TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL
TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 59 of 2021 March 23, 2021

US 72.34| EUR 86.21| GBP 100.05| JPY 0.66

NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	US lawmakers reintroduce bill to revoke PRC's permanent trading status
2	AAFA draws USTR's attention to pressing trade issues affecting sector
3	E-com spending could reach $1 trn in 2022: Adobe
4	Turkish company Durak Tekstil steadily growing in global market
5	Consumers reject textiles as relevant for COVID-19 contamination: EU
6	Bangladesh home textiles export grow by 15%
7	Pakistani denim makers begin to make use of hemp
8	Bangladesh Manufacturer Brings His Plight to World Leaders

	NATIONAL NEWS
1	'Teething troubles' hold up exporters tax benefits under RoDTEP scheme: Commerce secretary
2	Delay in key WTO ruling casts shadow on FTP
3	India's economy likely to grow at 12% in 2021: Moody's Analytics
4	Managing GST
5	India's technical textiles market to grow by 7.6%: KPMG-FICCI
6	Labour Codes
7	Textiles hanging by a thread
8	Manufacturing gaining lost momentum in fourth quarter: FICCI survey
9	CCI cuts price of cotton as 'one-time' correction
10	Ray of hope for revival of textile mills in district
11	Unemployment Rate

INTERNATIONAL NEWS

US lawmakers reintroduce bill to revoke PRC's permanent trading status

US Republican lawmakers recently reintroduced a bill that would revoke the permanent normal trading status that the United States has had with China for the last 20 years. Blaming China for the loss of US manufacturing jobs and accusing it of forced labour, three lawmakers put forward the 'China Trade Relations Act', which would require approval of regular trade relations annually.

The bill would give Congress the power to override the president's decision, according to global newswires.

The Permanent normal trade relations (PNTR) status was passed by Congress and signed into law by then-president Bill Clinton in 2000, allowing the two sides to align the bilateral trade relationship with the rules of the World Trade Organisation (WTO), which China acceded to a few months later.

This was the latest in a series of efforts by China hawks in the US Congress to decouple the two economies.

This legislation is being reintroduced as the Joe Biden administration prepares for the first high-level meetings with Beijing since former secretary of state Mike Pompeo met Yang Jiechi, head of the Chinese Communist Party's foreign affairs office, in Hawaii in June for a round of talks that produced no consensus.

Last month, the House of Representatives reintroduced sweeping legislation that would ban the import of all goods sourced in China's Xinjiang Uygur autonomous region, over concerns of widespread, state-backed forced labour there.

Source: fibre2fashion.com Mar 22, 2021

HOME

****

AAFA draws USTR's attention to pressing trade issues affecting sector

The American Apparel and Footwear Association (AAFA) recently wrote to US Trade Representative Katherine Tai, drawing her attention to pressing trade issues affecting their sector like high tariffs, lapse of two critical trade preference programmes, the 'on-again, off-again' nature of the African Growth and Opportunity Act (AGOA) programme and strict rules of origin in the Western hemisphere.

The punitive tariffs resulting from the Section 301 investigation on China have emerged as a huge cost burden with severe consequences. These have resulted in price increases for US consumers, American job losses and other irreversible economic damage to the United States, the AAFA letter said.

"We do not believe these tariffs align with the worker-centric trade policy agenda of the Biden Administration. While we urge the swift removal of all punitive tariffs, we understand that a thorough China policy review is underway. In the meantime, given the urgency of this matter,...we are requesting the elimination of tariffs on reusable surgical and isolation gowns and medical scrubs, the retroactive extension for product exclusions that expired in 2020, and the implementation of a new, more transparent product exclusion process," AAFA president and chief executive officer Steve Lamar wrote.

"We appreciate the tariff suspensions on the Airbus-Boeing dispute, but it is critical that the parties reach an accord within this time frame to prevent further harm to unrelated industries.

We also welcome the administration's commitment to participate in the multilateral process at the Organization for Economic Cooperation and Development (OECD). A negotiated agreement in this situation in the next few months is crucial as several countries have indicated they will impose a DST [digital services tax] this summer in the absence of an international framework," he wrote.

Two critical trade preference programmes—the generalized system of preferences (GSP) and the Miscellaneous Tariff Bill (MTB)—lapsed at the end of 2020, imposing a tax increase on American workers, consumers and businesses at a time when they can least afford it.

AAFA requested Tai to support Congress for the swift reauthorisation and retroactive renewal of both programmess to minimise the damage.

Companies are poised to diversify out of China with Africa being a logical geographic region for reinvestment for many. The ‘on-again, off-again’ nature of the AGOA programme before the ten-year renewal has proven extremely disruptive, ultimately preventing the industry from taking full advantage of the first 15 years of the programme, AAFA wrote.

The certainty gained from renewing AGOA this year for another 10 years would give companies clarity on the timeframe they need to develop a vertical, responsible and competitive industry in Africa up to and past 2025, it added.

Source: fibre2fashion.com– Mar 22, 2021

HOME

****

E-com spending could reach $1 trn in 2022: Adobe

The novel coronavirus pandemic pushed consumers to spend $183 billion more online since March 2020, bringing total e-commerce spending to $844 billion, according to the Digital Economy Index report by Adobe, which recently said e-commerce spending in 2021 is expected to grow between $850 billion and $930 billion and reach $1 trillion in 2022.

During the first two months of 2021, consumers' usage of buy now, pay later services has grown 215 per cent compared to last year, signaling increased consumer financial stress and more installment payment options. Adobe found that transactions using this method of payment are 18 per cent larger than orders placed with other payment options.

An Adobe survey of 1,000 consumers found that 30 per cent of online consumers would rather shop using buy online, pick up in store or curbside pickup over standard delivery. The post-holiday use of ‘buy online, pick-up in store’ (BOPIS) has dropped, but it remains 67 per cent higher in February 2021 than last year.

Early on in the COVID-19 pandemic, it wasn't clear if an uptick in services like curbside pickup and buy online, pick up in store would be long-lasting. While consumers are using BOPIS more, Adobe's report noted that shoppers are doing so during work hours because the pandemic "has blended work life and home life for many people."

Source: fibre2fashion.com– Mar 23, 2021

HOME

****

Turkish company Durak Tekstil steadily growing in global market

Taking steps towards growth in export markets with rich sewing and embroidery thread product portfolio, Durak Tekstil is supporting the growth of Turkish textile industry with the added value it creates. Focusing on threads with improved technical and application properties, Durak Tekstil has become one of the demanded brands globally with their solutions.

Durak Tekstil has a monthly production capacity of 250 tons. The company brings the sector together with new products through R&D. Durak Tekstil continue to provide added value to the Turkish textile sector with nearly 50 years of industry experience and innovative manufacturing principles. The company meets the high quality and qualified thread demand of the global textile industry with its continuous innovation concept and has managed to grow both itself and the Turkish textile industry with its investments.

Durak Tekstil makes a difference by investing in innovation ever since 1972 as Turkey's first manufacturer of polyester embroidery thread. The company grows every year with its strong vision, solid production, and sales strategy, and today exports the majority of its production to more than 70 countries spread over 5 continents.

“This is the result of a successfully managed process,” Yigit Durak, Durak Tekstil’s board member and marketing manager, said in a press release. “Durak Tekstil is working nowadays with a monthly average of 250 tons of production capacity at production facilities in Bursa and China. We have a sales network spread around Turkey's 81 provinces as well as, sales offices in Istanbul, Austria and Poland and more than 25 network of distributors.”

“The production process, which starts with the supply of raw materials, is carried out by meeting 100 per cent quality control and product safety criteria. The raw material we supply is carefully evaluated by our team and it is reported whether it meets the criteria. Approved raw materials are allowed into our production process. In addition, our POY facility also gives us confidence in raw materials. The folding, twisting, dyeing, and finishing processes of these raw materials are carried out in our facility with new technology machines. In the final stage, the threads we produce are winded on plastic cones and packaged for use in machines. With more than 350 employees, we continue to work with great devotion so that our products reach more than 70 countries," Durak added.

Continuing its investment strategy in 2020, when the pandemic was experienced with all its intensity, Durak Tekstil updated its machinery. "Thanks to this investment, the production capacity increased by approximately 50 per cent and that they reached the opportunity to provide better delivery times to the customers," Durak said in the release.

One of the most important milestones in the growth process of Durak Tekstil is the POY (filament) facility established in the 90's. "At that time, supply networks were not that advanced and there was a serious dependence on suppliers in terms of production. Periodically experienced raw material supply difficulties prevented our growth and production targets. The POY facility that we have installed gave us the ability to produce the threads we want by using the raw material we want, while saving us from dependence on raw material suppliers. Especially, we eliminated the issues that can be encountered in fine thread supply. With the POY investment, we have turned an important bend on the road to growth," Durak said.

Durak Tekstil, having a wide product portfolio in the field of sewing and embroidery threads, continues to develop special threads that meet customer requests. The main market for sewing and embroidery threads is the ready-to-wear and apparel industry. However, especially the bed and furniture industry has shown a rapid development in recent years.

"The share and amount of high value-added products in the portfolio increased; for instance, our efficiency-enhancing and security products, developed through intense R&D studies, have achieved a rapid rise in the market. These threads can be used in many different application areas with their late incineration and cut resistance properties," Durak said.

"Almost all of our products are able to apply various technical finishing properties. We give our sewing and embroidery threads features such as water repellence, static electricity conductivity, resistance to UV rays, and special dyeing. In this way, water-proof technical textiles such as air balloons, sails and similar can be produced with our threads. This production contributes not only to us, but also to the Turkish textile industry to be competitive in the global market," Durak said in the release.

"Our Duma and Duraless products brought a different perspective to the lower thread system used in sewing machines and hooks. These products take about 3 times more thread than conventional hooks. In this way, it provides longer working time, extends uninterrupted production time and increases operational efficiency," Durak said

"As Durak Tekstil, we aim to increase our share in exports. We plan to increase our domestic market and export sales to 70 per cent in favour of exports in 2021 and to 80 per cent in 2022. In the next 5 years, we aim to grow more in the market and become a globally known and accessible brand," Durak concluded.

Source: fibre2fashion.com– Mar 22, 2021

HOME

****

Consumers reject textiles as relevant for COVID-19 contamination: EU

Amongst plastic, paper, stainless steel, glass, vinyl and cotton fabric, cotton fabric was the material with the lowest half-life, implying that the COVID-19 virus dies faster on this type of surface compared to paper surfaces, according to independent research. Consumers do not see textiles as a relevant path for contamination of COVID-19, according to the European Union (EU).

Using updated data for the use of energy and water in washing of laundry decreases the climate impact from the use of textiles to only half of the impact from disposables, when comparing previously performed life cycle assessments (LCAs) of textile and disposable table linen.

Recycling of textile fibres, use of alternative fibres in textile-production and increased use of non-fossil energy in the washing process, are continuously decreasing environmental impacts from textiles, the EU noted in an analysis.

Multi-use of textile table linen in circular processes is already preferable to use of disposables, and several ongoing processes strongly y point at further environmental benefits from use of textile table linen as compared to disposables in the future.

Each job created in textile service industry creates another 0.25 indirect and induced jobs. The European and the US textile service sectors together support almost 330 000 jobs in all.

The diversity amongst workers in the sector clearly reflects the important role that the laundry and textile service industry has for the provision of jobs and opportunities for foreign-born people. The textile service industry is a motor for integration in countries through-out the world, the EU said.

Choosing textile table linen generates jobs locally through textile service companies. Supporting the sector is, therefore, utterly important in times with rising unemployment, the EU added.

Source: fibre2fashion.com– Mar 23, 2021

HOME

****

Bangladesh home textiles export grow by 15%

As per Export Promotion Bureau, Bangladesh's home textile exports grew by 15 per cent and reached $936 million by 2020. The home culture job in western countries has proved a mini-blessing for home textile exporters in Bangladesh.

The second most important exporter of clothing, Bangladesh, has benefited from the increased demand for home textiles as it has a variety of items of high quality at fair prices. Bangladesh Home textiles include bed sheets, towel and other textiles, towels, tapestries and toppers, sheets, linen for the kitchen, curtains, pillows and coat coverings and quilts coverings.

In comparison, revenues plummeted by 17 percent to $27.5 billion in the same year. During the fiscal year 2020-201, however, domestic textile shipments rose by 48 per cent to $547.48 million in July-December.

Source: fashionatingworld.com– Mar 22, 2021

HOME

****

Pakistani denim makers begin to make use of hemp

Three Pakistani textile makers say they have begun producing new denim fabrics blending cotton with hemp. Artistic Milliners (AM), Karachi; US Denim, Lahore; and Farooq Spinning Mills, Faisalabad, all say they have embarked on denim production that incorporates hemp, according to South Asia Investor Review.

After establishing a hemp program last year, the Pakistani government has said hemp can be a sustainable replacement for cotton production, which is in decline in Pakistan as farmers shift to other crops due to low prices and a lack of high-quality seed. Pakistan was once the world's largest exporter of cotton yarn, and the fourth biggest cotton producer in the world behind China, India and the USA.

Sourced from China

AM's IntelliJeans collection features cottonized hemp sourced from China for now. The line is being marketed as both sustainable and naturally antimicrobial. A global conglomerate that originated as a vertically integrated denim manufacturer, Artistic Milliners operates a consumer experience center in Dubai and an innovation incubator in Soho, New York City, as well as a manufacturing facility in Los Angeles.

US Denim is a fabric mill supplying denim to the fashion industry through partnerships with such leading international brands as Levi's, H&M and Marks & Spencer. Its collections focus on sustainability and feature recycled and biodegradable fibers such as hemp. Other products use recycled cotton, elastane and polyester; aniline-free dyestuff; and water-safe dyeing methods.

Asad Farooq of Farooq Spinning recently told BBC Urdu his company has signed a memorandum of understanding to begin mass production for a U.S.-based company.

Research under way

Backing the move toward hemp textiles in Pakistan, scientists at Agriculture University in Faisalabad are creating sustainable blends incorporating hemp.

Pakistan approved hemp farming and processing under government control last September, suggesting the sector could result in a $1 billion market over the next three years. Farms for cannabis production are being established in Jhelum, Peshawar, Chakwal and Islamabad.

The government is controlling hemp production for now, but plans call for letting private businesses and farmers enter the market at a later date.

Source: hemptoday.net– Mar 21, 2021

HOME

****

Bangladesh Manufacturer Brings His Plight to World Leaders

How much can a single voice catch the ears of harried policy makers? One man in Bangladesh is trying to find out.

"There is a power in it, to bring to attention the suffering in the manufacturing world. It is not about waiting for someone else to do something, but each of us can help," Mostafiz Uddin told Sourcing Journal, a little over a week into his letter-writing campaign to heads of governments in the Western world.

His missives regarding the plight of his business, his workers, and many others, were sent to German Chancellor Angela Merkel and Netherlands minister for foreign trade and development cooperation Sigrid Kaag, among others.

Uddin, owner and CEO of Denim Expert Limited in Dhaka, Bangladesh, has been outspoken on sustainability and other issues for the industry, and was awarded the Drapers Sustainable Fashion Champion award for 2021 on Wednesday. The award was to recognize the example set in promoting sustainability during the pandemic. He dedicated the honor to H&M, which he said supported his business through the pandemic by continuing to place orders.

Uddin said hat he wants to be a game changer in the apparel industry, leading by example to inspire others to behave responsibly and ethically.

"I don't represent only a small manufacturer in Bangladesh," he said, "but rather the manufacturing sector across the world—the problems are the same. I am not targeting retailers either, they too are suffering. But while so many services are being kept alive—airlines, airports, supermarkets, the retailers should get some benefit."

"Things are not okay in the global fashion industry. We saw the Arcadia group go bankrupt. There will be more bankruptcies. The fact is that if 10,000 people lose their jobs in the UK, this translates to 100,000 in other countries. This is what I am trying to explain to policy makers, to talk about purchasing practices and their impact around the world," said Uddin.

While President Biden is himself one of the officials who needs to pay heed, there are many in power all down the line, he said.

Stefan Forsbach, a fashion and retail consultant based in Austria, believes that such an appeal can help the industry and observed that Uddin's letters have been trending on LinkedIn.

Forsbach reiterated the point of the letters, saying that Uddin's quest for a clear perspective on retail all over the world was laudable.

"We do need a clear strategy on Covid 19 and to reduce the collateral for retail. The collateral is that a lot of retailers went into bankruptcy. What Mostafiz Uddin is doing is not asking for money, or higher prices, not crying for help or criticizing the present situation—just asking the politicians to support the pledge of retailers and to give perspective to those who don't realize that there are hundreds of workers at the end of the line that are impacted by each decision they make."

Annetta Bratschi, owner and CEO of Basic Fancy Line, a company based in Holland which manufactures in Bangladesh and sells to retailers across Europe, has been paying attention and agrees.

"My company is more than 30 years old and we have manufactured in Belgium, Tunisia, Mexico, China and now Bangladesh, and I understand the situation for both sides. While health is a priority, the governments have to pay attention to the economic situation as well—they decide when shops close, when cinemas close, when bars close. Retail in Holland has only opened last week, with appointment, for two people in a store. While we did maybe 65 percent of our sales over the previous year in 2020, this year appears to be even more worrying. We also realize the impact on the women who are working in manufacturing countries and are entirely dependent for their basic livelihoods on the way retail functions in other countries," she said.

In a letter addressed to Germany's Merkel, Uddin introduced himself as a "small manufacturer from Bangladesh" and that a favorite denim dress in her wardrobe "might be produced by the loving stitches of my workers as my factory Denim Expert Limited has been working with pleasure and pride with some of the popular German brands." He pointed out that Germany, the second largest export destination of Bangladesh garments, is a strong source for the well-being of the four million workers employed in the apparel industry in Bangladesh.

“As the stores are closed, the German brands and retailers themselves are struggling to survive. But on their very survival and smooth business hinges the lives and livelihoods of millions of apparel workers in developing countries like Bangladesh. Therefore, I would earnestly request you to consider opening the retail stores in Germany,” the letter stated.

“It is a simple letter,” said Uddin while speaking about his campaign. “But each of us can make a difference. We have to try.”

Source: sourcingjournal.com– Mar 22, 2021

HOME

****

NATIONAL NEWS

'Teething troubles' hold up exporters tax benefits under RoDTEP scheme: Commerce secretary

Commerce secretary Anup Wadhawan on Monday said a few 'teething troubles' are holding up the government from notifying the tax refund rates and the rollout of the Remission of Duties and Taxes on Exported Products (RoDTEP). He said these 'teething troubles' will be over soon and exporters would get the benefits of the scheme January 1, 2021 onwards.

"The entire roadmap is clear and benefits will be available from January 1, 2021...it is just a matter of a few weeks' teething issues. They'll be behind us very soon but exporters know what to expect. They know it is a benefit that will come from January 1," Wadhawan said.

The scheme, which replaced the Merchandise Exports from India Scheme, is yet to be implemented because of absence of rate of benefits. The refund rates for various product categories are yet to be finalised by the finance ministry and commerce ministry.

The Budget 2021-22 announced an initial allocation of Rs 13,000 crore for the RoDTEP but the finance ministry had announced an outlay of Rs 50,000 crore in 2019.

The RoDTEP will reimburse input taxes and duties paid by exporters, including embedded taxes, such as local levies, coal cess, mandi tax, electricity duties and fuel used for transportation, which are not exempted or refunded under any other existing scheme.

Export districts

On the issue of districts as an export hub initiative, Director General of Foreign Trade Amit Yadav said products and services with export potential have been identified in 725 of the 745 total districts in the country.

In his independence day speech in 2019, Prime Minister Narendra Modi had called to make each district of the country into an export hub. As per an official statement, in the next 3 to 5 years, it is targeted that export growth of double digits is registered from 500 Districts of the country, with significant growth in the exports of identified products/services from each district.

“District wise baseline data has been started from September 2020 onwards. This will help in monitoring the progress made in terms of export performance from the districts,” DGFT said.

The DGFT added that institutional mechanism in the form of separate export promotion councils at state and district levels are being created to address the bottlenecks for export growth. Specific action plans to boost outbound trade is also being finalized by them in each district, with draft action plans having been prepared by DGFT's regional authorities in 451 districts.

Ease of trading

The DGFT said with newer IT systems to be rolled out in a phased manner by March 2021, a virtual DGFT Offices would be faceless, contactless and paperless and reduced physical location of offices is also being planned. “DGFT would be transformed further into more trade promotion roles so that it acts as a single-window for trade promotion activities,” it said in statement.

As for e-governance, Yadav said the department is working on a module for its internal working and in coming weeks which will lead to paperless and contactless working. Wadhawan said," In a very short timeframe, the entire gamut of the DGFT’s approval processes including issuance of rules of origin certificates by the Export Inspection Council, have become paperless and online."

Almost all schmes under the DGFT, applications processing, approval process is paperless, and even the scrips and all which are issued are electronic and are electronically processed and implemented, he said. “DGFT has undertaken initiatives to route all trade related formalities through a single online portal, simplification of procedures for trade clearance related activities and paperless filing of documents,” DGFT said in the statement.

E-issuance of licences for import/export of restricted items and Online Platform for e- issuance of Preferential Certificates of Origin are some of initiatives to ease of trading across borders and help India break into the top 50 in the World Bank’s Doing Business ranking.

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

HOME

****

Delay in key WTO ruling casts shadow on FTP

With a debate over certain critical aspects of the next five-year foreign trade policy (FTP), especially export schemes, still underway, the government will likely delay the announcement of a new FTP even as the current one, already extended by a year, expires on March 31.

At the heart of this delay is not just Covid-induced disruptions but a policy dilemma about the continuation of certain key export programmes that have been challenged successfully by the US at the World Trade Organisation (WTO) on ground of being inconsistent with global trade rules, sources told FE.

Washington had also claimed that “thousands of Indian companies are receiving benefits totalling over $7 billion annually from these programmes”.

India had appealed against the ruling of the WTO’s dispute body in response to the US plea in November 2019. But with the WTO’s appellate body remaining dysfunctional for over a year now, ironically due to the US’ blocking of the appointment of judges, the fate of India’s appeal remains uncertain.

The programmes that have been challenged include the Merchandise Exports from India Scheme (MEIS) and those relating to special economic zones, export-oriented units, electronics hardware technology parks, capital goods and duty-free imports for re-exports.

While India has already replaced the MEIS, the biggest scheme, with a WTO-compliant tax refund programme from January 1, others still continue. A restructuring or abolition of these schemes would warrant an exhaustive exercise and impinge on export prospects as well.

New Delhi believes that it has a strong case and the verdict of the appellate body, when it comes, should go in its favour.

“Given these complexities, the government will soon take a call on whether to extend the validity of the current FTP or not,” a source told FE.

If the Biden administration in the US junks the policies adopted by Donald Trump and permits the appointment of judges, the WTO's appellate body will resume normal functions. However, analysts say this is easier said than done, given that America's criticism of the WTO predates the Trump administration.

Unless a decision is made by the appellate tribunal on the appeal, the findings of the WTO's dispute panel can't be binding on India. However, if the appellate body upholds the panel's ruling, India will have to scrap or restructure the export promotion schemes within a mutually-agreed-upon (with the US, in this case) time frame, which is often a year.

Already, the government was forced to extend the validity of the foreign trade policy (FTP) for 2015-20 by another year through FY21. The move last year was aimed at maintaining policy stability and softening the blow to exporters in the wake of the Covid-19 pandemic.

According to the special and differential provisions in the WTO's Agreement on Subsidies and Countervailing Measures, when a member's per capita gross national income (GNI) exceeds $1,000 per annum (at the 1990 exchange rate) for a third straight year, it has to withdraw its export subsidies.

According to a WTO notification in 2017, India crossed the per-capita GNI threshold for three straight years through 2015–to $1,178 in 2015 from $1,051 in 2013.

However, India has been arguing that just like some others who were granted eight years to scrap export subsidies, it, too, deserves such a time frame to do so.

Interestingly, the US in 2019 appealed against a ruling by the WTO's dispute settlement panel on renewable energy in favour of India. In response to a plea by India, the dispute panel had in June 2019 held that America's domestic content requirements and subsidies provided by eight of its states in the renewable energy sector were inconsistent with global trade norms. Even this appeal by the US, too, is pending.

Highlights

Policy riddle

- Govt in a fix over export schemes successfully challenged by the US at WTO's dispute body
- India has appealed against it but verdict is delayed due to a crippled appellate body
- The US had claimed India's "illegal" subsidies via these schemes stood at $7 bn/year
- The schemes include MEIS and those relating to SEZs, EoUs, electronics parks & capital goods; MEIS is replaced but others continue

Source: financialexpress.com– Mar 22, 2021

HOME

****

India's economy likely to grow at 12% in 2021: Moody's Analytics

India's economy is expected to grow by 12 per cent in 2021 following a 7.1 per cent contraction last year, as near-term prospects have turned more favourable, according to Moody's Analytics, which recently said a stronger-than-expected December quarter gross domestic product (GDP) growth of 0.4 per cent following a 7.5 per cent contraction in the previous three months has turned India's near-term prospects more favourable.

Domestic and external demand has been on the mend since the easing of restrictions, which has led to improved manufacturing output in recent months, it said.

"We expect private consumption and nonresidential investment to materially pick up over the next few quarters and strengthen the domestic demand revival in 2021," it said.

"This forecast is equivalent to real GDP, in level terms, growing by 4.4 per cent above pre-Covid-19 levels (as of March 2020) by the end of 2021, or equivalently, by 5.7 per cent above the GDP level in December 2020 by the end of 2021," it was quoted as saying by a news agency.

Source: fibre2fashion.com- Mar 22, 2021

HOME

****

Managing GST

Further simplification of the GST system is needed to boost collections

The strong GST collections since last October indicate that the new indirect tax system is finally falling in place, following teething troubles in the first few years. These collections can be further bolstered through simplification of the system and greater surveillance, by both the Centre and the States.

GST collections have sustained above the ₹1 lakh crore mark since last October, recording an all-time high of ₹1.19 lakh crore in January. The improvement in tax collection is due, in large part, to the improvement in consumption and business conditions since the second quarter of this fiscal year, as the economy began unlocking. But the boost also seems to have been led by certain initiatives by the GST authorities.

The most significant of these is the implementation of e-invoice uploads by GST payers. Under this system, details regarding all invoices for B2B transactions have to be entered in an invoice registration portal, which is then transferred to the GST and e-way bill portals. The details captured from the e-invoices are used to populate the GSTR-1 return and part-A of the e-way bills thus leading to automatic filling of returns, which was the original objective of the GST system. With the buyer's GST return also capturing the details in the e-invoices, tax evasion becomes quite difficult.

his system has been implemented in a phased manner since last October, beginning with largest taxpayers with turnover exceeding ₹500 crore, and the higher collections since then could partly be due to this. With smaller taxpayers also being gradually moved to e-invoicing system — businesses with turnover up to ₹50 crore have to upload e-invoices from April 1 — the leakages are set to reduce further.

Another factor behind higher GST collections appears to be the authorities using the data collected at the GST portal more effectively to identify tax evasion. The completion of the GST audit for FY19 has also helped identify the inadvertent errors being made by taxpayers and correcting these has also helped get the system on its feet. Besides these, the crackdown on people issuing fake invoices to avail input tax credit is also acting as a deterrent to such malpractices, helping plug leakages.

It is well that the new GST returns that were to be implemented from October 2019 have been put on the back-burner for now. Frequent changes to returns will increase the compliance burden on taxpayers, besides leading to more cost. The tax authorities should however continue to simplify the tax returns and the tax filing process to improve compliance.

Reduction of the multiple tax slabs under the GST to move towards the revenue neutral rate, as suggested by the Fifteenth Finance Commission, is also something that the GST Council needs to consider seriously while addressing the inverted duty structures existing between inputs and final products of some goods. The States should also step up their efforts to improve GST compliance to make the system function effectively.

Source: thehindubusinessline.com- Mar 22, 2021

HOME

****

India's technical textiles market to grow by 7.6%: KPMG-FICCI

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, says a report by KPMG-FICCI.

As per the Hindu Business Line, this growth will be 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.

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.

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.

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.

Source: fashionatingworld.com- Mar 22, 2021

HOME

****

Labour Codes

India, being a founding member of the International Labour Organisation (ILO) has deep respect for its principles and objectives. The Government of India has always upheld the basic tenets of tripartism. ILO has not commented about India's lack of compliance with ILO Convention -144 on Tripartite Consultations in implementing the four Labour Codes.

The four Codes, namely, the Code on Wages, 2019, the Industrial Relations Code, 2020, the Occupational Safety, Health and Working Conditions Code, 2020 and the Code on Social Security, 2020 have been notified in Gazette of India. Prior to that the Government had done extensive consultations inviting all Central Trade Unions, Employers' Associations and State Governments.

The Government had undertaken nine tripartite consultations on all the four Codes on 10.03.2015, 13.04.2015, 06.05.2015, 14.07.2015, 06.10.2015, 04.10.2017, 22.11.2018, 27.11.2018 and 05.11.2019 inviting all Central Trade Unions, Employers' Associations and State Governments. All these Codes were also placed on the website for inviting comments from all stakeholders including general public.

Further, all the Codes were referred to the Parliamentary Standing Committee on Labour for examination. The Parliamentary Standing Committee on Labour, in the process of examination of the Codes, had invited the views/suggestions from Trade Unions/ Organizations/Individuals/Stakeholders and also took oral evidence of the representatives of Central Trade Unions and various other Associations/Organisations/Stakeholders. The reports of the Committee were taken into account before these Labour Codes were considered and passed by the Parliament.

As a step towards implementation of four Labour Codes and to discuss the draft Rules on four labour Codes, tripartite meetings inviting representatives of all Central Trade Unions and Employers Associations were convened through Video Conferencing on 24th December, 2020 and 12th January, 2021. Third tripartite meeting was held on 20th January, 2021 in physical mode.

However, the Industrial Relations Code, 2020 reduces the requirement of minimum continuous service in case of fixed term employees from five years to one year.

This information was given by Minister of State (I/C) for Labour & Employment Shri Santosh Kumar Gangwar in a written reply in Lok Sabha today.

Source: pib.gov.in- Mar 22, 2021

HOME

****

Textiles hanging by a thread

Telangana is the fourth largest producer of cotton in the country. Importantly, the cotton produced is the premium long staple variety. Currently, 17 lakh hectares is under cotton cultivation, yielding 70 lakh bales annually. However, only 7% of the cotton produced is ginned and spun in the 35 or so textile mills operating in the state. The rest of the cotton is shifted for processing and spinning to other states, including Tamil Nadu, Maharashtra and Gujarat that have large mills.

This means that the state is unable to reap the benefits due to lack of modern processing and dyeing houses. Furthermore, inadequate water resources due to scanty rainfall and depleting groundwater coupled with irregular power supply are some of the other reasons.

Lack of infrastructure coupled with limited employment opportunities compelled Telangana's youth to look outward for opportunities in neighbouring states in the country and outside. They seek employment in the textile and garment sectors in Maharashtra, Gujarat, Haryana, Karnataka, the UAE, Bangladesh, etc.

Not all is lost, as the state is seeking to improve the languishing textile and garment industry. During the past few years there has been an improvement in the groundwater levels, largely due to Mission Kakatiya, with many irrigation projects like Priyadarshini Jurala Project, Koilsagar, Kalwakurthy LIS and others. Many water bodies are created and old ones filled, resulting in increased surface water. At the same time, better management of power generation has made it possible to make electricity available without major interruptions.

Telangana state and specifically Hyderabad are strategically located. To further the advantage, the government has proposed to connect different districts to the capital through the "regional ring road". This project will greatly improve connectivity, making accessibility by road and railway to the seaports on the west and east coasts easier.

Human factor is critical to the textile and garment industry, which is highly labour-intensive. It needs trained workforce. A sustained effort to develop human capital is essential for the industry to survive and thrive. Many schemes to encourage and support handlooms have been operating in the state such as Nethannaku Cheyutha, infrastructural support and Chenetha Mithra input subsidy scheme. These are aimed at the development of handloom clusters and weavers.

While handlooms help weavers directly, the weaving process is slow and the fabric output is small. As a result, handloom fabric is mostly used in traditional wear.

The readymade garment industry needs high quality and large quantity of fabric. For the readymade garment industry to thrive, mill-made fabric is essential. Barring a few mills like Sanghi Spinning Mills and Sanghi Textiles, and Suryalakshmi Mills, there are no major textile players in the state.

Encouraging investments in modern spinning and weaving mills by setting up textile clusters will multiply employment and also improve local consumption of high-quality cotton fibre. Textile clusters must include processing and dyeing houses as standalone units or composite mills. These clusters can be developed in and around districts that have sufficient water resources.

Thus the state can encourage handloom and powerloom sectors to offer greater choice to the readymade garment industry and this approach will complete the value chain, leading to increased employment, investment and state revenues. It is a fact that for every Rs 1 crore invested, nearly 100 jobs are created directly in sewing, finishing and packing; and indirectly support services such as printing, embroidery, washing, trims and accessories. Promotion of the manufacturing sector is vital for sustained growth and employment. Therefore, development of the textile sector will create employment in Telangana where nearly 30% of the population is unemployed.

Various skill development schemes have generated large pools of skilled manpower in different districts of the state. Many of the trained youth prefer to seek employment within their district and state. The state government needs to address this demand, which would improve both the garment industry and add value to the state's economy.

The larger picture that emerges is lack of sustained campaign to promote the industry. It is observed that there is a lack of connect between the industry and the government. This needs to be addressed by the state government by engaging actively with local and national trade bodies. It is time the state shifts gears and works on a mission mode to promote garment manufacturing.

Source: financialexpress.com- Mar 23, 2021

HOME

****

Manufacturing gaining lost momentum in fourth quarter: FICCI survey

FICCI's latest quarterly survey on manufacturing assessed recovery of the sector for Q-3 (October-December 2020-21) and pointed that it is expected to regain the lost momentum in the Q-4.

The percentage of respondents reporting higher production in the third quarter of 2020-21 had increased vis-a-vis the Q-2 of 2020-21. The proportion of respondents reporting higher output during October-December 2020 rose to 33 per cent, as compared to 24 per cent in Q-2 of 2020-21. The percentage of respondents expecting low or same production is 67 per cent in Q-3 2020-21 which was 74 per cent in Q-2 2020-21.

FICCI's survey assessed the sentiments for the next quarter (Q-4) for 12 major sectors namely automotive, capital goods, cement and ceramics, chemicals, fertilizers and pharmaceuticals, electronics and electricals, leather and footwear, medical devices, metal & metal products, paper products, textiles, textile machinery, and miscellaneous. Responses have been drawn from over 300 manufacturing units from both large and SME segments with a combined annual turnover of around Rs 5.3 lakh crore.

As per the survey, the overall capacity utilization in manufacturing has witnessed a rise to 74 per cent as compared to 65 per cent in previous quarter. The future investment outlook, however, looks slightly better as 30 per cent respondents reported plans for capacity additions for the next six months as compared to 18 per cent in the previous quarter.

High raw material prices, high cost of finance, shortage of skilled labour and working capital, high logistics cost, low domestic and global demand due to imposition of lockdown across all countries to contain spread of coronavirus, excess capacities due to high volume of cheap imports into India, lack of financial assistance, uncertain demand scenario across globe, complex procedures for obtaining environmental clearances, high power tariff, are some of the major constraints which are affecting expansion plans of the respondents.

The survey indicated that capacity utilisation witnessed a jump in Q3 for automotive, capital goods, electronics and electrical, medical devices sectors such hike it remained slow or subdued in textile and leather sectors.

Besides, 78 per cent of the respondents had either more or same level of inventory in October-December, whereas around 79 per cent of the respondents maintained either more or same level of inventory in July-September 2020 quarter of 2020-21.

The percentage of respondents expecting increase in exports has increased substantially to 29 per cent when compared to previous quarters during lockdown period, wherein 24 per cent respondents were expecting a rise in exports. Also, 34 per cent are expecting exports to continue to be on the same path as that of same quarter last year.

The hiring outlook for the sector also seems to be improving, as 37 per cent against 20 per cent in the previous quarter are planning to hire additional workforce.

Based on expectations in different sectors, sectors such as Medical Devices, Chemicals, Fertilizers and Pharmaceuticals, Textile Machinery, Electronics and Electricals, Capital Goods and Metal and Metal Products are likely to register strong growth in Q-3 2020-21, the survey indicated.

Source: business-standard.com- Mar 22, 2021

HOME

****

CCI cuts price of cotton as ‘one-time’ correction

The Cotton Corporation of India (CCI) on Monday reduced the selling price of cotton as a “one-time correction.”

International cotton prices had risen almost 12% in the last two months and dropped at the same rate, said Pradeep Kumar Agarwal, CMD of CCI.

“The CCI did not increase the prices to that extent. Since CCI prices went up only by about 2%, it has reduced the prices by [about] 2%,” he said. The amount of reduction in prices differs according to the variety of cotton.

This nominal correction will give a stimulus to the textile industry as those who want to buy cotton can do so now, he added.

A.Sakthivel, chairman of the Apparel Export Promotion Council, said cotton yarn prices had gone up steeply in the last 4 months.

The move by the CCI was significant for the textile value chain, especially garment exporters, he said, appealing to textile mills to reduce yarn prices by ₹20 a kg as cotton prices had declined.

Source: thehindu.com- Mar 22, 2021

HOME

****

Ray of hope for revival of textile mills in district

Union Minister Smriti Irani's assurance of subsidies for reviving textile mills and appointment of Textile Commissioner for the holy city has raised hopes of local industrialists.

Responding to the demand of Amritsar Lok Sabha MP Gurjeet Singh Aujla in Parliament, she announced that various steps were in pipeline to revive the textile industry of the city. She informed that a Textile Commissioner would be appointed and subsidy would be given for its revival.

Earlier, Aujla had raised the matter of ignoring the textile industry of the border city, which used to be hailed as Manchester of India. He said it used to offer employment to a large number of people.

Textile Merchants Association (TMA) stated that the Union Government had not announced the textile policy which has been pending since 2016. Its members demanded that the New National Textile Policy should be framed to meet its requirements and redressal of shortcomings.

There are two components of textile sector – organised and unorganised sector. Most of the units here fall in unorganised sector which come under the MSME category. The problems gripping this sector are very much different from other.

Basic raw material for textile sector in India is polyester and woollen and worsted yarn. Woollen yarn, which is also called, greasy wool, is being imported from Australia and other countries. It said these raw materials should be made available at international price and particularly at the rate prevalent in Chinese market which could increase the textile export manifold. Improvement in the quality of wool in India either by importing merino goats from Australia or its sperm be arranged.

SK Wadhwa, a textile manufacturer, said, free import of textile readymade and made-ups under SSARC from Bangladesh in particular has crippled the domestic industry. So amendments are required. "Export Promotion bodies should organise international seminars, conferences during winters in the holy city, which boasts of international airport and the best of road and rail connectivity," he said.

He demanded upgradation in the syllabi of IITs and polytechnics and direction to export promotion councils to arrange study and promotional tours overseas for textiles particularly shawls, Wool Research Center in Jodhpur may also improve research and development for innovation. "Setting up of a 'wool technology centre' at GNDU where courses can be offered to train students for wool exclusively," he added.

Source: tribuneindia.com- Mar 23, 2021

HOME

****

Unemployment Rate

National Statistical Office (NSO), Ministry of Statistics and Programme Implementation, has been conducting Periodic Labour Force Survey (PLFS) since 2017. As per the second Annual Report of PLFS (July 2018-June 2019) released in June,2020, the Labour force participation Rate(LFPR), Worker Population Ratio(WPR) and Unemployment Rate(UR) according to usual status for persons of age 15 years and above at all India level (rural+urban) is 37.5%, 35.3% and 5.8% respectively.

Under the Aatmanirbhar Bharat RozgarYojana (ABRY) Scheme, being implemented to incentivize creation of new employment along with social security benefits and restoration of loss of employment during COVID-19 pandemic, approximately 16.5 lakhs beneficiaries have registered themselves with the Scheme w.e.f 01.10.2020. Out of this, approximately 13.64 lakhs are new joinees with UAN generated on or after 01.10.2020 and approximately 2.86 lakhs are re-joinees who were rendered un-employed during covid pandemic from 01.03.2020 to 30.09.2020& rejoined from 01.10.2020 onwards.

This information was given by Minister of State (I/C) for Labour & Employment Shri Santosh Kumar Gangwar in a written reply in Lok Sabha today.

Source: pib.gov.in- Mar 22, 2021

HOME

****