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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

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INTERNATIONAL NEWS

UK announces creation of 4 major trade, investment hubs

Four major new trade and investment hubs will be established in Scotland, Wales, Northern Ireland and the North-East of England to boost trade and investment and level up the country, UK international trade secretary announced yesterday. Exporters will have a direct feed into UK trade policy and can take more advantage of opportunities in fast-growing markets like the Indo-Pacific region.

The trade hubs in Edinburgh, Cardiff, Belfast and a new second major department of international trade (DIT) site in Darlington will be established as part of a new strategy to boost exports and bring the benefits of the government's global trade policy to the whole of the UK, including benefits from future free trade agreements with the United States, Australia and New Zealand, according to an official release.

The trade hubs will also create a critical link between the regions and the resources of the Office For Investment—a joint initiative with the Prime Minister's Office—to channel investment money into every UK nation and region.

The trade hubs will be home to teams of export and investment specialists, who can provide businesses with expert support and advice to help them maximise their export potential and boost their trade in new markets overseas, better access major trade markets like India, the United States and Japan, and feed directly into DIT's free trade agreements programme, the press release said.

Earlier this month, government-led research showed exports support 6.5 million jobs across the United Kingdom, 74 per cent of which are outside London. The research estimates jobs directly and indirectly supported by exports pay around 7 per cent higher than the national median, with Office for National Statistics estimating that goods exporting businesses are also 21 per cent more productive.

The new trade hubs will also support the launch of high-profile export campaigns due to launch later this year, that will seek to maximise export potential and boost UK enterprise in global markets, following the recent launch of the food and drink export campaign. Last year, goods exports from the North of England, Scotland, Wales, and Northern Ireland were £98.4 billion.

Source: fibre2fashion.com– Mar 24, 2021

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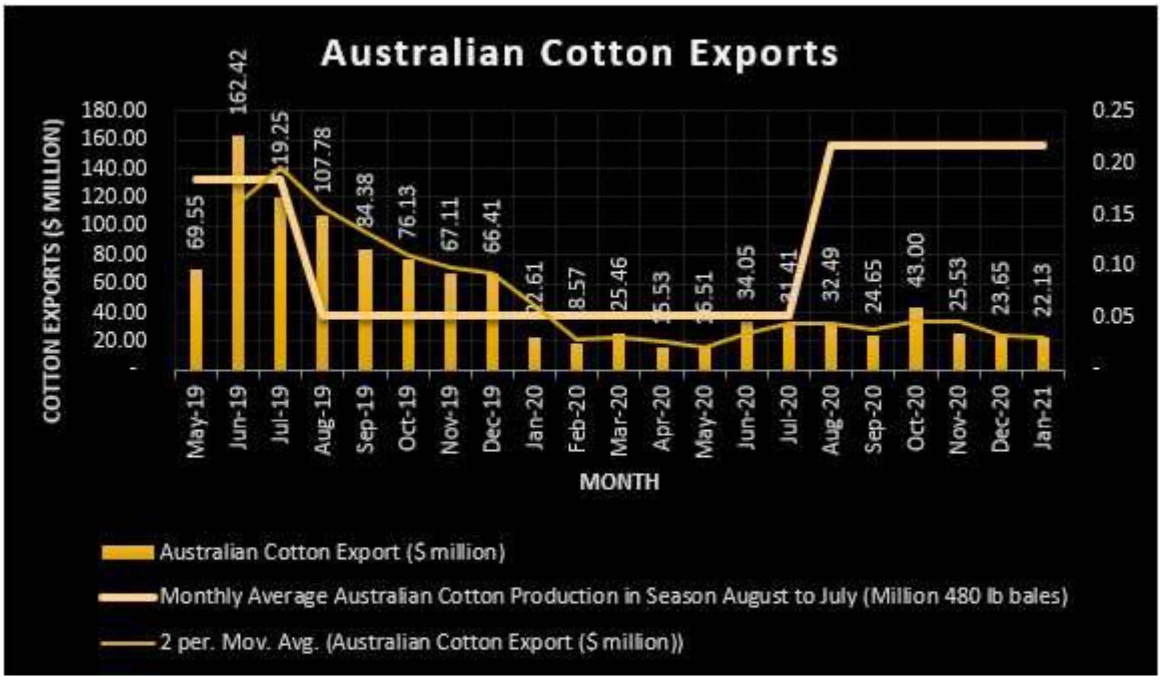
Australian cotton exports expected to grow in 2020-21: TexPro report

Australia's cotton production is expected to rise in 2021 as country's normal weather continue to replenish reservoirs essential for irrigation. Also, Australia's area under harvest has increased 78.57 per cent in 2020-21 to 0.28 million hectares from 0.06 million hectares in 2020, reaching to the production level prior to the spread COVID-19 pandemic.



Australia's monthly average cotton production is expected to grow 312.70 per cent in 2020-21 to 0.22 million 480 lb bales (2019-20: 0.05 million 480 lb bales). This rise would also be 18.18 per cent higher as compared to season 2018-19, according to Fibre2Fashion's market analysis tool TexPro.

Australia's cotton exports for 2020 were $313.45 million with monthly average of $26.12 million (2019-20: average $47.16 million). If the rising trend continues with the reduction of COVID-19 impacts, the exports are expected to jump to a monthly average of $147.46 million in 2020-21.

Source: fibre2fashion.com– Mar 24, 2021

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UK Retail Lost Nearly 10,000 Stores Last Year—and There Could Be More to Come

The coronavirus pandemic wreaked havoc on British retail last year, and hopes for a better 2021 could be dashed by new virus variants and any additional lockdowns imposed to curb infections.

John Lewis Partnership on Wednesday confirmed plans to close eight locations that "can't sustain a large store," it said, noting that 24 John Lewis brick and mortars will reopen beginning April 12, the date long pegged as the earliest when nonessential merchants can throw open their doors. The retailer said the closures affect four At Home shops and four department stores that "were financially challenged prior to the pandemic."

John Lewis said it will make "every effort to find alternative roles" for the 1,465 employees affected by the retail shutdowns. When it shuttered eight stores last year, the company shifted about one-third of affected staff into new permanent positions.

With shoppers making more of their purchases through digital channels, Johns Lewis expects as much as 70 percent of its future business will originate online. To that end, the Partnership is working to improve Click & Collect service in Waitrose stores and expand local collection points through third parties. "We will also be testing new formats of smaller, local neighborhood shops offering the best of John Lewis," it added.

Acknowledging that British high streets are undergoing the "biggest change for a generation," Sharon White, chairman of the John Lewis Partnership, said the company is "changing with it" and will continue to offer the "trusted service" that consumers have come to expect.

The developments at John Lewis Partnership follow retail deals that saw e-tailers Asos and Boohoo absorb some of their bankrupt store-based peers for a rebirth that leaves expensive brick and mortars behind, costing the sector 500 stores and 25,000 retail jobs.

In all, more than 17,500 chain stores closed in 2020, according to data published this month by PwC's British arm. Nearly 10,000 chain stores were erased from the U.K's retail landscape last year, it added, noting that 7,655 openings versus 17,532 closures drove a net decline of 9,877.

"Although a decline was to be expected in a pandemic, this is the worst ever seen with an average of 48 chain stores closing every day, and only 21 opening," PwC said of the research, conducted with the Local Data Company. "The findings starkly compare to five years ago in 2015, which saw net decline of just over 1,000, 50 percent more openings and 25 percent fewer closures than 2020."

More store closures are inevitably on the horizon, PwC said. "Worryingly, the real impact of the pandemic is yet to be felt as some stores 'temporarily closed' during lockdowns, but considered as open in the research, [and] are unlikely to return," it added. "But while we wait to see the full impact of Covdi-19 on store closures, its effect on consumer behaviors are driving changes."

Different retail settings saw different fates and fortunes. Retail parks benefited from their anchor "essential" stores like supermarkets being allowed to remain operational throughout the pandemic, while their outdoor formats and free parking dovetailed with social-distancing concerns. In contrast, shopping centers, largely found in densely populated city centers and home to hard-hit fashion retailers and chain restaurants, fared the worst.

"Location is more important than ever as we see a reversal of historical trends," said Lisa Hooker, who heads up the consumer markets practice at PwC. "For years, multiple operators have opened more sites in cities and closed units in smaller towns. As consumer behaviors and location preferences change, partly as a result of Covid-19, retailers are moving to be where they need to be. Small towns will remain important but we can expect recovery in cities as workers and tourists return, albeit in smaller numbers adopting more flexible working models."

Hooker said the pandemic's true fallout is still yet to be seen as bankruptcies and restructurings that happened early this year "still haven't been captured," noting that the demise of department stores, specialty retailers and hospitality firms "will leave big holes in city center locations."

However, PwC retail restructuring partner Zelf Hussain believes that government efforts will "reactivate the high street," even though businesses are still facing the "twin impacts" of consumers shopping and working differently. "So, although we are upbeat about a bounce back for the high street, we will also see restructurings on the rise as companies look for sustainable solutions," Hussain added.

Overall, the sector lost 67,000 jobs in 2020 versus the year prior, according to the British Retail Consortium (BRC).

“While the Christmas quarter traditionally sees a rise in retail jobs, the last quarter of 2020 saw the lowest [fourth quarter] job numbers since 1999,” BRC CEO Helen Dickinson said Tuesday. “While the second wave of the pandemic swept away tens of thousands of retail jobs, many more were saved by the Government’s furlough scheme, which is now providing support for 600,000 retail workers, a rise of 200,000 since December.”

However, the retail chief believes the situation is likely to deteriorate if Britain’s third lockdown drags on past April 12, especially because much of the employment created in the sector supported grocery outlets as well as digital operations, in addition to the “many temporary jobs in the run up to Christmas.” Stores located in towns and city centers “continue to employ fewer and fewer people,” Dickinson added.

Though retail remains the U.K.’s largest private-sector employer, Dickinson said it is “imperative that the Government takes all necessary precautions” to ensure quarantine ends, as many hope it will, on April 12. Any further delays to Prime Minister Boris Johnson’s roadmap to reopening would fuel additional store closures and threaten the jobs of furloughed workers,” she added.

Source: sourcingjournal.com– Mar 24, 2021

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China's state media outlets call for boycott of H&M for avoiding Xinjiang cotton

Fashion giant H&M has come under official attack in China, with state media outlets calling for consumers to boycott the brand, online shopping platforms pulling its products and Chinese celebrities canceling endorsement deals.

The coordinated attacks on H&M signaled Beijing's new strategy to respond to growing sanctions from Western countries on Xinjiang, the source of 87 percent of China's cotton. H&M and other brands that have cut off Xinjiang suppliers, including Nike, are being targeted.

The United States began some sanctions on Xinjiang cotton and textiles last year, citing risk of forced labor linked to a state-sponsored reeducation campaign for ethnic Uyghurs. This was expanded to a blanket import ban in January. Beijing says no forced labor has taken place in Xinjiang and calls the sanctions an effort to undermine China's economy.

On Monday, the United States, the European Union, Britain and Canada announced coordinated sanctions on several Chinese officials responsible for policy in Xinjiang.

H&M's statement that it is cutting Xinjiang from its supply chain is actually months old. According to a cached version of the deleted webpage, H&M had said it was "deeply concerned" about reports of forced labor and discrimination in Xinjiang. It said it was taking steps to "reduce exposure" in Xinjiang "until conditions for credible due diligence are in place."

On Wednesday night, Chinese state broadcaster CGTN dredged up the statement and called for consumers to boycott H&M, saying the brand would pay a heavy cost. The call to boycott was repeated in other major state-media outlets, an unusual level of coordination in targeting a brand.

People's Daily, the Chinese Communist Party's paper of record, created a hashtag, #ISupportXJCotton, that had generated 1.5 million posts and been viewed 700 million times by Thursday morning on the social media platform Weibo.

H&M China posted a new statement in Chinese on its Weibo social media account Wednesday night saying that it respected Chinese consumers and that its supplier policies “did not represent any political stance.” H&M did not immediately respond to a request for comment.

On Thursday morning, H&M’s store on the Taobao online shopping platform had been blocked. Chinese netizens reported that H&M’s app no longer appeared in Chinese Android app stores, and H&M stores did not show up on Baidu or Gaode online maps.

Actor Huang Xuan terminated an H&M endorsement contract to protest its “human rights smear campaign,” according to Global Times.

Nike has also come under attack this week for shifting its supply chain away from Xinjiang. On Thursday morning, Yuehua Entertainment, the company representing actor Wang Yibo, announced he had ended an endorsement contract with Nike.

“The country’s dignity cannot be violated,” the statement from Yuehua Entertainment said. “We resolutely safeguard the interests of the motherland.”

Whipping up domestic consumers to buy products made with Xinjiang cotton may help China’s textile industry offset a drop-off in orders from Western countries. One of H&M’s former suppliers, Huafu Fashion, said in January that it lost at least $54.3 million last year because of U.S. sanctions.

The campaign also increases the uncertainty and business risk faced by multinational companies operating in China.

Source: washingtonpost.com– Mar 24, 2021

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97% of Vietnamese textile-garment firms hit by pandemic: survey

Thirty five per cent of businesses in Vietnam had to terminate employees after being hit by the impact of the COVID-19 pandemic, according to a survey by the Vietnam Chamber of Commerce and Industry (VCCI) and the World Bank. The survey found that textile and garment was the sector with the highest number of companies reporting negative impact (97 per cent).

That was followed by information and communications (96 per cent) and electrical equipment (94 percent), the survey, which polled nearly 10,200 businesses, it said.

Apart from dwindling number of workers, the other major difficulties businesses faced were difficulty in approaching customers and disruptions in cash flows and supply chains, it found.

Overall, 87 percent of companies reported a negative impact.

Small and micro businesses established less than three years ago were most affected by the pandemic, Dau Anh Tuan, head of the VCCI's legal department, said. But the government's support polices were helpful, 70 per cent of respondents said.

Businesses called for more long-term solutions such as increasing public investment, completing ongoing infrastructure works and providing stimulus packages, according to media reports from Vietnam. The VCCI has called on the government to provide financial support to companies that maintain a high employment rate and subsidize the cost of training to improve workers' skills.

Vietnamese businesses should take the opportunities thrown up by the pandemic as major Japanese, US, European Union and Australian companies are looking to shift their supply chains out of China, it added. The VCCI also did a survey of 1,564 foreign companies in Vietnam and found 87.9 per cent were affected by the pandemic and 22 per cent had to lay off workers.

Source: fibre2fashion.com– Mar 25, 2021

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Philippine Textile Council calls for more support for Filipino weavers

To survive and grow in the new normal following the pandemic, the Philippine weaving industry needs support not only from consumers but also from key decision-makers in the business community. Therefore, HABI The Philippine Textile Council aims to link more local and global brands and businesses with Filipino weavers through the HABI Connects initiative.

“We’re elated that more brands are using sustainable and local materials in their products,” HABI president Laida Lim was quoted as saying by media reports in the country.

The campaign begins with a collaboration with Bayo, a like-minded Filipino fashion brand. It rolls out a collection that uses natural fibre textiles in cotton, abaca and pina from La Herminia in Aklan, Ambension weavers in Bulacan and Argao weavers in Cebu.

It also features weaves of polyester worked with cotton threads to upcycle industry scraps or production offcuts and avert them from ending up in landfills. The collection is now available at www.bayo.com.ph and at www.shophabifair.com.

“Our collaboration with Bayo is just the beginning. With the HABI Connects campaign, we hope that more entrepreneurs and businesses, not just in fashion and lifestyle but also in other industries, will follow suit and support our local weaving communities," Lim added.

Since 2009, HABI: The Philippine Textile Council has been at the forefront of promoting, preserving and sustaining the local textile industry. Over the years, HABI has connected Filipino weavers with more consumers through the annual Likhang HABI Market Fair.

Source: fibre2fashion.com– Mar 25, 2021

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Ecuador's textile turnover decreases by 36% in 2020

According to Ecuador's Internal Revenue Service (SRI), turnover of textile industry decreased by 36 per cent from $1.38 billion in 2019 to $885 billion in 2020. According to Javier Diaz, President, Association of Textile Industries of Ecuador, the sector reported losses of $500 million during the past year.

Meanwhile, employment in the sector has dropped 29 percent and 20 percent for textiles and manufacturing, respectively.

Data from the Central Bank of Ecuador (BCE) indicates that the country went from exporting 26,000 tonne of textiles valued at about $103.8 million in 2019 to 28,400 tonne at $104.4 million. This represents an increase of 9 percent in volume and 1 percent revenue.

According to AITE, higher demand for abacáfibre (usually employed for manufacturing textiles and paper) and special products like face masks can explain the slight increase in exports. However, exports in clothing declined from $25 million in 2019 to $18 million in 2020.

Source: fashionatingworld.com– Mar 24, 2021

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Higher quality better prices boost Vietnams ranking in global apparel market

Superior quality fabrics and better experience in making high-end apparels are helping Vietnam outperform Bangladesh in apparel exports to the European Union and United States, says a Daily Star report.

A 2020 research by the Centre for Policy Dialogue (CPD), notes, Vietnam fetched $2,157.90 for 100 kg of T-shirts in the EU market while Bangladesh fetched $ $1,091.50. In the US too, Vietnam's apparel exports overtook Bangladesh's shipments.

Higher compliance, human rights driving Vietnam export

Besides quality of fabrics, better prices are also driving up Vietnam's exports to these two markets, says Khondaker Golam Moazzem, Research Director, CPD.

The higher quality of fabrics used by manufacturers assures them of better prices while penchant for making upscale products enhances their ranking in World Bank's ease of doing business index. Vietnamese manufacturers are also known for their higher compliance standards, protection of human rights and environmental protection practice. They mostly manufacture garments for upmarket consumers.

Another advantage is Vietnam's apparel manufacturers offer lower lead times. They can ship garments to the EU in just 30 days, while Bangladesh takes 90 days. Vietnam is also closer to Europe than Bangladesh, which makes it the most preferred destination for international retailers and brands.

Low capacity, negative image impact Bangladesh exports

Comparatively, Bangladesh apparel manufacturers suffer from low scale and capacity. Also, a lack of a deep seaport increases their business operation costs and delivery times, says AK Azad, Managing Director, Ha-meem Group. He urged manufacturers to improve the quality of products as buyers do not want to change their sources frequently due to the pandemic.

K M Rezaul Hasanat, Chairman and Chief Executive Officer, Viyellatex Group, opines, a country's image plays an important role while fixing prices. Vietnam is known for outwear garments made especially for people living in cold climates. The country also offers high-quality blazers and woven formal shirts and trousers to customers in the EU and US markets.

Bangladesh is known for basic garments like T-shirts and trousers. The country has just eight blazer making factories and very few factories for making hi-end apparels and their output volume is also low, says Kazi Iqbal, Senior Researcher, Bangladesh Institute of Development Studies.

Bangladesh's image is of a supplier of lower priced products, adds Rubana Huq, President, BGMEA. The country still manufactures cotton garments while the rest of the world has moved to man-made fabrics. It also has to cope with various demands from government, she says. As a result, the country ranks 168th in the Ease of Doing Business index amongst 190 countries and Vietnam ranks 70th.

Source: fashionatingworld.com– Mar 24, 2021

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Vietnam plans to tax overseas sellers on e-com platforms

Vietnam's ministry of finance recently said the law on tax management warrants e-commerce businesses and digital-based businesses and other services provided by overseas suppliers without an entity in Vietnam to directly or authorise others to implement tax registration, declaration and payment in the country. The draft regulation is open for public comments.

Overseas suppliers on e-commerce and digital platforms were new tax subjects that required detailed regulations to collect taxes efficiently, the ministry was quoted as saying by Vietnamese media reports.

Under the draft, overseas suppliers were asked to register for online tax transactions via the e-portal of the general department of taxation. Overseas suppliers can register several banking accounts to pay taxes online.

A number of new tax regulations will get effective this year and are expected to contribute to preventing tax avoidance, especially in e-commerce and digital-based businesses.

The Ministry of Industry and Trade's report showed about 53 per cent of the population did online shopping made e-commerce to expand at 18 per cent in 2020 to reach a $11.8 billion market.

Source: fibre2fashion.com– Mar 24, 2021

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Pakistan: Exporters stop yarn sales due to depreciating dollar

The exporters in Pakistan have halted yarn sales as the falling dollar prices have led to higher availability of the raw material at cheaper rates in the domestic market, revealed sources from the value- added sector.

The industry is also hopeful that the measures being taken by Pakistan to normalize relations with India could allow cheaper cotton yarn imports from across the border. Spinners who produce yarn believe that the raw material was expensive due to costly cotton imports.

Reports suggest that against annual predicted consumption of minimum 12 million bales, the Ministry of National Food Security and Research expects only 7.7 million bales production this year. However, cotton ginners have given the lowest production estimates of only 5.5 million bales for this year.

According to the Pakistan Bureau of Statistics, Pakistan has imported around 688,305 metric tonnes of cotton and yarn while there is a minimum shortfall of six million bales. A gap of about 3.5 million bales is present that the government would need to fill through imports.

Due to the rising decline in cotton production, users were forced to import from United States, Brazil and Uzbekistan. Imports from India, however, would be much cheaper and would arrive in Pakistan in three to four days. Pakistan Apparel Forum Chairman Jawed Bilwani had earlier said that unavailability of cotton yarn and sudden decrease in the value of rupee against the US dollar can harm efforts made by the value-added garment and home textile segments.

Yarn exporters who sold their products at the rate of Rs160-161 are now facing declining profits. There are daily fluctuations in the exchange rate with the dollar standing at around Rs157 in the inter-bank market. The dollar lost 7.5pc in value since August against the Pak rupee.

An exporter of finished textile products said that the recent decline in the yarn prices is neither significant nor there is any guarantee that the prices would remain stable as it is mainly a result of a sudden drop in the dollar prices.

Previously, the spinners had opposed yarn imports from India, saying that trading with the country shouldn't be normalized unless disputed issues including imbalances in trade are resolved. Imports from India remain higher than exports from Pakistan.

However, as the prospects of gradual restoration of bilateral trade ties with India have increased after a deal to maintain peace at Line of Control, traders now remain hopeful of importing cheap cotton and cotton yarn from across the border.

Muhammad Jawed Bilwani has demanded immediate permission for duty-free import of cotton-yarn from India as well as a ban on cotton yarn export.

Source: globalvillagespace.com– Mar 24, 2021

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Pakistan: Textile exports increase 6.69pc to $9.999 billion in 8 months

The exports of textile commodities witnessed an increase of 6.69 per cent during the first eight months of the current fiscal year as compared to the corresponding period of last year.

The textile exports were recorded at $9,999.770 million in July-February (2020-21) against the exports of $9,372.819 million in July-January (2019-20), showing growth of 6.69 per cent, according to latest data of Pakistan Bureau of Statistics (PBS).

The textile commodities that contributed in trade growth included knitwear, exports of which increased from $2090.039 million last year to $2467.006 million during the current year, showing growth of 18.04 per cent.

Likewise, the exports of yarn (other than cotton yarn) increased by 7.70 per cent, from $18.879 million to $20.333 million whereas, exports of bed wear increased by 13.71 per cent from $1597.868 million to $1816.882 million.

The exports of towels increased by 16.31 per cent, from $525.048 million to $610.684 million; exports of tents, canvas and tarpulin grew by 33.27 per cent, from $61.704 million to $82.230 million; readymade garments by 2.56 per cent, from $1961.293 million to $2011.505 million; madeup articles, excluding towels and beadwear by 15.14 per cent, from $439.460 million to $505.986 million.

Meanwhile, the commodities that witnessed negative growth in trade included raw cotton, exports of which decreased by 96.47 per cent, from $16.797 million to $0.593 million; cotton yarn decreased by 17.73 per cent, from $737.417 million to $606.685 million whereas the exports of cotton cloth also decreased by 10.37 per cent, from $1378.220 million to $1235.298 million.

On year-on-year basis, the textile exports decreased by 3.12 per cent during the month of February 2021 as compared to the same month of last year. The exports during February 2021 were recorded at $1234.031 million against the exports of $1273.745 million.

On month-on-month basis, the exports from the country witnessed decrease of 6.75 per cent during February 2021 when compared to the exports of $1323.324 million in January 2021.

It is pertinent to mention here that the overall merchandize exports from the country increased by 4.29 per cent during the first eight months of the current fiscal year (2020-21) as compared to the corresponding period of last year.

The exports of the country during July-February (2020-21) were recorded at $16.304 billion against the exports of $15.633 billion during July-February (2019-20), according to the latest PBS data. The imports during the period under review also increased by 7.49 per cent by growing from $31.483 billion last year to $33.840 billion during the first eight months of current fiscal year.

Based on the figures, the country's trade deficit increased by 10.64 per cent during the first eight months as compared to the corresponding period of last year. The trade deficit during the period was recorded at $17.536 billion against the deficit of $15.850 billion last year.

Source: nation.com.pk– Mar 24, 2021

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Bangladesh: Still a lucrative apparel sourcing hub

McKinsey report praises Bangladesh's might in garment business

Bangladesh's attractiveness as an apparel-sourcing destination has remained potent despite increased competition in recent years, according to a new survey of management consulting firm McKinsey & Company.

Although the 2019 Chief Procurement Officers (CPO) survey of McKinsey pointed to Bangladesh as the top global sourcing hotspot, Vietnam was close behind and was the preferred sourcing country among US executives.

The firm came up with the survey on Bangladesh after 10 years. It first published such a report in 2011, which had painted a rosy picture. In fact, all the predictions made by the McKinsey report in 2011 came true over the last decade.

This year, McKinsey & Company has conducted its flagship CPO survey titled "What's next for Bangladesh's garment industry, after a decade of growth?" among the top 10 global apparel sourcing companies over the last two months.

"Over the last decade, the garment industry in Bangladesh has experienced an unprecedented blooming," the survey report said, adding that recently, however, pandemic pressure and shifts in global markets have brought stiff challenges.

In order to meet the challenges, the sector will need to innovate, upgrade and diversify, investing especially in flexibility, sustainability, worker welfare and infrastructure, the report said.

McKinsey & Company pointed out that comparable data for global exports in 2020 has not yet been published by the World Trade Organisation (WTO).

However, data from European and US imports indicate that Vietnam likely overtook Bangladesh in 2020—pushing Bangladesh's readymade garment industry out of its position as the second-largest garment-exporting country in the world after China, it said.

Bangladesh's RMG sector remains a strong exporter to Europe's fashion industry and has grown its market share significantly over the past decade, it said.

However, this trend may not continue because a new preferential trade agreement between the European Union and Vietnam, launched in August 2020, could lead to apparel exports from Vietnam outperforming Bangladesh's.

Among the US apparel importers, Vietnam has outpaced Bangladesh's RMG industry for some time.

In 2020, Vietnamese apparel imports into the US were worth 2.5 times those from Bangladesh. As buyers from the US move sourcing out of China, Vietnam is proving to be the biggest winner.

Bangladesh's garment sector has every prospect of remaining one of the world's largest RMG manufacturers and is continuing its impressive story of growth and improvement.

For managing the growth, Bangladesh will need to rise to the challenges to compete without preferential trade access, meeting decreased demand from traditional customer markets and making a fundamental shift toward a demand-driven and more sustainable sourcing model.

Some of the international buyers the McKinsey spoke to believe the industry is not moving fast enough in this direction.

Others are more positive. They feel that given the resilience and adaptability Bangladesh's manufacturers have shown in the past, the RMG industry will be able to navigate the necessary transformation, though structural changes will be inevitable.

As Bangladesh graduates from the grouping of the least-developed nation to a developing country in the next few years, preferential access to European and other markets is up for negotiation.

Additional tariffs would be seriously disruptive for the RMG sector, but levelling the playing field with competing markets could also trigger a much-needed focus on productivity, as well as investment in digitalisation, automation and sustainability.

Some global executives are reducing sourcing from Bangladesh, as their sourcing volume reaches a tipping point in their dependency and supply-chain risk on the country (which is further heightened by the pandemic), and owing to loss of competitiveness in some product categories.

There is also an increased focus on nearshoring for greater flexibility and speed.

That said, Bangladesh's larger and more advanced suppliers may benefit from advances in flexibility, productivity, digitalisation, environmental sustainability, worker welfare, and innovation.

One sourcing executive said, "Speed is becoming more important, but only a minority of suppliers in Bangladesh understand that."

If they are to remain competitive, many suppliers will need to invest in upskilling, vertical integration, digitalisation and automation to unlock speed and transparency.

Sustainability, too, is becoming ever more important, with increasing consumer demand for environment-friendly products, and concerns about climate change and social justice.

The report also highlighted the garment sector's transformation after the massive reforms with the inspection and remediation by the Accord and Alliance, two foreign platforms for inspection of the garment factories.

Today, Bangladesh's RMG sector is a frontrunner in transparency regarding factory safety and value-chain responsibility, thanks to initiatives launched in the aftermath of disasters.

This includes the Accord on Fire and Building Safety in Bangladesh, the Alliance for Bangladesh Worker Safety, and the RMG Sustainability Council. These measures led to the closure of hundreds of unsafe, bottom-tier factories and the scaling-up of remediation activities in many others.

These steps helped restore Bangladesh's attractiveness in the global apparel-sourcing market, leading to a decade of rapid growth. Ten years ago, McKinsey forecast a growth of 7-9 per cent. Indeed, RMG exports from Bangladesh more than doubled, from $14.6 billion in 2011 to $33.1 billion in 2019—a compound annual growth rate of 7 per cent.

Several sourcing executives McKinsey spoke to for the report highlighted the progress that Bangladesh's RMG sector was making in diversifying and upgrading its product offerings. For instance, there is now greater capacity to produce garments made from synthetic fibres, manufacture more complex products such as outerwear, tailored items, and lingerie, and provide new washes, prints and laser finishing.

Entry into these new segments has been supported by the changing rules of origin for preferential trade with the EU, allowing for the use of imported fabrics. There also has been some increase in vertical integration of the supply chain. As a result, more suppliers are now able to offer lead times below the standard 90 days.

McKinsey said it is worth noting that this growth was within the forecast range of the 2011 report, a collaboration with the Bangladesh German Chamber of Commerce and Industry (BGCCI).

Over this period, Bangladesh's RMG industry increased its share of global garment exports from 4.7 per cent to 6.7 per cent.

This is within the range forecast in the report. However, it also shows that the country has not captured the full potential foreseen 10 years ago.

The value of Bangladesh's RMG exports fell by 17 per cent in the first year of the pandemic, representing revenue losses of up to $5.6 billion.

"We appreciate the report. It indeed portrays a picture of the progress that Bangladesh's RMG industry has made over the past decade," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association.

"It's greatly appreciated that McKinsey has acknowledged the recent progress of the industry and our new initiatives regarding climate change and circularity and that we have advanced the sustainability agenda."
More than 1,500 Bangladeshi companies are certified by the Global Organic Textile Standard, the second-highest in a single country, she said.

The fact that the report also makes reference to the RMG Sustainability Council and says that this has added to Bangladesh RMG sector's credibility "is reassuring, and we remain grateful for the acknowledgement".

She also came up with a few clarifications.

The report analysed the trade data of Bangladesh vis-à-vis competitor countries, particularly with that of Vietnam.

"The pace Vietnam has maintained in terms of export growth in the past 10 years is phenomenal, and we have so much to learn from their success stories."

"Yet, probably this is not the right time to assess country performances since trade, retail and manufacturing are unprecedentedly disrupted."

This may also be noted that the resilience of the RMG industry of Bangladesh is time-tested as it had faced several crossroads in the past, including child labour elimination, quota phase-out, and global recession.

"At this moment, our focus is to deal with the Covid-19-induced crisis while keeping our progress in the area of sustainability continued, and push the agenda of innovation and up-gradation forward," Huq said.

The CPO survey report was initiated in Bangladesh by Daniel Seidl, former BGCCI executive director, and Sk Tanzer Ahmed Siddique, a former senior official of the BGCCI, in 2011.

"The study has put Bangladesh on the map worldwide and provided the recognition the RMG sector of Bangladesh deserves," Seidl told The Daily Star in a WhatsApp message.

Source: thedailystar.net– Mar 25, 2021

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NATIONAL NEWS

TEXPROCIL keen on limited trade deal with the UK

A duty free regime would be beneficial in creating a level playing field with other competing nations

The Cotton Textile Export Promotion Council has urged the government to conclude a limited trade deal with the UK that includes textile and clothing products.

With the UK signing trade agreements with 62 countries by January 1, 2021 including competing countries of India such as Bangladesh, Pakistan, Vietnam, it becomes all the more imperative for India to conclude the limited trade deal without any delay as India stands to lose market share.

Manoj Patodia, Chairman, Texprocil, said the textile and clothing industry is very keen that India should sign an early Free Trade Agreement with the UK as a duty free regime would be beneficial in creating a level playing field with other competing nations.

The UK is one of India's largest trading partners among the European countries with textile and clothing sector accounting for almost 24 per cent of the textile products exported from India to the EU region.

Patodia also mentioned that the proposed visit of the UK Secretary of State for International Trade, Elizabeth Truss provides an opportune moment for India to discuss the 'limited trade deal' which can get further cemented during UK Prime Minister Boris Johnson's likely visit to India in April.

Source: thehindubusinessline.com– Mar 24, 2021

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GST technical glitches behind input tax credit frauds: CAG report

The Comptroller and Auditor General (CAG) of India has found that the goods and services tax (GST) system is prone to input tax credit (ITC) frauds due to complexity in the compliance system.

“The originally envisaged system-validated ITC through ‘invoice matching’ had not been implemented. The complexity of return mechanism and technical glitches had resulted in roll-back of key GST returns, rendering the system prone to ITC frauds,” CAG said in its report submitted in Parliament on Wednesday.

The GST returns system is still a work in progress despite more than three years of roll-out, it said. “In the absence of a stable and simplified return mechanism, one of the main objectives of GST rollout — simplified tax compliance system — is yet to be achieved,” the report said.

CAG recommended fixing a definite time frame for rollout simplified returns forms as frequent deferments are resulting in a delay in its stabilisation and continued uncertainty in the GST ecosystem. During October 2018 to March 2020, CAG examined records relating to 4,736 of 23,106 refunds in 33 Central GST (CGST) commissionerates. It noticed non-adherence to extant provisions in processing refunds in 280 claims (6 per cent) involving an amount of Rs 16.16 crore.

“We observed instances of irregular grant of refund due to non-consideration of minimum balance in electronic credit ledger, irregular sanction of refund of input tax credit availed of on capital goods, etc,” the report said.

GST shortfall

The CGST revenue was short of the Budget Estimates and the Revised Estimates during 2018-19 and 2019-20. The shortfall vis-à-vis Budget Estimates was 22 per cent and 10 per cent for the years, respectively. Also, CGST revenue grew 2.97 per cent in FY20 over FY19. CGST revenue as a percentage of GDP, however, declined from 3.08 per cent in FY19 to 2.95 per in FY20.

The share of GST remained constant at 62 per cent of the direct tax collections during the last two years (FY19 and FY20).

To a query over this, the finance ministry said on the recommendations of the GST Council, rate rationalisations have been implemented from time to time by the government and, therefore, the actual indirect tax collections may vary with regard to the target set for a financial year.

It should be noted that in December 2015, the report on the revenue neutral rate and structure of rates for GST recommended the range of 15-15.5 per cent as the revenue neutral rate. However, the effective weighted average GST rate as of July 2019 was 11.6 per cent.

In addition, the GST Council revised the threshold turnover limits upwards for registration of taxpayers and the composition levy scheme, which affected GST collections, the ministry said.

Source: business-standard.com– Mar 24, 2021

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Fitch upgrades India's GDP growth to 12.8% for FY22

Fitch Ratings has revised India's GDP growth estimate to 12.8 per cent for the fiscal year beginning April 1 from its previous estimate of 11 per cent, saying its recovery from the depths of the lockdown-induced recession has been swifter than expected.

In its latest Global Economic Outlook (GEO), Fitch said revision is on the back of "a stronger carryover effect, a looser fiscal stance and better virus containment."

"India's second half of 2020 rebound also took GDP back above its pre-pandemic level and we have revised up our 2021-2022 forecast to 12.8 per cent from 11.0 per cent," it said.

"Nevertheless, we expect the level of Indian GDP to remain well below our pre-pandemic forecast trajectory."

GDP surpassed its pre-pandemic level in December quarter, growing 0.4 per cent year-on-year, after contracting 7.3 per cent in the previous quarter.

"India's recovery from the depths of the lockdown-induced recession in 2Q20 (calendar year) has been swifter than we expected," it said. "The rapid pace of expansion at the end of 2020 was powered by falling virus cases and the gradual rollback of restrictions across States and Union territories."

High-frequency indicators point to a strong start to 2021. The manufacturing PMI remained elevated in February, while the pick-up in mobility and a rise in the services PMI point to further gains in the services sector.

However, the recent flare up in new virus cases in some states has prompted us to expect milder growth in 2Q21.

"Moreover, the global auto chip shortage could temporarily diminish Indian industrial production gains in 1H21(first half of 2021)," it said.

The Union Budget for the fiscal year ending March 2022 (FY22) unveiled a fiscal stance more accommodative than expected.

Spending is set to be increased substantially, notably infrastructure, healthcare, and military outlays. Looser fiscal policy should support the short-term cyclical recovery, which along with stronger underlying growth momentum prompted FY22 GDP growth forecast revision, Fitch said.

"The increase in inoculation to the most at-risk people should allow restrictions to be eased significantly towards end-2021 and in 2022," it said. "This should further support services sector activity and consumption."

The rating agency however said an impaired financial sector is likely to keep the provision of credit tight, limiting investment spending.

"We expect GDP growth to ease to 5.8 per cent in FY23, a downward revision of -0.5 percentage points since December," it said. "The forecast level of GDP remains substantially below our pre-pandemic trajectory."

It no longer expected the Reserve Bank of India (RBI) to cut its policy rate, owing to a brighter short-term growth outlook and a more limited decline in inflation.

The RBI will nonetheless keep its policy loose over the forecast horizon to shore up the recovery. The central bank will likely continue to use forward guidance on policy rates and carry out open-market operations to keep a lid on borrowing costs, it added.

Source: business-standard.com– Mar 25, 2021

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Duty revisions after Oct to come with sunset clause, says FM Sitharaman

Duty change notifications post October 1 will come with a sunset clause after the government meets stakeholders in April on rationalising customs and anti-dumping duty, said Finance Minister Nirmala Sitharaman on Wednesday.

Sitharaman, during a discussion on the Finance Bill in the Rajya Sabha, said she had announced in the budget that the government would rationalise any duty brought against dumping over the years. Anti-dumping duty notifications announced over decades did not have an end date and continue. The government will meet stakeholders from April 1 to review such duties.

“And if any such decades old, anti-dumping duty or any other notification as regards increasing or reducing duties is felt necessary, we shall take it up, but from now, we have brought in a system whereby any such notification, which is brought out after consultation should come with a deadline.

“So that say, two years after the notification, March of that year, there should be be a review, and if it is felt necessary it can continue, if it's not necessary it should end rather than leaving it at the loose end,” Sitharaman said. A new system will streamline such duties from October 1. “The Finance Bill has some amendments towards achieving reduction in compliance, and aimed at ease of doing business,” she said.

Rs 30,000 crore to be released to states GST compensation due to states for April 2020 to January 2021 is Rs 2.17 trillion, and back-to-back loans worth Rs 1.1 trillion have been released to states to meet the compensation shortfall. The central government will release another Rs 30,000 crore from the compensation fund in a few days to states.

“Therefore, compensation, likely due to states and union territories in the year, 2020-21 is Rs 77,636 crores, this is the overall for all states,” she said.

Source: business-standard.com– Mar 24, 2021

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Why drive up input tax costs?

The amendment proposed to Section 8(3)(b) of the Central Sales Tax Act, 1956 (CST Act) in the Union Budget FY22 has been a scarcely-commented-upon indirect tax proposal. However, this will be a critical change and will drive up input tax costs of many businesses, especially key sectors like manufacturing, telecom and mining.

After the implementation of GST in 2017, the CST Act applies only to non-GST goods like petrol, diesel, crude, natural gas, aviation turbine fuel (ATF), etc. Several businesses in manufacturing, telecom and mining sectors require significant consumption of petrol, diesel, natural gas and such businesses have been availing the benefit of the concessional CST rate of 2% (through Form C) on their input side.

By way of background, Section 8 of the CST Act provides for 'rates of tax on sales in the course of inter-state trade or commerce'. Sections 8(1) and 8(2) provide for a concessional CST rate of 2% on inter-state sales of goods for specified end-uses as described in Sub-Section 8(3), subject to submission of Form C (as per Section 8(4) and the CST Rules).

For end-uses not falling under Sub-Section 8(3), CST is leviable at a rate equal to the VAT rate applicable to sale/purchase of the goods in question under the VAT laws of the seller's state (usually much higher than 2%).

Many favourable judgments were issued by High Courts, post introduction of GST, upholding the continued eligibility of Form C and the consequent concessional CST rate. In most of these cases, High Courts relied upon the language of Section 8(3)(b) of the CST Act to sustain continued eligibility for Form C and resultant concessional CST rate of 2% even post GST, for eligible end-uses. The proposed amendment, it appears, seeks to overturn these judgments.

The amendment proposed in the Budget in Sub-Clause (b) of Section 8(3) significantly curtails the scope of end-uses eligible for this concessional rate of 2%—purchase of non-GST goods for the following end-uses is being proposed to be disentitled from the benefit of Form C and resultant concessional CST rate of 2%:

—Purchases of non-GST goods for usage in telecom network (this would include diesel used for generator sets in telecom towers);

—Purchases of non-GST goods for usage in mining;
—Purchases of non-GST goods for usage in generation or distribution of electricity or any other form of power; and
—Purchases of non-GST goods for usage in manufacture or processing of goods (except for rare scenarios where non-GST goods are being purchased for usage only in manufacture or processing for sale of non-GST goods).

This proposed amendment is expected to come into force with effect from July 1, 2021.

Even after the onset of GST in 2017, businesses in manufacturing, telecom and mining, which have heavy consumption of petrol, diesel, natural gas, have been availing the benefit of concessional CST rate of 2% (through Form C) on their input side—once this amendment is in force, they will have to bear the input-side CST at rates varying 15-31% (or more, depending on state to state) instead of 2%.

Needless to say, all such businesses will be forced to consider reworking their product pricing by factoring in enhanced input tax costs. But the ability to pass on enhanced input tax cost completely, in the current economic scenario, is doubtful.

Even within the power generation sector, this can be a significant blow for gas-based power generation facilities that have anyway been struggling for years since tax cost on purchase of natural gas will go up significantly (unless natural gas is subsumed within GST soon—a topic on which central and state governments have repeatedly gone back and forth over the years).

In some cases, this proposed amendment, once in force, may lead to contractual disputes arising out of interpretation of ‘change in law’ clauses in relevant contracts.

At a sensitive time like this for the Indian economy, when businesses would have been looking up to the government for support, this amendment seems counterintuitive and representations are being filed seeking a rollback of this proposal. If a rollback is not possible, the government should strongly consider expediting the timeline for the long pending inclusion of these non-GST products into the GST fold.

Source: financialexpress.com– Mar 25, 2021

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Consultative Committee meeting of the Ministry of Commerce and Industry held

A meeting of the Consultative Committee of the Hon'ble Members of Parliament attached to the Ministry of Commerce and Industry was held today, under the chairmanship of Minister of state for Commerce and Industry Shri Som Parkash. The agenda for the meeting was "Strengthening manufacturing base in India".

Hon'ble members were informed that strong growth in the annual average growth in the Indian manufacturing sector during 2014-15 to 2019-20 was 6.5%. The sector accounts for nearly 16% of the gross value added (GVA) and employs about 12% of the country's work force.

In the last 6 years, Department for Promotion of Industry and Internal Trade (DPIIT) has taken various measures to strengthen the manufacturing base in India. The "Make in India" initiative was launched, with the objective of facilitating investment, fostering innovation, building best in class manufacturing infrastructure, making it easy to do business and enhancing skill development. Under Make in India 2.0, the emphasis now is on 24 sub-sectors which have been chosen on strengths and competitive edge of Indian industries, need for import substitution, potential for exports and increased employability. Further, keeping in view India's vision of becoming Atmanirbhar and to enhance India's manufacturing capabilities and exports, an outlay of Rs.1.97 lakh crore has been announced in the Union Budget 2021-22 for Production Linked Incentive (PLI) Schemes for 13 key sectors for a period of 5 years starting from next fiscal year.

The Union Cabinet has also approved constitution of an Empowered Group of Secretaries and also Project Development Cells (PDC) in Ministries/Departments to fast track investments.

India has also undertaken a number of steps to improve Ease of doing business in the country which is reflected in its improvement in ranking in the World Bank's EODB Report from 142 in 2014 to 63 in 2020. These steps would boost economic activity including the manufacturing sector. The Government is also working to reduce over 6,000 instances of compliance burden on businesses and citizens.

The Government has also developed the Industrial Information System now been known as India Industrial Land bank and a GIS based system which has approximately 4,000 industrial parks geo-tagged using satellite imaginary. The system has been integrated with industry based GIS System of 13 States. In addition, industrial park rating system has been undertaken to rate the best performing industrial parks across the country, identifying interventions and serving as a decision support system for investors and policy makers.

The Investment Clearance Cell (ICC) is being set up to facilitate and support businesses through a one stop digital platform - the National Single Window System. The platform is planned to be launched with select States by 15th April, 2021. In order to provide safe, reliable, quality goods, minimizing health hazards to consumers and promoting exports and import substitution, technical regulations/quality control orders are issued by the Government of India.

Eleven industrial corridors are being developed by the Government to enhance the industrial infrastructure in the country. These corridors integrated with multi model connectivity infrastructure are expected to boost manufacturing growth. The Government's industrial strategy aims to promote balanced industrial development throughout the country. For stimulating industrial development of hilly States, the Union Government has been supplementing the efforts of State Governments through various policies/schemes/packages of incentives. Region specific incentive schemes in J&K, Uttarakhand, Himachal Pradesh and North East Region are also being implemented.

The Government is also working on "One District One Product" initiative with the objective of identifying and promoting the production of unique products in each district in India that can be globally marketed. Government has also launched the Startup India Programme with the intent to catalyze startup culture and build a strong and inclusive eco-system for innovation and entrepreneurship in India. The Intellectual Property Rights regime is being strengthened. Public procurement order has been revised to promote domestic investment and use of "Made in India" products.

Hon'ble Members made several suggestions which were noted for consideration and action.

Source: pib.gov.in- Mar 24, 2021

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With positive growth rate even during the pandemic, what Bangladesh can teach India

This month marks the beginning of triple celebrations in Bangladesh. It is the birth centenary of the father of the nation, Bangabandhu Sheikh Mujibur Rahman; it is the 50th anniversary of Bangladesh's independence; and it celebrates 50 years of diplomatic relations between Bangladesh and India.

A country that began as a case study for development is now on top of the global GDP charts. Bangladesh's GDP growth in 2019 was an enviable 8.4 per cent — twice that of India's during that year — and it is one of the few countries to have maintained a positive growth rate during the COVID-19 pandemic. Its GDP per capita is just under $2,000 — almost the same as India's. In five years, by 2026, Bangladesh will drop its least developed country tag, and move into the league of developing countries — on a par with India.

It is a proud moment for Bangladesh, and the Indian subcontinent. Just as Vietnam amazed the world with its fast-paced growth, so too has Bangladesh, which has displayed a will to grow despite odds.

Vietnam instituted market and economic reforms, known as Doi Moi, in 1986, which enabled it to achieve rapid economic growth and industrialisation. It began with the manufacturing of textiles and garments, in which it is now a prominent global player, and moved into making mobiles and electronics. As supply chains diversify from China, Vietnam is a beneficiary. It is now the "+1" in the "China +1" strategy of multinationals and has seen investment rise steadily, especially from Asian countries like Japan and Thailand.

Vietnam has been smart in signing trade agreements and inserting itself into global supply chains. It joined ASEAN and that free trade region in 1995. It has free trade agreements with the US and with India, Japan, and China through ASEAN. This enabled Vietnam to skill-up its population for labour-intensive manufacturing produced at scale, thereby bringing down costs and expanding exports.

Bangladesh has followed a similar strategy. Its rise is directly connected with the textiles and garments industry, which accounts for 80 per cent of the country's exports. Bangladesh also enjoys preferential trade treatments with the European Union, Canada, Australia, and Japan with negligible or zero tax. With India too, Dhaka has a zero-export duty on key products like readymade garments. Over the years, Bangladesh has enhanced its agricultural production, power generation, natural gas exploration and production, pharmaceuticals, and foreign remittances.

Like Vietnam, its foreign investment regime is investor-friendly. For instance, Bangladesh's liberal FDI policy allows 100 per cent equity in local companies and no limits on repatriation of profits in most sectors. Indian companies are increasingly present in Bangladesh, and Indian products are popular — an outcome of a strong cultural affinity.

Bangladesh scores over almost all other developing countries in microfinance — a model it has exported. The world's most successful and pioneering microfinance organisations like Grameen and BRAC have aided small businesses in the country, and regionally. Many of these schemes, over the years, were directed at women. This has paid dividends not just in financial independence, but also in encouraging them to work outside the home. Consequently, Bangladesh's workforce in its textiles sector is almost all women — 95 per cent women in an industry which is 80 per cent of Bangladesh's exports. Having a woman Prime Minister like Sheikh Hasina as their champion, helps.

This, along with government schemes like Pushti Apas (Nutrition Sisters) and community health clinics has helped Bangladesh in the development indices: Bangladesh fares better on infant mortality, sanitation, hunger and gender equality than many countries including India.

What can India, South Asia and the world learn from Bangladesh's successful development trajectory?

Certainly, increasing women in the workforce, liberalising internal and external trade, and making micro lending accessible, are some of the lessons. But so is the goal of being a global hub for the sub region, building special economic zones which requires infrastructure, connectivity and a welcoming environment for investors both domestic and foreign. Domestic entrepreneurs create the base for a nation's small and medium business strength, and the jobs and innovation that go with it.

On March 26, when Prime Minister Narendra Modi visits Dhaka as the guest of honour for Bangladesh's 50th anniversary, he will push the button on the long-delayed bilateral connectivity projects, and launch new ones. He can do more. Ahsan Mansur, chairman of BRAC Bank, said at a seminar last week organised by Gateway House and the Konrad Adenauer Stiftung, that "both countries have suffered since 1947, without connectivity, at huge cost. Now is the time to integrate our power systems, think about free trade, liberalise the visa regime."

India need not always carry the burden of South Asia's development alone. It now has a partner with whom to collaborate effectively towards achieving that goal.

Source: indianexpress.com– Mar 25, 2021

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Quality Standards of Products

Government of India has taken a number of steps to improve the quality standards of products manufactured under the Atmanirbhar Bharat Abhiyan. Some of these steps taken by the Government are enclosed at Annexure-I.

The Government has taken a number of steps to uplift the Start-ups and promote the campaign 'Vocal for Local'. Some of these steps taken are enclosed at Annexure-II.

Government has engaged with various e-Commerce platforms foron-boarding of small sellers of indigenous products and shared lists of sellers/ vendors with such platforms. Further, with an aim to increase visibility of such products, e-Commerce platforms have been engaged to provide separate search facility for such products and develop a storefront to showcase these products on their platforms.

ANNEXURE-I

Steps taken by the Government to improve Quality Standards of products

Quality Control Orders (QCOs): For ensuring availability of quality products to consumers, Quality Control Orders (QCOs) are issued by various Ministries/Departments of Government of India in exercise of the powers conferred by section 16 of the Bureau of Indian Standards Act, 2016 stipulating conformity of the products to Indian Standards.

Standard mark (ISI mark): BIS grants licence to manufacturers to use the Standard mark (ISI mark) on the product conforming to the relevant Indian Standards.

Production-Linked Incentive (PLI) Scheme: To provide a major boost to manufacturing, the government has launched Production-Linked Incentive (PLI) Scheme for 13 sectors with an outlay of Rs 1.97 lakh crore over the next five years.

Public Procurement Order: In order to provide purchase preference to domestic manufacturers, Public procurement (Preference to Make in India)

Order on Industrial Steam generators/ Boilers dated 29 September 2020 has been issued.

Identification of focus sub- sectors: 24 focus sub- sectors have been identified under Make in India 2.0 to enhance competitiveness and exports of the manufacturing sector.

Empowered Group of Secretaries (EGoS) and Project Development Cells (PDCs): Government has set up Empowered Group of Secretaries (EGoS) and Project Development Cells (PDCs) in Ministries/Departments to fast-track investments by coordination between the Central Government and State Governments

UdyogManthan: First of its kind brain storming exercise to enhance productivity & quality in Indian industry to realize vision of an AatmaNirbhar Bharat for all major sectors of manufacturing and services

Strengthening of IPR Regime: Infrastructure upgradation, digitisation of workflow in IP offices, manpower augmentation; Bolstering IP protection for MSMEs and Start-ups through dedicated schemes

New definition of MSME: The definition of micro manufacturing and services unit increased to Rs. 1 crore of investment and Rs. 5 crore of turnover. The limit of small unit increased to Rs. 10 crore of investment and Rs 50 crore of turnover. Similarly, the limit of a medium unit increased to Rs 20 crore of investment and Rs. 100 crore of turnover.

The limit for medium manufacturing and service units was further increased to Rs. 50 crore of investment and Rs. 250 crore of turnover. It has also been decided that the turnover with respect to exports will not be counted in the limits of turnover for any category of MSME units whether micro, small or medium.

Click here for more details

Source: pib.gov.in- Mar 24, 2021

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Make in India

Make in India initiative was launched on September 25, 2014 with the objective of facilitating investment, fostering innovation, building best in class manufacturing infrastructure, making it easy to do business and enhancing skill development. The initiative is further aimed at creating a conducive environment for investment, modern and efficient infrastructure, opening up new sectors for foreign investment and forging a partnership between government and industry through positive mindset.

Since its launch, Make in India initiative has made significant achievements and presently focuses on 27 sectors under Make in India 2.0. Department for Promotion of Industry and Internal Trade is coordinating action plans for manufacturing sectors, while Department of Commerce is coordinating service sectors. The list of sectors under Make in India 2.0 is placed at Annexure.

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

India has registered its highest ever annual FDI Inflow of US $74.39 billion (provisional figure) during the last financial year 2019-20 as compared to US $ 45.15 billion in 2014-2015. In the last six financial years (2014-20), India has received FDI inflow worth US$ 358.30 billion which is 53 percent of the FDI reported in the last 20 years (US$ 681.87 billion).

Steps taken to improve Ease of Doing Business include simplification and rationalisation of existing processes. As a result of the measures taken to improve the country's investment climate, India jumped to 63rd place in World Bank's Ease of Doing Business ranking as per World Bank's Doing Business Report (DBR) 2020. This is driven by reforms in the areas of Starting a Business, Paying Taxes, Trading Across Borders, and Resolving Insolvency.

Recently, Government has taken various steps in addition to ongoing schemes to boost domestic and foreign investments in India. These include the National Infrastructure Pipeline, Reduction in Corporate Tax, easing liquidity problems of NBFCs and Banks, policy measures to boost domestic manufacturing. Government of India has also promoted domestic manufacturing of goods through public procurement orders, Phased Manufacturing Programme (PMP), Schemes for Production Linked Incentives of various Ministries.

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

ANNEXURE

List of 27 Sectors under 'Make in India' initiative

Manufacturing Sectors

- Aerospace and Defence
- Automotive and Auto Components
- Pharmaceuticals and Medical Devices
- Bio-Technology
- Capital Goods
- Textile and Apparels
- Chemicals and Petro chemicals
- Electronics System Design and Manufacturing (ESDM)
- Leather & Footwear
- Food Processing
- Gems and Jewellery

Click here for more details

Source: pib.gov.in Mar 24, 2021

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SIMA urges for urgent removal of duties on VSF and Cotton

Ashwin Chandran, Chairman, The Southern Indian Mills' Association (SIMA), urged Prime Minister Narender Modi to remove both the anti-dumping duty on VSF and also the 10 per cent import duty on cotton.

He said that both the high value added market segments account around Rs.150,000 crore business size and employ over two million people, fetch GST revenue of Rs.5,000 crore and also forex earnings to the tune of Rs.75,000/- crore apart from catering to the value added segments.

Chandran said that VSF and superfine cotton value chain supplies to the international brands, and the price crisis is being utilized as an opportunity by the neighboring countries like Bangladesh, leading to an increase in imports.

He stated that India has been mainly relying on the American PIMA and Egyptian GIZA and other ELS cotton for the domestic and international markets apart from the home grown DCH cotton. The industry has been mixing the imported cotton with the indigenous cotton, as the availability of Indian cotton is not even 20 per cent.

The industry has also been using Bunny cotton grown in Telangana and other regions for mixing with the imported cotton and produce fine count yarns and its products.

The DCH cotton was costing around Rs.52,000/- per candy of 355 kgs during October 2020 and Rs.65,000/- in January 2021 and the same got increased to Rs.73,000/- after the levy of 10% duty. This has greatly impacted the entire value chain, added Chandran.

Source: fashionatingworld.com- Mar 24, 2021

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Profitability of synthetic yarn makers see steady rise: Crisil

Improved yarn prices because of a sharp rebound in demand in the second half of the current fiscal will help maintain the operating profitability of Indian synthetic (polyester and viscose) yarn companies at 10 per cent this fiscal, despite the pandemic effects.

This has been indicated in a study of 75 Crisil-rated spinners, accounting for 40 per cent of the industry revenue.

Prices of polyester yarn and its key input, purified terephthalic acid (PTA), fell after the onset of the pandemic. But they rebounded in September 2020-January 2021, with the price of yarn rising faster than PTA, thus aiding profitability.

In fact, the spread -- or the difference between the price of yarn and its raw material -- rose to a three-year high of Rs 26 per kg in the December 2020 quarter, the ratings agency said.

On the other side, prices of viscose yarn and its raw material input have remained largely steady, supporting spreads. Although some softening in the polyester spreads is expected over the next two quarters, it is still likely to remain higher than that in the corresponding periods of last fiscal as the tide of demand continually rises. This is likely to support operating profitability next fiscal, too, Crisil said.

Synthetic yarn is used mostly in athletic and leisure (athleisure) wear, and home textiles. Demand from these segments went on a tailspin in the first half of the fiscal, but rebounded sharply thereafter, driven by the 'work-from- home' shift.

India's athleisure market worth Rs 50,000 crore and home textiles market worth Rs 55,000 crore saw a sharp demand recovery owing to health and comfort needs, along with consumer spending on home improvement.

Says Dinesh Jain, Director, Crisil Ratings Ltd, "Operating rates for synthetic yarn spinners are expected to be in the range of 65-70 per cent this fiscal, even with strong order flows in the second half. But that should not be a concern to spinners, given that the spreads are attractive this fiscal. In fact, the low rates provide spinners enough headroom to absorb additional demand next fiscal, without immediate need to increase capacities."

Crisil said that overall the industry is expected to see a contraction in volume to 5.5 million tonne this fiscal from 6 million tonne last fiscal. Spinners are expected to mitigate this impact by tightening their working capital cycles, with faster collections and better inventory management.

Says Krishna Ambadasu, Associate Director, Crisil Ratings Ltd, "By the end of current fiscal, borrowing levels will remain low with spinners maintaining an efficient working capital cycle. Moderate inventory stocking owing to round-the-clock availability of raw materials such as polyester and viscose, and shorter receivables cycle, have helped. That, and limited capital investment needs will keep the capital structure of spinners benign."

Gearing levels of synthetic spinners will be comfortable at 0.5 time this fiscal versus 0.8 time last fiscal. Further, reduced interest outgo and stable profitability will ensure interest coverage ratio remains healthy at over 4 times, aiding an improvement in credit profiles. With players expected to sustain profitability next fiscal, credit profiles should get a boost. Continued order flow from end-user segments and steep increase in raw material prices will bear watching.

Source: business-standard.com- Mar 24, 2021

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Handloom expo from March 27

A special handloom expo-2021 of the Department of Handlooms and Textiles, New Delhi, would be organised here from March 27 to April 9 to liquidate the accumulated stock of the Primary Weavers' Cooperative Societies in Telangana and Andhra Pradesh.

The expo would be held at Yadadri Bhavan Kalyana Mamdapam in Barkatpura. It is being organised to provide the marketing facility to the societies since the condition of weavers is miserable in the two States due to lack of proper marketing facility for handloom fabrics, according to an official press release.

About 60 Primary Handloom Weavers Cooperative Societies from all the districts of Telangana and Andhra Pradesh would participate in the special expo with their wide range of valuable silk and cotton fabrics.

Source: thehindu.com- Mar 23, 2021

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