched up from $7.6 billion to $8.9 billion over the same period.”

The professor noted that predictably, protected and subsidised, several mobile phone assembly firms have come up during these years but they have not added up to a vibrant electronics industry.

Locally-owned firms are small

Nearly all locally-owned firms are small by global standards, with none that is about to turn into a powerhouse of exports, he added.

“The reason for this lack of success is not difficult to see: by its very nature, protection attracts firms that principally want to make quick profits by selling the product in the protected domestic market,” Panagariya said.

He elaborated that with foreign suppliers disadvantaged by tariffs, locally-owned firms typically enter business to exploit an assured, almost risk-free domestic market.
Lacking global ambition, they also choose to operate on a scale much smaller than their counterparts in the global economy.

“A critical lesson from our own economic history has been that capital is a highly scarce resource in a developing country.

“...import substitution channels this resource into high-cost, capital-intensive import competing sectors while depriving low-cost labour-intensive export sectors of it,” explained Panagariya.

The unintended consequence of the policy is a reduction in exports alongside the reduction in imports. The economy thus disengages with the world markets, he said.

Increase engagement with world markets

The professor underscored that India needs to increase, not reduce, its engagement with the world markets.

“The simple fact we must keep in mind is that when we expand imports in the wake of trade liberalisation, we also expand exports to pay for the extra imports.

“As the process of import and export expansion proceeds, we replace low-paid jobs in small import-competing firms by better-paid jobs in export-oriented firms,” he said.

Panagariya underscored there is no doubt that given the reforms already in place and those proposed, India can count on growing at 8 per cent rate annually in the two post Covid-19 decades.

A more liberal trade regime carries the promise of pushing this growth rate into double-digit range, he added.

Source: thehindubusinessline.com- Mar 20, 2021

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Textile industry consolidating; stronger players to see margin improvement: Experts

The textile industry is consolidating as the smaller spinning companies are facing shutdowns. This will help stronger textile players to improve margins amid increasing yarn prices, experts said.

In the last one year, yarn prices have risen and cotton prices have also surged. Dinesh Nolkha, MD of Nitin Spinners and Anuj Sethi, Senior Director of CRISIL Ratings spoke to CNBC-TV18 about the impact of the rise in price on the industry.

Sethi said, “With increased administration and normalisation of people mobility and opening up of markets, we expect normalcy to return and the overall readymade garments, as well as the home textile demand, will recover strongly in the next fiscal.”

He expects a slight pressure on margins for the readymade garment players in the coming year. However, rupee depreciation as well as export incentives could provide some buffer to the margins, he said.

“For the home textile players they already operate with slightly higher margins and most of the Indian home textile manufacturers are backward integrated into cotton yarn so they enjoy higher margins. They should be able to absorb the impact of higher yarn prices and therefore we don’t see much of an impact on the home textile manufacturers,” Sethi added.

On cotton prices, Nolkha said, “During the pandemic, the industry was nearly at a standstill and cotton prices went down substantially. They went to a low of about Rs 95 per kg which normally used to be in 2019-2020 was around Rs 110-115 per kg. Now the cotton prices have reached a level of Rs 130 per kg. This has how it has been a roller-coaster ride in cotton price during the last year.”

Source: cnbctv18.com- Mar 19, 2021

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Taxpayers can use ITC to discharge GST dues for March: Finance Ministry

The Finance Ministry on Saturday said GST taxpayers can utilise the Input Tax Credit available in their credit ledger to discharge their GST dues for the month of March.

"Taxpayers are free to utilise the Input Tax Credit available in their credit ledger, as permissible in law, to discharge their GST dues for the month of March, 2021 — the last month of this financial year," the Central Board of Indirect Taxes and Customs (CBIC) said in a statement.

Goods and Services Tax (GST) collections crossed the Rs 1 lakh crore mark for the fifth month in a row in February. The mop up in February was Rs 1.13 lakh crore.

Source: financialexpress.com- Mar 21, 2021

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Centre will have to put more funds into public sector banks, says RBI

Public sector banks (PSBs) will need more capital infusion from the government for business growth and to meet regulatory norms and this must go hand in hand with their privatisation, the Reserve Bank of India (RBI) said.

In its assessment of Union Budget 2021-22, RBI said with PSBs accounting for a major share in advances made by scheduled commercial banks (SCBs) they might need to be recapitalised. This should be done to fund economic growth through improved credit offtake when demand picks up. Besides, recapitalisation and privatisation of PSBs must go together.

The Budget allocated Rs 20,000 crore towards recapitalisation of PSBs to help them consolidate their financial capacity. PSBs have proactively built buffers during financial year 2020-21 (FY21) to improve their resilience in the face of the shock from the pandemic. This must be continued into FY22 and some contribution towards this has come from the Budget, RBI said.

Strategic changes like the merger and amalgamation of PSBs undertaken since 2017 have resulted in seven large and five smaller PSBs. The measures (based on bad loans and regional factors) were intended to help manage capital more efficiently.

Governance reforms and action plans to enhance operational efficiency and customer services are integral for recapitalisation. In the context of mergers, it is also vital that the consolidated entity is well capitalised, RBI said.

Source: business-standard.com- Mar 20, 2021

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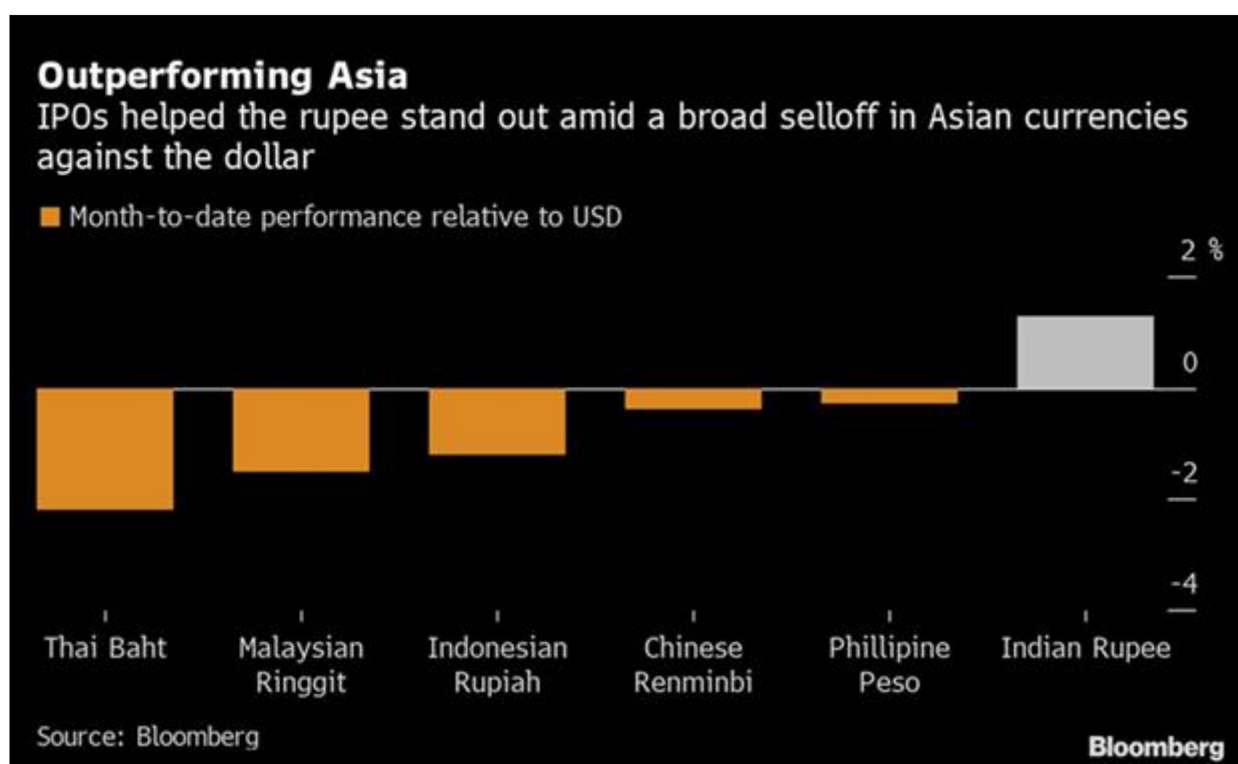
Rupee becomes only Asian currency to gain in month of sweeping losses

India's rupee is the only currency in Asia to strengthen amid this month's rout in risk assets, thanks to a spree of share-sale offers that are luring foreign investors.

The rupee has advanced 1.3% in March, boosted by $2.4 billion of overseas purchases of local stocks, including inflows related to initial public offerings. Nine share-sale offers worth about 59 billion rupees ($813 million) this month would have added to one of the highest inflows into emerging Asia, according to Emkay Global Financial Services Ltd.



The prospect of an economic recovery, a rare current-account surplus and foreign-exchange reserves approaching $600 billion have put India in a strong position to ward off the impact of the U.S. Treasury-led selloff that's roiled global risk assets.

"The rupee has had a decent year so far in the EMFX space, with March being an outlier," said Madhavi Arora, lead economist at Emkay Global in Mumbai. A large part of the currency's gains are due to "the huge line-up of IPOs, and possible robust foreign interest," she said.

State-run companies raising dollar loans worth more than $1 billion in March, and the central bank tolerating gains, as opposed to its preference for a weaker currency until a few months ago, have also boosted the currency's appeal.

Still, not all are bullish. Sajal Gupta, head of foreign-exchange and rates trading at Edelweiss Securities Pvt. expects the rupee to come under pressure as it runs into a seasonally weak period in May and June. He predicts the currency will weaken to 74 per dollar by the end of June, from Thursday's close of 72.5275.

Source: business-standard.com- Mar 20, 2021

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Gorakhpur will become textile hub: UP CM

Chief minister Yogi Adityanath on Saturday said that Gorakhpur was poised to become a textile hub as readymade garments were the second ODOP (one district one product) item of the district after terracotta. Flatted (multi-storey) factory of readymade garments would be set up in Gorakhpur soon.

Yogi Adityanath said this in Gorakhpur while addressing the entrepreneurs of readymade garments at ODOP-Readymade Garments Exhibition. The exhibition started on March 16 at the Townhall ground.

The business of readymade garments is such that one may employ more people with less capital, he said.

CM Yogi said the state government had launched the highly successful ODOP scheme in February 2018 to realise Prime Minister Narendra Modi's vision of a self-reliant India.

The chief minister asked entrepreneurs to pay attention to quality and training, as well as making preparations according to the requirement of the market.

Gorakhpur had a textile market of about ₹2500 crore, he said.

"The readymade garments business can become the basis of self-reliance of women," he added.

Source: hindustantimes.com- Mar 20, 2021

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'ODOP to play key role in making India self-reliant'

The one district one product scheme in Uttar Pradesh will play a big role in making India self-reliant, said Chief Minister Yogi Adityanath after visiting the garment exhibition in Gorakhpur on Saturday.

"The ODOP scheme will play a big role in realizing the dream of a self-reliant India. The readymade garment sector requires low capital and generates high employment.

In Gorakhpur 15,000 people are directly employed in the sector with investment of Rs 350 crore. We are aiming to create employment for 50,000 in the sector. The readymade garment flatted factory would be established in GIDA soon," the CM said.

"We saw possibilities in markets during four years and made schemes accordingly. After terracotta, readymade garments were also included in ODOP list of Gorakhpur. Officials have been given guidelines to provide easy loans to MSME units. We are running many schemes to promote traditional business," said Yogi.

The CM expressed happiness that Northern India Textile Research Association (NITRA) gave training to entrepreneurs and advised people to work hard.

MP Ravi Kishan, chairman of chamber of industries Vishnu Ajit Saria, former chairman S K Agarwal, Pravin Modi and senior officials were also present on the occasion.

Source: timesofindia.com- Mar 21, 2021

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Global demand boost for Indian exporters

Higher global demand, especially for engineering goods, chemicals and low-value lifestyle products such as carpets, has made Indian exporters' order books improve by almost 40% compared to the pre-Covid-19 period, with handicrafts, ceramic products and cotton yarn/fabrics showing signs of further strengthening amid a drop in new cases in the United States and despite another wave of infections in the European Union.

"Our exporters' order books have improved by almost 40% compared to the pre-Covid-19 period," said Ajay Sahai, director-general, Federation of Indian Export Organisations (FIEO).

Attributing the increase to global demand for plastics, chemicals, engineering goods and low-value lifestyle products such as machine made carpets and non-leather footwear, Sahai said labour-intensive sectors such as handicrafts, ceramic products and cotton yarn/fabrics too are showing signs of further strengthening.

"There is a gradual recovery in global trade which will have a positive impact on the export sector in India," said Engineering Exports Promotion Council of India chairman Mahesh Desai. Demand for Indian engineering items from China, Singapore, Germany and Thailand has seen high double-digit growth, led by exports of iron and steel, and non-ferrous metals like copper, besides auto components, he said.

The handicraft sector expects an export growth of about 30% in the ongoing quarter and outbound shipments could end up reaching the same level as in 2019-20, according to the Export Promotion Council for Handicrafts (EPCH).

"The order book is agreeable but there is a 25-27% rise in prices of raw materials such as wood and metals, and labour costs," said EPCH executive director Rakesh Kumar. Business in the ongoing quarter may reach the same level as the corresponding quarter of 2019, led by furniture, home and lifestyle products while fashion jewellery segment has yet to see a pickup, he said.

Kumar said no new products could be launched in 2020. "The orders are 70% of what used to be in the pre-pandemic times," said Rafeeque Ahmed, chairman of Chennai-based Farida Group, one of India's largest shoe

manufacturers and exporters, which is a vendor to overseas firms such as Adidas, Clarks, Marks & Spencer, Debenhams and Bally Shoes.

Ahmed said though there is demand from the US because of flattening of Covid-19 cases, the average order size has declined to 40-60,000 pairs of shoes in a season from 50-70,000 pairs earlier.

Leather exports from India shrank 32.16% year-on-year in the April 2020-February 2021 period while handicrafts contracted 8.49%.

Unlike the pre-Covid era, when orders would come months in advance, orders now come in at a short period of time and need to be fulfilled faster, making it difficult to plan the business, said exporters. Moreover, buyers are ordering minimum quantities of goods to avoid getting stuck with inventory, they said.

India's exports between April 2020 and February 2021 amounted to $256.18 billion, down 12.23% year-on-year.

FIEO expects India's exports to touch $285-290 billion in 2020-21, lower than $314.3 billion in the previous fiscal.

"The UK, EU and China are disturbed because of the pandemic and the order book has been impacted because of that. We expect our exports to decline 20-25% by the end of March," said Siddh Nath Singh, chairman, Carpet Export Promotion Council.

Carpet exports rose 3.16% year-on-year in the first eleven months of this fiscal. As per FIEO, rising exports from China has led to the shortage of containers in the region as most of the empty containers are available only for exports from China.

That's because the shipping lines and container companies are being paid hefty premiums for bringing empty containers back to China, it said.

Source: economictimes.com- Mar 21, 2021

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No raw cotton, 70% ginning units down shutters in Indore

Around 70 per cent ginning units of the region have shut operations due to lack of availability of raw cotton in spot markets as farmers cleared most of their stocks in early harvesting season.

A drop in spot supplies and pickup in demand from textile mills has pushed raw cotton prices to Rs 6,500-7,000 per quintal as against Rs 5,700 per quintal in January, according to traders and ginners.

Manjeet Singh Chawla, president, MP Cotton Ginners Association said, "Just about 25-30 per cent ginning units are operational while others have shut production due to shortage of raw materials. Availability at ginning units is met through supplies from stockiests and Cotton Corporation of India."

Daily cotton supplies in the markets of Madhya Pradesh have dropped to around 20,000 quintal as against 1 lakh quintal in October and November.

According to the Association of India cotton output in Madhya Pradesh is seen going up by around 17 per cent to 21 lakh bales (each of 170 kg), though the country's production is pegged down 4 lakh bales at 356 lakh bales as against the past year.
There are around 175 ginning units in Madhya Pradesh of which around 125 units are located in the leading cotton cultivating belt stretching from Burbhanpur to Dhar.

The association for ginners has urged the government to develop clusters for textile in the cotton producing belt and allow all related industries in the cluster including ginning units to complete the supply chain from cotton to fiber.

Chawla said, "Many tax exemptions given to ginning units in the VAT regime have been discontinued and tax liabilities have also gone up in the new tax regime. The government should extend tax benefits to the sector to help survive the hardships."

Source: timesofindia.com – Mar 21, 2021

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