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INTERNATIONAL NEWS

Europe's economy shrinks in first quarter as US rolls ahead

Europe's economy shrank 0.6 per cent in the first three months of the year as slow vaccine rollouts and extended lockdowns delayed a hoped-for recovery – and underlined how the region is lagging other major economies in rebounding from the coronavirus pandemic.

The fall in output for the 19 countries that use the euro currency was smaller than the 1 per cent contraction expected by economists but still far short of the rebound underway in the United States and China, two other pillars of the global economy.

Figures announced Thursday showed the U.S. economy grew 1.6 per cent during the first quarter, with business supported by strong consumer demand. On an annualised basis, the U.S. grew 6.4 per cent.

In Europe, the second straight quarter of falling output confirms the region is in a double-dip pandemic recession after a rebound in growth in the third quarter. Two quarters of falling output is one definition of a recession.

France showed unexpected growth of 0.4 per cent compared to the quarter before, while the main negative surprise came in Germany, the continent's largest economy.

Activity there shrank by a larger-than-expected 1.7 per cent as the manufacturing sector was hit by disruption of parts supplies on top of the hit to services and travel from pandemic-related restrictions on activity.

French authorities are anticipating the COVID-19 outlook in the country to be better next month, when a greater proportion of the population will be vaccinated. The government is slowly starting to lift partial lockdowns, despite still-high numbers of coronavirus cases and hospitalised COVID-19 patients.

President Emmanuel Macron said Thursday that the outdoor terraces of France's cafes and restaurants will be allowed to reopen on May 19 along with museums, cinemas, theaters and concert halls under certain conditions.

Worry about a potential second straight lost vacation season has clouded the outlook for Mediterranean countries Italy, Spain and Greece, which rely heavily on tourism. Greece has lifted quarantine restrictions on visitors from EU countries and will allow restaurants and cafes to reopen for outdoor service from May 3. Travel receipts there sank 75 per cent last year.

Economists said they expected an upturn in the coming weeks as vaccinations accelerate. The International Monetary Fund forecasts growth of 4.4 per cent for the eurozone for all of this year.

Thus far, Europe's unemployment rate has increased only gradually to 8.1 per cent in March, thanks to extensive furlough support programs that help companies keep workers on. The US saw its jobless rate fall to 6.0 per cent after spiking as high as 14.8 per cent during the worst of the pandemic.

A major factor holding back the recovery in Europe is the slow vaccine rollout, which has led to prolonged lockdowns. Another is less fiscal support for the economy from new government spending. U.S. President Joe Biden's USD 1.9 billion relief package, coupled with spending from earlier support efforts, will mean additional cash support of about 11-12 per cent of annual economic output for this year, according to economists at UniCredit bank.

By contrast, the European fiscal stimulus amounts to about 6 per cent of gross domestic product, even after Europe's more extensive social safety net is factored in.

China was hit first by the pandemic but got it under control through strict public health measures and was the only major economy to grow in 2020. The U.S. was hard hit by the virus but has rolled out vaccinations at a rapid pace.

Source: financialexpress.com – Apr 30, 2021

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China's factory activity growth slows in April as supply bottlenecks weigh

China's factory activity growth slowed and missed forecasts in April as supply bottlenecks and rising costs weighed on production and overseas demand lost momentum.

The country's official manufacturing purchasing managers' index (PMI) fell to 51.1 in April from 51.9 in March, data from the national Bureau of Statistics (NBS) showed on Friday.

It remained above the 50-point mark that separates growth from contraction on a monthly basis but was below the 51.7 expected in a Reuters poll of analysts.

"Some surveyed companies report that problems such as chip shortages, problems in international logistics, a shortage of containers, and rising freight rates are still severe," NBS statistician Zhao Qinghe said in a statement accompanying the official PMI.

That contrasted with a private-sector survey, also released on Friday, which showed factory activity in April expanded at the fastest pace in four months although businesses in that release also reported a sharp surge in input costs.

"With the economy already above its pre-virus trend and the policy stance less supportive, growth momentum will wane this year," analysts from Capital Economics said in a note on the PMI.

China's economic recovery quickened sharply in the first quarter of the year with record growth of 18.3%, shaking off the hit from last year's COVID-19-induced slump. Analysts now expect the world's second-largest economy to grow 8.6% in 2021.

The robust economic recovery has outpaced rebounds seen in manufacturing competitors such as India, which are still struggling to contain new waves of coronavirus outbreaks.

Policymakers in Beijing have signalled they are keen to avoid sudden policy changes that could derail the recovery.

"We expect that an export demand recovery will help factory orders and that the May holiday will help the services sector," said Iris Pang, chief economist for Greater China at ING, in a note, referring to China's labour day vacation due to start on Saturday.

Overseas demand should also pick up as Covid-19 is brought under control in major markets like the United States and Europe, she said, but chip shortages could continue for several quarters and push up prices of electronic goods.

From delayed car deliveries to a supply shortfall in home appliances, businesses and consumers across the globe are facing the brunt of an unprecedented shortage in semiconductor microchips, exacerbated by sanctions against Chinese tech companies.

The official PMI, which largely focuses on big and state-owned firms, showed businesses again laid off workers in April after increasing hiring the month before for the first time in nearly a year. A sub-index for employment slipped to 49.6 from 50.1 in March.

A gauge for new export orders stood at 50.4 in April, slipping from 51.2 a month earlier.

Riding the broader economic recovery, surging demand for raw materials fuelled Chinese industrial firms' robust profit growth in March as profits upstream outperformed those in downstream sectors.

A sub-index for raw material costs in the official PMI stood at 66.9 in April, easing from March's 69.4 but maintaining a rapid clip.

In the services sector, activity expanded for the 14th straight month, but at a slower pace, dragged down by a sub-index for construction activity.

Source: business-standard.com – Apr 30, 2021

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The Economics of the China-India-Sri Lanka Triangle

Sri Lanka's relationship with China has been a controversial discussion during the last decade, dominating both domestic and international political conversations. The strengthening relationship between the island nation and the emerging global power has been largely economic. Yet it is quite clear that Sri Lanka's closest neighbour, India, and the United States are diligently monitoring these developments in the China–Sri Lanka relationship.

China has been a major economic partner for Sri Lanka. Beijing's assistance has been crucial in saving the poorly performing Sri Lankan economy during the last three years. At the same time, Sri Lanka is compelled not to antagonize India, its closest neighbour, with which Sri Lanka's relationship runs deep and far back. The India–Sri Lanka relationship is vastly different than its ties with China.

With India, Sri Lanka's relationship during the post-colonial era goes well beyond economic relations. India has been extremely influential in Sri Lanka's domestic politics. For instance, India played a key role in introducing the 13th Amendment to the Constitution of Sri Lanka, which brought power devolution to the country to provide a solution to Sri Lanka's ethnic conflict. Concerns about the problems of Tamil minorities living in Sri Lanka are often amongst the political discussions in India, especially in Tamil Nadu.

In 1987, India sent its army to fight against the LTTE, which demanded a separate country for Tamils in Sri Lanka. The mission is often considered a failure, and the then-Indian premier, Rajiv Gandhi, called back the Indian army given their failure to defeat the LTTE. Later, the LTTE killed Gandhi, claiming revenge for the operations against the LTTE.

The war between the Sri Lankan government and the LTTE ended in 2009. However, the concerns about power devolution to the Tamil minority remain unaddressed and India has been consistently pushing Sri Lanka for full implementation of the 13th Amendment. Most recently, the same concern was raised by India's External Affairs Minister S. Jaishankar during his visit to Sri Lanka in early 2021.

China's relationship with Sri Lanka has been vastly different, due in part to China's greater distance from the island. While China has been an ally of Sri Lanka in the post-independence period, its involvement in Sri Lanka's domestic affairs has been minimal. The growth of the China–Sri Lanka relationship is a recent phenomenon and one largely anchored on economic and financial ties. However, in recent years, military and political relations between the two countries have also grown.

Rise of Economic Relations with China

Upon upgrading to a middle-income country, Sri Lanka has been heavily exposed to severe and recurrent Balance of Payment (BOP) crises. This compelled successive governments to seek solutions to escape from economic troubles, which resulted in stronger economic ties with China – and an increased reliance on China in Sri Lanka's development process.

While there are many vague claims about the strengthening economic relationship between Sri Lanka and China, which sometimes includes claims such as Sri Lanka becoming a cat's-paw state for China, it is vital and essential to investigate the avenues through which bilateral economic relations have developed and the underlying reasons. While much discussion of the growing China–Sri Lanka relationship has focused on the increased reliance on Chinese loans, which is often (and inaccurately) depicted as Sri Lanka falling into a Chinese debt trap, growing bilateral economic relations go far beyond debt.

The blooming China–Sri Lanka economic relationship, which Colombo seems to cherish as a blessing currently, is taking place through three main avenues: debt, investment, and trade. Therefore, restricting the focus of Sri Lanka's reliance on China to merely Chinese loans downplays the growing relationship between the two countries.

In terms of public debt, China over the last decade and a half has been the second-largest foreign lender for Sri Lanka. Several large infrastructure development projects, including the Colombo–Katunayake expressway, which connects the main commercial city and the major airport; Hambantota Port; and the second international airport of the country, Mattala Airport, all were funded by Chinese loans. This of course has been a much-discussed phenomenon, used to strengthen claims of debt-trap diplomacy.

By the end of 2019, China owned a little over 10 percent of Sri Lanka's outstanding foreign debt stock. While most of these debts consist of loans obtained for large-scale infrastructure development projects, recently obtained Chinese loans were for budgetary and BOP support. On top of that, in early 2021, the Sri Lankan government obtained a 10 billion Renminbi (RMB) currency swap facility from China to tackle the ongoing foreign currency shortage. These indicate Sri Lanka's changing relationship to Chinese loans and increasing reliance on loan instruments such as Foreign Currency Term Financing Facilities and swaps to save the country from a severe Balance of Payment crisis, or even from defaulting on its debt.

Sri Lanka obtained a Foreign Currency Term Financing Facility (FTFF) of US$ 1 billion from the China Development Bank (CDB) in 2018, and another US$ 500 million in March 2020. Most recently, in early April 2021, Sri Lanka signed another agreement with the CDB to obtain US$ 500 million as an FTFF. These loan facilities, along with the currency swap provided in March 2021, indicate that Sri Lanka is heavily relying on China to avoid external sector vulnerabilities (i.e., BOP issues).

Click here for more details

Source: dailynews.lk– May 03, 2021

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Amazon to overtake Walmart as largest US retailer by 2025: report

Amazon is set to overtake Walmart as the largest retailer in the US within the next four years. Amazon GMV sales will reach $631.6 billion by 2025, representing a compound annual growth rate (CAGR) of 14 per cent between 2020 and 2025, according to a new report. Walmart total sales will grow at 3.9 per cent CAGR, reaching $523.3 billion by 2025.

This comes as ecommerce in the US continues its meteoric rise, with US online sales expected to increase to more than $1 trillion ($1.204 trillion) by 2025, a 41 per cent growth on 2020 ($710.7 billion), which in itself was a bumper year for ecommerce as social distancing forced people online to fill the time and buy household essentials, says the report from Edge by Ascential's market research arm, Retail Insight.

Ecommerce sales grew about 30 per cent in 2020 from $546.3 billion in 2019. In 2018, ecommerce sales were $471.3 billion.

The United States Retail Landscape and Market Planning Report 2021 shows that Walmart sales will grow at 2020-2025 CAGR of 3.9 per cent to reach $523.3 billion by 2025, boosted by its e-commerce offering. Data from Edge by Ascential reveals that Walmart's e-commerce sales are set to grow at a 5-year CAGR of 14.9 per cent from $43.6 billion in 2020 to $87.5 billion in 2025, accounting for 16.7 per cent of total retailer sales in 2025.

Meanwhile, Amazon will continue to grow its third-party marketplace business model, which will account for 66 per cent of gross merchandise value (GMV) sales in 2025, up from 60 per cent in 2020.

This offers brands an opportunity to embrace the e-commerce boom by piggybacking on the marketplace's enormous success, formidable investment in customer acquisition and growing reputation for live selling, the report said.

Data from Edge by Ascential shows that Kroger will remain the third largest retailer in the US, with sales growing at a CAGR of 3.6 per cent to reach $166.6 billion in sales by 2025. However, Costco, which is the fourth largest, is expected to invest heavily in its digital capabilities, with its online sales set to increase by 47 per cent over the same period, reaching $15.3 billion in 2025.

Edge by Ascential analysts forecast that e-commerce penetration in the US will grow from 22.1 per cent in 2020 to account for 29 per cent of total chain retail sales by 2025. This will be driven by a new generation of customers with greater expectations of immediacy and personalisation.

Over the next few years, Generation Z will become a bigger share of wallet for brands and retailers, who will need to focus investment in online and engage with the digital ecosystem in order to win market share.

Source: fibre2fashion.com – Apr 30, 2021

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Consumers Are Watching, But Is the Denim Industry Behaving Any Better?

2020 was a year of reckoning for many. The Covid-19 pandemic gave way to a world collectively enduring similar hardships, producing a sense of empathy that only a global crisis could inspire. Last year, consumers were more tuned into acts of humanity, and paid attention to corporations and brands that donated time, funds and resources to those in need.

Players throughout the denim industry did their part to assist, pausing regularly scheduled production and utilizing facilities for essential items such as face masks, personal protective equipment (PPE) and sanitization products. Some provided financial support for nonprofits and hospitals to assist local groups affected by the pandemic, and others supported their employees through disaster relief grants.

But while support was given to frontline workers in need of supplies and corporate employees affected by the pandemic, hardships felt throughout the rest of the supply chain—arguably the segments that needed the most support—were largely overlooked, and in some cases, deepened.

“The pandemic intensified the many crises already facing garment workers as a result of structural inequalities and exploitative practices within garment supply chains,” said Vincent DeLaurentis, director of outreach for Worker Rights Consortium (WRC), a labor rights monitoring organization.

These crises spanned unsafe working conditions, sexual harassment, violence, financial debts and more. According to Mostafiz Uddin, managing director of Bangladesh garment manufacturer Denim Expert Limited, brands pulling factory orders during the pandemic were “crippling Bangladesh’s apparel industry.” He detailed accounts of brands and retailers postponing the delivery of goods that had already been produced, others cancelling all new orders that had already been agreed upon, and some delaying payments to manufacturers for the apparel they had already shipped.

And Uddin was not alone in his experience. A 2020 report from denim industry changemakers Transformers Foundation found that most of the denim suppliers polled experienced cancelled and delayed orders, as well as delayed payment and extended payment terms with no possibility for negotiation or discussion. Multiple suppliers also reported that their partners forced retroactive discounts, and one agreed to an extended payment plan only to have the brand file for bankruptcy two weeks later.

These breaches of contract started a domino effect, which directly impacted the livelihood of garment workers and their immediate dependents. "In short, suppliers' disrespect and exploitation mean disrespect, exploitation and mass layoffs of garment workers," the report stated.

Regions are still reeling from the fallout a year later. Countries like Bangladesh are exempting factories from another series of lockdowns to mitigate the financial hit from the pandemic, forcing workers to balance health risks with earning a paycheck.

"Things are not okay in the global fashion industry," Uddin said, referencing high-profile bankruptcies such as the Arcadia Group. "The fact is that if 10,000 people lose their jobs in the U.K., 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."

Last month, Uddin singlehandedly began a letter-writing campaign to heads of governments in the Western world calling on them to open retail stores in their respective regions to keep businesses—and workers' livelihoods—afloat.

Bad press

And brands' and retailers' unethical behaviors are coming to light. According to the WRC, today some of the world's biggest brands are still withholding a combined total of $500 million—that's half a billion—in severance for laid-off garment workers.

"Many brands have faced a spate of bad press in the wake of the pandemic as they moved quickly to retroactively cancel orders they had agreed to pay for and to furlough staff at retail locations, all while continuing to pay out dividends," DeLaurentis said.

The injustice, coupled with a captive pandemic audience glued to news reports and social media, put a spotlight on companies' ethical failures. #PayUp, a social media movement calling on corporations to follow through on their financial obligations, and the WRC's Covid-19 Tracker, a list of companies acting responsibly and irresponsibly toward suppliers and workers, called out some of the biggest offenders and demanded change.

While some, including Levi's, Asos, H&M and Zara, are committed to paying in full for orders completed and in production, others have still made no commitment to do so.

American Eagle and Aerie, Bestseller, Cotton On, Urban Outfitters, Anthropologie and The Children's Place are just some of the apparel brands that have yet to commit to making payments, according to the tracker.

DeLaurentis added that some of the biggest offenders are sweeping their unethical actions under the rug and covering them with Corporate Social Responsibility (CSR) programs that are little more than empty promises to do better. Programs initiated in the past year to provide life skills training for workers and better practices for farmers, for example, are helpful, but do not make up for wrongdoings.

"We believe that many brand initiatives were set up to evade the pressure to make legally binding commitments currently being called for by workers, unions and labor advocates," he said.

A chance to do better

Companies are still finding ways to undue the damage caused during the pandemic, but they have examples from prior events to look to for guidance. History has shown that some of the most significant, long-lasting changes can come from widely publicized injustice. In fact, two programs that got it right, according to both DeLaurentis and Jeff Hermanson, director of global strategies at Workers United, a U.S- and Canada-based labor union, were the result of exposed wrongdoings.

Both gave praise to the Bangladesh Accord, a legally binding agreement between workers, factory managers and apparel companies ensuring the safe Bangladesh garment factories. The agreement was formed after the collapse of the region's Rana Plaza factory in 2013 which killed 1,133 people and critically injured thousands more.

The Accord, which was set to expire in five years, was extended in 2018 with a Transition Agreement that will be in effect until this year, when it will evolve into the Ready-made Garment Sustainability Council (RSC). The RSC will continue with factory inspections, remediation monitoring and safety training at some 1,700 facilities supplying Accord signatories.

The other program that was praised for its success was the Lesotho Agreement, an initiative that serves 10,000 workers at four garment factories in the Southern African nation, and aims to empower local unions, as well as human and women's rights groups through gender-based violence and harassment (GBVH) awareness trainings, a confidential reporting system and enforcement processes led by independent nonprofit Workers' Rights Watch. The program was established in response to reports of abuse within Nien Hsing Textile—a manufacturer that produces jeans for Levi Strauss & Co., The Children's Place and Kontoor Brands—in 2019.

According to Hermanson, what made this program so successful was the supplier negotiations that were held during its development.

"An important element was that, after the brands agreed on a program, negotiations took place with the supplier, a 10,000-worker manufacturer, for an inter-locking agreement," he said. "This gives the Lesotho Agreement more staying power, since the supplier is a signatory to the program, along with the trade unions that represent the supplier's workers."

Still, these programs are not foolproof and require constant monitoring. Despite the rigorous pledges in the Bangladesh Accord, just last month, at least one worker died and more than 40 were injured or sickened as a result of a fire at a garment factory in the capital of Dhaka in Bangladesh.

Who can help

In addition to better brand and supplier relations, local governments can also make a significant difference in supporting supply chain workers' rights during the pandemic and beyond. The Garment Manufacturers Association of Cambodia (GMAC)—the trade organization that represents the nation's garment and footwear industries—announced the Cambodian government is seeking to vaccinate 100,000 workers in April, 200,000 in May and another 200,000 in June.

The news comes just as the United Nations Educational, Scientific and Cultural Organization (UNESCO) and GMAC announced the rollout of a literacy program in 11 factories across seven provinces to increase employee skills in the workplace.

Consumers can also play a role by educating themselves on the garment supply chain and supporting reputable brands. And according to James

Bartle, founding CEO of ethical denim brand Outland Denim, it's never been easier to identify which brands are truly doing the work.

"It is a positive thing that between increased transparency in how brands work, and the power consumers hold particularly with the aid of social media, the industry is being held accountable," he said.

Despite this, however, he noted that consumers can't bear too much of the burden. "While consumers need to be celebrated for really helping to lead this movement, it shouldn't be up to them to clean up the mistakes of the industry," Bartle said. "It's good to see other stakeholders such as brands taking responsibility."

Ultimately, according to Hermanson, it requires everyone to operate with respect.

"In order to fundamentally improve conditions in the global apparel industry, every actor needs to be more conscious of the interests of the other actors and promote organization of each group of actors, leading to a multi-level negotiation for fair terms and conditions," he said. "This can happen consciously and peacefully, through the thoughtful agency of the brands, suppliers and workers, or it can happen through blind and destructive struggle as workers respond to abuses and call upon their allies to expose the abuses and force change through pressure on brands and collective action at the factory level."

Source: sourcingjournal.com – Apr 30, 2021

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Garment orders shifting from Myanmar to Philippines

As a result of military takeover in Myanmar, global brands are shifting their garment orders to other Southeast Asian countries, including Philippines. International buyers, especially from the US, have placed around $500 million worth of orders with garment exporters in the Philippines, according to the Foreign Buyers Association of the Philippines (FOBAP).

The country has received orders from American fashion brands for basic babies' playwear, women's dresses, intimate apparel and men's athletic and sportswear, Robert M Young, FOBAP president and trustee of the Philippine Exporters Confederation Inc., said at a recent virtual forum.

The orders will translate into additional foreign revenue earnings, employment opportunities and livelihood which will snowball to related industries, Philippine's media reports quoted Young as saying.

The country's garment industry had taken a big hit due to the pandemic, cutting exports by close to 40 per cent, as per an October 2020 report by the International Labor Organization (ILO).

Source: fibre2fashion.com – Apr 30, 2021

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Doors open wider for Vietnam exports to the US

A large demand for agricultural produce and electronics products as well as rising e-commerce potential give Vietnamese exporters greater opportunities in the U.S. market, experts say.

The U.S. is a market with much potential for Vietnamese companies, especially as Vietnam has been able to keep the Covid-19 pandemic under control, said Nguyen Huu Tien, director of the HCMC Investment and Trade Promotion Centre.

The U.S. was Vietnam's largest export market in the first four months with the value of shipments surging 50 percent year-on-year to $30.3 billion.

Top export categories included machinery and equipment, textile and garment, and computers and electronics.

Last year, Vietnamese exports to the U.S. ranked third in Asia after China and Japan.

Ken D. Duong, director of international law firm TDL, said that traditional categories such as agriculture produce and fisheries were posting strong figures despite the pandemic.

U.S. companies have stopped purchasing some hardwood products from China and are looking for alternative markets, he said, adding that last year, many Vietnamese companies were able to take advantage of this and got large orders.

Many Vietnamese-Americans are looking for suppliers in Vietnam to export products to the U.S., he added.

There are a lot of opportunities for electronics export because a number of American and Taiwanese firms have established factories in Vietnam to research and develop internet of things products.

"There are signals that indicate that Vietnam could become a hub for researching and manufacturing advanced tech products," Duong said.

Amazon Global Selling Wednesday announced a new campaign in partnership with the Vietnam e-Commerce and Digital Economy Agency (iDEA) that would help Vietnamese sellers sell more products on Amazon.

But other experts said there were challenges that Vietnamese exporters face, such as trademarks. They cited the latest example of a Vietnamese rice brand, ST25, which won an international contest as the world's best variety, being trademarked by a U.S. company.

Duong said that usually it costs $1,000-1,800 to register a trademark in the U.S. Around 50 percent of mid-sized Vietnamese companies in the U.S. register their brand and the ratio is just 10 percent for small firms.

Vietnamese suppliers need to understand U.S. regulations on intellectual property to step up in the global supply chain, he added.

Dang Hoang Hai, head of the iDEA, said that as many Vietnamese sellers are reluctant to export their products to the U.S. via e-commerce, his organization will provide more training to help hundreds of small and medium companies sell their products on Amazon.

Although there has been speculation about the U.S. rejoining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), U.S. officials have said that this would not happen in the short-term.

Mary Tarnowka, executive director of American Chamber of Commerce in Vietnam, cited a report by a Fulbright University professor to show that U.S. President Joe Biden will not consider signing another free trade agreement until the middle of his term.

Source: e.vnexpress.net– May 01, 2021

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EU Parliament's resolution against Pakistan: Exports may be in danger zone in time to come

The country's exports to European Union countries may stay in a danger zone in the time to come as the European parliament on Thursday adopted a resolution urging the EU authorities to review GSP plus status as blasphemy cases are on the rise in Pakistan.

"Yes, it is a matter of grave concern, but EU authorities have not formally told the government of Pakistan about its intent to review the GSP Plus. The adoption of resolution by the EU parliament shows the sentiments of the EU countries, but it is not binding on the authorities to consider reviewing GSP Plus facility," a senior official of the Commerce Ministry told The News.

When contacted, Commerce Secretary Muhammad Sualeh Ahmad Faruqui said: "We are in active consultation with the relevant stakeholders. Pakistan is committed to fulfilling obligations under EU GSP plus regime and has made consistent progress in this regard. We are hopeful that through continued engagement and effort, we'd be able to clear up any haze and misgivings in this respect."

The official also told The News and the Pakistan government is in contact with its representative at the Brussels and an important meeting has been convened for next Monday that will finalize the modus operandi on how to go about it and tackle the situation after the adoption of the resolution after having an input from our representative stationed at the Brussels.

"The GSP plus facility is available to Pakistan till 2022 and a review by the EU is to take place in January 2022 to decide if this facility is to continue or not."

According to Executive Director of All Pakistan Textile Mills Association (APTMA) Shahid Sattar, of textile exports of $13 billion, the exports to EU countries stand at $6 billion and if this facility is withdrawn, major dent in exports will take place and in return the industrial activities will plummet in the country which may trigger to a new surge in unemployment. He said that the government should preempt the situation and come up with effective diplomatic endeavors to avert any EU action against the GSP plus facility.

The official said that the EU is Pakistan's most important trading partner, accounting for 12.8 per cent of Pakistan's total trade in 2015 and absorbing 23.7 per cent of Pakistan's total exports.

Pakistani exports to the EU are dominated by textiles and clothing, accounting for 82 per cent of Pakistan's total exports to the EU in 2016. Pakistan's imports from the EU are mainly comprised of machinery and transport equipment (40.2 per cent in 2016) as well as chemicals (19.5 per cent in 2016).

From 2006 to 2016, EU28 imports from Pakistan have almost doubled from €3,319 to €6,273 million. The growth of imports from Pakistan has been particularly fast since the award of GSP Plus (€5,515 million in 2014).

According to the latest data, Pakistan’s exports to the EU in 2018-19 stayed at $7.936 billion while the import stood at $5.478 billion whereas the export to France in 2018-19 was at $400 million. However, in 2019-20, the country's exports to the EU were at $7.477 million and the imports stood at $4.167 million.

Source: thenews.com.pk– May 01, 2021

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Pakistan: Spot rate stable despite low volume

The sluggish trend remained continued in the local cotton market on Friday. Market sources told that trading volume remained very low because textile sector is not taking interest in buying of cotton amid increasing threats of lock down during the third wave of coronavirus.

Cotton Analyst Naseem Usman told Business Recorder that according to Vice President Pakistan Central Cotton Committee Dr Muhammad Ali Talpur government has started considering fixing of support price of cotton and farmer will very soon listen good news regarding this. He also said that recently announced package of Rs 10 billion by the government for cotton farmers will be beneficial for the revival of cotton crop in the country.

Pakistan Cotton Ginners Forum Chairman's Dr Jassu Mal's Cotton Task Force along with Colonel Baqir (progressive farmer), agriculture department team of Lodhran and team of Agriculture Development Bank Lodhran hold awareness seminar for the farmers regarding increase in the production of cotton. Cotton crop will be cultivated on four thousand acres.

Meanwhile, India's second wave may drag down new cotton crop planting. The second wave of coronavirus pandemic spreads in India and the major cotton producing areas are also affected. The high infection rate may directly limit the number of people engaged in cotton-related work in the future, and the expansion of the lock-down may affect the supply of materials, such as seed, pesticides, fertilizers and fuels. Under the condition, Indian cotton planting areas and progress may be dragged down this year.

Malik Talat Sohail, Convener of the Regional Standing Committee on Cotton and Textiles of the Federation of Pakistan Chamber of Commerce and Industry, (FPCCI) lauded the issuance of Kisan Card and appreciated the Prime Minister's announcement of Rs.1000 per sack subsidy on DAP fertilizer during his maiden visit to Multan.

Talat Sohail said that the Prime Minister had disappointed us by not announcing any relief package for cotton. He said that multinational foreign exchange depended on white gold cotton which was also ignored in the Prime Minister's Rs 300 billion agricultural package. Now, even on the occasion of the Prime Minister's visit to Multan, there were hopes from Prime Minister Imran Khan regarding a package to increase cotton production, which were not fulfilled. Once again the policy of increasing cotton production was ignored which is a gross excess and it is beyond comprehension to ignore the crop which is essential for the development of the country, he added.

He said that Provincial Minister for Agriculture Syed Hussain Jahanian Gardezi was the only minister who mentioned the importance of cotton in the Prime Minister's ceremony in Multan. We are deeply grateful to him. He further said that Pakistan which used to export its cotton to the world and has become one of the top cotton importing countries in the world which is causing loss of valuable foreign exchange.

It is important for the government to realize that an increase in cotton production alone can reduce the country's debt and create countless jobs at the local level. Malik Sohail once again demanded that the subsidy price of cotton be fixed at Rs 5,000 per quintal immediately so as to create an atmosphere of confidence among the cotton growers. The spot rate remained unchanged at Rs 11300 per maund. The Polyester Fiber was available at Rs 200 per kg.

Source: brecorder.com– May 01, 2021

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Bangladesh apparel industry: It's time to shift perceptions

For better or worse, Bangladesh as a sourcing hub has become the global bellwether for CSR issues in apparel supply chains.

More often than not Bangladesh is portrayed as a case study on poor working conditions. If international media wants to highlight safety, Bangladesh is their favourite punching bag. And, of course, for pollution, water wastage and so on, the spotlight is always put on Bangladesh.

I got thinking about a lot of these issues in recent weeks in the run up to the anniversary of the Rana Plaza tragedy. No surprise, the spotlight has been on Bangladesh once again, and I have seen many international commentators making all sorts of circumspections or throwing their views on the country. If one were to read everything they say, it is likely they would never purchase another garment from here.

So, I began to wonder, how many people who criticise Bangladesh have first-hand knowledge of this issue? I know for certain that many of our most ardent critics have never stepped foot on Bangladeshi soil! Often, I read about Bangladesh and our factories and I see an industry I simply do not recognise! This picture I see too often is the Bangladesh of a decade ago.

Let me be clear: Rana Plaza is an event we should never forget and, of course, we need to remember those who lost their lives in the most tragic incident every year. The terrible incident that will be forever etched in the history of Bangladesh's apparel industry. The country and the world were shocked, pained and saddened with grief and mourning for the tragic loss of human lives.

But I think it is also important to promote the fact that we have had several years during which the Bangladesh Accord and Alliance for Bangladesh Worker Safety supported a huge overhaul of the Bangladesh apparel factories. Major remediation works were carried out costing tens of millions of US dollars, alongside the rolling out of key safety features across the industry. In a recent survey conducted by QIMA and Just Style, Bangladesh ranked second in "Ethical Manufacturing" with a score of 7.7 only behind Taiwan which scored 8.0. Vietnam came in third, followed by Thailand, Pakistan, Turkey, China, India and Brazil, respectively.

Bangladesh successfully eliminated child labour from its apparel industry with the help of the ILO. The workers' wages have steadily risen and their rights have also increased, although we must all keep fighting on these issues and stay humble.

The country has by far the largest number of LEED factories (138) in the world, among them 39 are LEED Platinum certified and as many as 84 are LEED Gold certified. Yet, so often, I see news popping around Bangladesh and the images used to represent factories do not represent the modern apparel factories here. Perhaps, as an industry, we need to improve our public relations although that is a story for another day.

Bangladesh has moved beyond Rana Plaza. The landscape stands neatly transformed.

But it goes deeper than this. I have been running my own factory for almost two decades. It is difficult to put into words the amount of change I have seen during the time in the industry. The Bangladesh apparel sector is a completely different proposition to what it was back then. It has had no choice but to change to meet the demands of a global fashion industry which never stands still.

There is also the issue of garment workers. Is worker unrest an issue in Bangladesh? From time to time yes, of course it is (as it is in many countries, even those in the west). Yet if one were to follow the social media streams of some NGOs, one would get the impression that Bangladesh garment factories are in a regular state of infighting and chaos.

My intention here is not to criticise people who write about Bangladesh. Many are doing fine work and I have faith that in most cases they are coming from a place of goodwill. The industry should be ready to take this extraneous pressure as a motivation to even accelerate the improvements and get better beyond what it has already achieved. But the significant improvements the industry made over recent years should also be recognised by all stakeholders. Any mis-portrayal of the industry will actually demean the concerted efforts made by the manufacturers, buyers and the government to transform it.

I say with reasonable basis that too many people incorrectly label Bangladesh without ever coming to the land and visiting the factories. There is the other group of individuals who visit us on a regular basis—the buyers from big fashion brands who are witness to the quiet transformation. They are better placed than anyone else to speak for the real progress in Bangladesh apparel industry.

New buyers are often positively shocked when they come here. The reality does not match the perception they had formed by reading about us on the internet. This is not what Bangladesh looked like in the reports they had read, they tell us.

This modern side of our country, the real Bangladesh, is something we all need to play our part in promoting looking ahead as we seek to win hearts and minds and encourage would-be investors to look beyond the headlines.

I would like to take this opportunity to invite all our foreign friends to Bangladesh to see the Bangladesh apparel industry with their own eyes. We always appreciate any constructive criticism. But making sweeping comments that simply is not representative of the truth and publishing news that is far from the reality are not only undermining the progress Bangladesh made, but also barring the honest march of the global fashion industry towards safety and sustainability.

Source: thedailystar.net– May 03, 2021

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NATIONAL NEWS

India’s Merchandise Trade: Preliminary Data, April 2021

India’s merchandise exports in April 2021 was USD 30.21 billion, an increase of 197.03% over USD 10.17 billion in April 2020 and an increase of 16.03% over USD 26.04 billion in April 2019.

India’s merchandise imports in April 2021 was USD 45.45 billion, with an increase of 165.99% over USD 17.09 billion in April 2020 and an increase of 7.22% over USD 42.39 billion in April 2019.

India is thus a net importer in April 2021 with a trade deficit of USD 15.24 billion, which increased by 120.34% over trade deficit of USD 6.92 billion in April 2020 and declined by 6.81% over trade deficit of USD 16.35 billion in April 2019.

In April 2021, the value of non-petroleum exports was USD 26.85 billion, registering a positive growth of 200.62% over USD 8.93 billion in April 2020 and a positive growth of 19.44% over USD 22.48 billion in April 2019. The value of non-petroleum and non-gems and jewellery exports in April 2021 was USD 23.51 billion, registering a positive growth of 164.28% over USD 8.90 billion in April 2020 and a positive growth of 19.89% over USD 19.61 billion in April 2019.

In April 2021, Oil imports was USD 10.8 billion, a positive growth of 132.26% compared to USD 4.65 billion in April 2020 and a negative growth of 6.62 compared to USD 11.56 billion in April 2019.

Non-oil imports in April 2021 was estimated at USD 34.65 billion, showing an increase of 178.6% compared to USD 12.44 billion in April 2020 and an increase of 12.42% compared to USD 30.82 billion in April 2019.

Non-oil, non-GJ (gold, silver &Precious metals) imports was USD 26.05 billion in April 2021, recording a positive growth of 111.3%, as compared to non-oil and non-GJ imports of USD 12.33 billion in April 2020 and a positive growth of 6.48% over USD 24.46 billion in April 2019.

All Major commodities have recorded positive growth in export during April 2021 vis-à-vis April 2020 namely, Gems and Jewellery (9158.63%), Jute mfg. Including floor covering (1556.39%), Carpet (1351.48%), Handicrafts excl. Hand-made carpet (1207.98%), Leather and leather manufactures (1168.96%), RMG of All Textiles (920.52%), Cotton yarn/fabrics/made-ups, handloom products etc. (616.6%), Man-made yarn/fabrics/made-ups etc. (583.53%), Ceramic products and glassware (441.57%), Other cereals (441.46%), Electronic Goods (362.86%), Oil meals (275.91%), Cashew (252.46%), Mica, coal and other ores, minerals including process (234.63%), Engineering goods (234.63%), Tobacco (183.86%), Iron ore (175.15%), Petroleum products (171.11%), Cereal preparations and miscellaneous processed item (170.86%), Oil Seeds (166.24%), Meat, dairy and poultry products (148.6%), Tea (143.04%), Marine products (107.59%), Spices (102.32%), Coffee (73.83%), Organic and Inorganic Chemicals (69.39%), Rice (60.29%), Plastic and linoleum (47.49%), Fruits and vegetables (21.82%), and Drugs and pharmaceuticals (20.68%).

Major commodity groups of export showing positive growth in April 2021 over April 2019 are: Iron ore (219.55%), Other cereals (206.43%), Oil meals (86.59%), Jute mfg. Including floor covering (66.19%), Rice (49.45%), Cereal preparations and miscellaneous processed item (40.34%), Electronic Goods (35.81%), Mica, coal and other ores, minerals including process (33.17%), Spices (32.72%), Cotton yarn/fabrics/made-ups, handloom products etc. (25.27%), Ceramic products and glassware (22.57%), Drugs and pharmaceuticals (22.55%), Carpet (22.38%), Engineering goods (18.61%), Cashew (16.57%), Gems and Jewellery (16.38%), Marine products (16.34%), Handicrafts excl. Hand-made carpet (14.33%), Plastic and linoleum (13.31%), Fruits and vegetables (11.66%), Man-made yarn/fabrics/made-ups etc. (8.35%), and Oil Seeds (1.30%).

Major commodity groups of export showing negative growth in April 2021 over April 2019 are: Tea (-23.66%%), Leather and leather manufactures (-13.27%), Tobacco (-9.86%), RMG of All Textiles (-8.01%), Petroleum products (-5.5%), Coffee (-2.56%), Organic and Inorganic Chemicals (-2.21%), and Meat, dairy and poultry products (-1.38%).

Major commodity groups of import showing positive growth in April 2021 over the corresponding month of last year are: Gold (215906.91%), Pearls, precious & Semi-precious stones (119500.48%), Sulphur & Unroasted Iron Pyrites (1525.05%), Electronic goods (213.59%), Non-ferrous metals (193.89%), Transport equipment (170.95%), Professional instrument, Optical goods, etc. (163.13%), Artificial resins, plastic materials, etc. (138.18%), Metaliferrous ores & other minerals (133.77%), Petroleum, Crude & products (132.26%), Machinery, electrical & non-electrical (113.73%), Textile yarn Fabric, made-up articles (111.7%), Wood & Wood products (101.01%), Machine tools (100.93%), Vegetable Oil (97.57%), Project Goods (91.79%), Leather & leather products (91.59%), Dyeing/tanning/colouring materials (88.10%), Chemical material & products (84.57%), Iron & Steel (73.19%), Organic & Inorganic Chemicals (72.73%), Fruits & vegetables (70.0%), Coal, Coke & Briquettes, etc. (65.98%), Medcnl. & Pharmaceutical products (56.92%), Pulp and Waste paper (46.35%), Cotton Raw & Waste (11.68%) and Fertilisers, Crude & manufactured (7.75%).

Major commodity groups of import showing negative growth in April 2021 over the corresponding month of last year are: Silver (-88.55%), Newsprint (-46.07%), and Pulses (-42.46%).

Major commodity groups of import showing positive growth in April 2021 over April 2019 are: Vegetable Oil (75.85%), Gold (54.17%), Chemical material & products (41.68%), Artificial resins, plastic materials, etc. (36.69%), Metaliferrous ores & other minerals (29.60%), Sulphur & Unroasted Iron Pyrites (25.23%), Medcnl. & Pharmaceutical products (22.23%), Fruits & vegetables (18.95%), Electronic goods (17.01%), Pearls, precious & Semi-precious stones (15.39%), Non-ferrous metals (13.51%), Organic & Inorganic Chemicals (12.46%), Professional instrument, Optical goods, etc. (6.78%), Dyeing/tanning/colouring materials (5.54%), and Wood & Wood products (2.63%).

Major commodity groups of import showing negative growth in April 2021 over April 2019 are: Silver (-95.25%), Newsprint (-59.63%), Cotton Raw & Waste (-50.42%), Pulses (-46.98%), Project Goods (-37.47%), Leather & leather products (-33.10%), Transport equipment (-24.49%), Machine tools (-23.40%), Pulp and Waste paper (-18.09%), Iron & Steel (-17.93%), Coal, Coke & Briquettes, etc. (-14.84%), Fertilisers, Crude & manufactured (-11.44%), Petroleum, Crude & products (-6.62%), Machinery, electrical & non-electrical (-1.55%), and Textile yarn Fabric, made-up articles (-0.37%).

Click here for more details

Source: pib.gov.in– May 02, 2021

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Covid wave to shrink cotton consumption by 8 per cent

The Government of India's top cotton crop assessment body has projected cotton consumption to dip by a little more than 8 per cent owing to the latest Covid-19 wave and the subsequent lockdowns in several States.

The Union Ministry of Textiles' Committee on Cotton Production and Consumption (COCPC) has reduced cotton consumption for season 2020-21 (October to September period) from 330 lakh bales (each of 170 kg) to 303 lakh bales, primarily due to the current lockdowns as the severe second wave of Covid has gripped the entire nation.

In the COCPC meeting held on April 30, the estimated cotton closing stock has been increased from the earlier projected 98.79 lakh bales to 118.79 lakh bales at the end of the season on September 30, 2021.

Exports likely to take a hit

The COCPC, which was formed in September 2020 replacing the erstwhile Cotton Advisory Board (CAB), has also curtailed the projected cotton output for the season from the earlier estimated 371 lakh bales to 360 lakh bales.

While cotton imports are estimated to remain stable at 11 lakh bales for the year, exports are likely to take a hit from earlier projections of 75 lakh bales to 70 lakh bales.

"Indian cotton sowing area has been increased from 133.73 lakh hectares to 134.77 lakh hectares. The big change was in Punjab, where sowing was reduced from 3.92 lakh hectares to 2.48 lakh hectares, whereas in Karnataka it increased from 6.37 lakh hectares to 8.17 lakh hectares," COCPC noted.

For the year 2020-21, which started from October 1, 2020, with estimated opening stock of 120.79 lakh bales, the total cotton supply is projected to be 491.79 lakh bales, which includes 360 lakh bales of crop as per the latest estimates and 11 lakh bales of imports besides the opening stock.

Total demand is projected at 373 lakh bales, including 303 lakh bales of domestic consumption and 70 lakh bales of cotton exports.

Notably, cotton trade body, Cotton Association of India (CAI) has estimated India's cotton output for the year at the same level as of COCPC i.e. 360 lakh bales.

However, it has projected total consumption of 330 lakh bales during the year, leaving the closing stock of 106 lakh bales.

Source: thehindubusinessline.com– May 02, 2021

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Govt waives late fee for delayed filing of March, April GSTR-3B, tax payment

The government has waived late fee on delayed filing of monthly return GSTR-3B and tax payment for the months of March and April and also cut interest rate for late filers. Taxpayers with a turnover of over Rs 5 crore have been given 15 days extra time to file monthly summary return GSTR-3B and pay taxes without paying any late fees. They would be required to pay a lower 9 per cent for these 15 days, after which the rate would be 18 per cent.

While those with a turnover up to Rs 5 crore in the preceding financial year have 30 days more time from their original due date for filing 3B returns for March and April, with late fee waiver. Interest rate would be 'Nil' for the first 15 days, post which it would be 9 per cent. After 30 days, a 18 per cent interest would be levied.

Central Board of Indirect Taxes and Customs (CBIC) on May 1 issued the notification, saying that these relaxations come into effect from April 18. Also the due date for filing April sales return GSTR-1 has been extended till May 26, from the original due date of May 11.

For composition dealers filing sales return GSTR-4, the deadline for filing returns for the financial year ended March 31, 2021, has been extended by a month till May 31. AMRG & Associates Senior Partner Rajat Mohan said owing to Covid induced exigencies, the government has introduced compliance-related reliefs for the block of two-month March and April, 2021. Every taxpayer of the country is eligible for some form of extension irrespective of the size of operations.

"Large taxpayers will enjoy a full waiver of late fee, and partial relief in levy of interest wherein GSTR -3B filings are delayed up to 15 days. However, small taxpayers will enjoy similar benefits even if such filings are delayed up to 30 days," Mohan added.

While businesses file GSTR-1 of a particular month by the 11th day of the subsequent month, GSTR-3B is filed in a staggered manner between 20th-24th day of the succeeding month.

Source: financialexpress.com– May 02, 2021

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Modi govt's relief on GST late fee, tax payment to help MSEs but further extension still needed: Experts

Even as the MSME community continues to urge the government to extend GST payment and return filing deadlines by two-three months, the Ministry of Finance has offered taxpayers a late fee waiver for filing GSTR-3B monthly returns for March and April and reduced interest rates for late payments. While this would reprieve micro and small enterprises (MSEs) temporarily, there might be a need for further relaxation as Covid and its impact would be long drawn and take more than a while to settle down, according to experts.

“They (government) have to look into the tonality. It is not only about the condonation of delay but the removal of the root cause by delaying the due date itself. Currently, due to the second wave pandemic, businesses are in jeopardy, and in several places, employees are not being able to make it. I think the time has come to push the dates to give sufficient leverage to MSEs,” Manguirish Pai Raikar, Chairman, National Council for MSMEs, Assocham told Financial Express Online.

The Central Board of Indirect Taxes and Customs (CBIC) on Saturday had issued a notification announcing the extension for filing the monthly GSTR-3B return by 15 days for taxpayers with a turnover of more than Rs 5 crore along with a lower 9 per cent tax rate for the 15 days. For taxpayers having up to Rs 5 crore in turnover in the preceding financial year, a 30-day period has been given to file their 3B returns for March and April from their due date without a late fee. The interest rate for them would be nil for the first 15 days and 9 per cent after that. Post 30 days, an 18 per cent rate would be levied. “This notification shall be deemed to have come into force with effect from the 18th day of April 2021,” CBIC said.

“Happy that the government made the right decision which will provide relief to small businesses, many of which are currently shut due to lockdowns and curfews. If the lockdowns and restrictions persist past May 24 in different parts of India preventing small businesses from filing, we hope that the government will provide another extension till June 30,” Sachin Taparia, Chairman, LocalCircles told Financial Express Online. According to a recent LocalCircles survey comprising of 2,370 startups, MSMEs, traders, and service providers, 80 per cent respondents had suggested an extension of GST payment and return filing without penalty.

CBIC also announced the extension of the due date for GSTR-1 April sales return filing till May 26 from the actual due date of May 11. "The concessions permitting belated compliances will indeed ease the bandwidth issues for MSMEs. However, a lot more needs to be done for improving liquidity flow by directing credit flow to them through banks and NBFCs and government bodies themselves making timely payments or advance payments to MSME vendors," Suraj Malik, Partner – Transaction Tax, BDO India told Financial Express Online. "Since the relief is for a limited period and Covid is rising each day, there has to be an extension till June 30," Praveen Khandelwal, Secretary-General, CAIT told Financial Express Online.

As of April 13, 2021, the number of cases filed in the MSE Facilitation Councils (MSEFCs) by MSEs had nearly doubled over the past 12 months. From 13,091 delayed-payment cases filed against the respective central ministry, department, CPSE, or state government, as of April 27, 2020, since the launch of delayed payment monitoring system MSME Samadhaan on October 30, 2017, the number had jumped 96 per cent to 25,705 applications as of April 13, 2021, according to the government data. The amount payable in the number of cases filed also increased 125 per cent from Rs 4,112 crore to Rs 9,250 crore during the said period, data from MSME Samadhaan showed. The number of resolved cases has also more than doubled from 3,145 involving Rs 598 crore to 6,643 involving Rs 1,075 crore.

Source: financialexpress.com– May 02, 2021

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Cotton production estimated to be lower at 360 lakh bales

The Committee on Cotton Production and Consumption expects production during the current season (October 2020 to September 2021) to be at 360 lakh bales, slightly lower than the 2019-2020 estimate of 365 lakh bales.

At a meeting held on Friday, the committee estimated cotton exports in the current season to be at 70 lakh bales and consumption by textile mills at 288 lakh bales. The closing stock is projected to be almost 119 lakh bales.

In its previous meeting held in January this year, the committee estimated 2020-2021 production to be 371 lakh bales, textile mill consumption at 312 lakh bales, and exports to be at 75 lakh bales.

According to K. Selvaraju, secretary general of the Southern India Mills' Association (SIMA), textile mill consumption and exports this year may be lower than the estimates because of the spread of COVID-19 and its impact on industrial activities.

"Worker shortage is the main challenge for textile mills," he said.

Atul S. Ganatra, president of Cotton Association of India, said about 43 lakh bales had been shipped for exports so far.

Exports to China and Bangladesh had slowed. With huge closing stock, domestic cotton prices are likely to be stable.

Source: thehindu.com– May 01, 2021

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April GST revenue collection to be in the range of ₹1.15-1.20 lakh crore: SBI report

The report also added that the all India GST E-way bills would cross 5.5 crore comfortably

Despite, the partial lockdown in most of the States during April, GST collection is expected to be in the range of ₹1.15- 1.20 lakh crore in April, 2021 on account of raid economic recovery after lockdown in view of pandemic was removed, State Bank of India's Ecowrap report said Friday.

"After clocking record collections in March 2021 (₹1.24 lakh crore), our internal simulation model indicates that April 2021 GST collections will be in the range of ₹1.15-1.20 lakh crore. This will be quite impressive given the fact that during the April month most of the States imposed partial lockdowns and this move is expected to hamper economic momentum," the SBI research report Ecowrap said.

The report also added that the all India GST E-way bills till April 25 reached 4.89 crore and it is estimated that it would cross 5.5 crore comfortably, given the past trends.

GST revenue collection crossed ₹1 lakh crore-mark at a stretch for the last six months i.e from October-March and a steep increasing trend over this period is a clear indicator of rapid economic recovery post-lockdown measures, according to the report.

Besides that, closer monitoring against fake-billing, deep data analytics using data from multiple sources including GST, IT and Customs IT systems and effective tax administration also contributed to the steady increase in tax revenue over the last few months, said the report.

"We believe that any disruption in GST collections will be transient, and the States will have comfortable SGST collections. If we look at last year trend, given the SGST collection, allocation of IGST to states and Cess amount, it is around 89 per cent of the budgeted numbers of ₹6.5 lakh crore. There is a substantial portion of IGST which is unallocated," the report said adding that if the 50:50 distribution takes place, then States will be only short by around ₹6,000 crore, which is impressive in the backdrop of pandemic and imposition of stricter lockdown measures imposed last year.

The report further added that the demand for work by households under MGNREGA increased by 92 per cent to 2.57 crore households in April 2021, highest in any April since 2013, as compared with 1.34 crore in Apr'20. This indicates the extent of reverse migration of workers to their native states.

Source: thehindubusinessline.com– Apr 30, 2021

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NI-MSME: 150% jump in trainees trained amid Covid at govt's premier MSME development institute in FY21

China's Qinghai sees robust growth in foreign tradeThe National Institute of Micro, Small and Medium Enterprise (NI-MSME), which trains MSMEs, individuals, and professionals for entrepreneurship development, capacity building, marketing, innovation, infrastructure development, quality management, and more under the Ministry of MSME, has witnessed nearly 150 per cent jump in the number of trainees trained during FY21 despite a lesser number of programmes conducted amid Covid vis-à-vis preceding financial year.

95 training programmes involving 9,935 trainees were conducted in FY21 in comparison to 154 programmes involving 3,999 trainees conducted in FY20, according to the available government data.

The trainees were trained across four programme types viz., the institute's core programmes, international training programmes under the Ministry of External Affairs, sponsored programmes, and programmes under the Assistance to Training Institution (ATI) scheme that is intended to strengthen capacity for training for skill development, entrepreneurship, providing training to staff of District Industries Centres and related government institutions dealing with MSMEs.

According to NI-MSME, programmes for MSMEs are divided across three categories. First, marketing (including branding and marketing strategies, internet and social media marketing, planning and promotion, and public procurement policies; second, cluster (infrastructure development, innovation in MSME clusters, PMEGP, implementing soft and hard interventions in clusters), and third, total quality management for MSMEs.

Meanwhile, under the government's flagship skill development scheme for entrepreneurs – Entrepreneurship Skill Development Programme (ESDP) has trained nearly 2.75 lakh trainees through over 8,164 programmes so far with an expenditure of Rs 33.5 crore and revenue of Rs 3.18 crore, according to the data available with DC MSME. On the other hand, the government's job portal for MSMEs – MSME Sampark had only 131 job postings with 936 open vacancies for a staggering 4,71,596 jobseekers, as of April 19, 2021, according to the data available with MSME Sampark portal.

The portal focused on helping passed out trainees and students of MSME Technology Centres and recruiters to register themselves for the right match. According to MSME Sampark, 18 MSME Technology Centres in India provide training to around 1.5 lakh students annually.

Jobseekers can filter listed jobs as per their skills including animation, Adobe Photoshop, CNC milling, data entry operator, welding technology, social media marketing, footwear design, industrial robotics, thermal engineering, etc.

Source: financialexpress.com– May 02, 2021

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Most Indian corporates protected against weakening rupee: Moody's

A sustained weakening of the Indian rupee against the dollar will be credit negative for rated Indian companies that generate revenue in rupees, but rely heavily on US-dollar debt to fund operations and thus have significant dollar-based costs, according to a new report from Moody's Investors Service. Indian rupee has been sliding since mid-March.

On April 27, 2021, the Indian rupee closed around 74.66 against the US dollar, or about 3 per cent lower than levels in mid-March.

India is reporting new record daily increases in coronavirus infections, prompting new lockdowns and restrictive measures to curb the spread of the pandemic. This has, in turn, raised concerns about the country's economic recovery and currency fluctuations.

"Most companies have protections to limit the effect of currency fluctuations. These include natural hedges, where companies generate revenue in US dollars or have contracts priced in US dollars; some US dollar revenue and financial hedges; or a combination of these factors to help limit the strain on cash flow and leverage, even under a more severe deprecation scenario," says Annalisa Di Chiara, a Moody's senior vice president, in the report.

"As a result, weaker credit metrics under a scenario in which the rupee depreciates a further 15 per cent against the dollar can be accommodated within the companies' current rating levels. Refinancing risk associated with US-dollar debt over the next 18 months also appears manageable, as most companies are repeat issuers and others are government-owned or linked entities with good access to capital markets," the report said.

Moody's report looks at 22 rated India-based companies across various sectors.

Source: fibre2fashion.com– May 01, 2021

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Core sector output up 6.8% in March, hits 32-month high on low base

The growth of India's eight key infrastructure segments reached a 32-month high of 6.8 per cent in March compared to a year earlier, mainly due to a low base, the data released by the commerce and industry ministry showed.

The core sector output had contracted 37.9 per cent in April last year, with the imposition of a nationwide lockdown. While the pace of contraction declined in the subsequent months, positive growth was seen only in December and January. In February, it contracted 3.8 per cent after mild growth in the previous months.

The cumulative growth during April-March (2020-21) was 7 per cent.

Experts said a sharp growth in March should be interpreted with caution and the trend will continue to be the same over the next two months.

"The March, April, and May growth numbers for the core sector and industrial growth were expected to be high and misleading as they come on the back of sharp declines registered last year. March was just the beginning of the lockdown, which pushed back economic activity after which there were even sharper declines," said Madan Sabnavis, chief economist at Care Ratings.

Out of the eight sectors, steel, cement, electricity, and natural gas witnessed double-digit growth in March. A closer look at the data shows that steel and cement output also declined sharply in March as compared to a year earlier. The sharp rise to some extent can be attributed to the base effect as the government imposed a nationwide lockdown in the last week of March 2020.

"However, also the end-of-the-year phenomenon of infra projects being on track did provide impetus to cement and steel in particular. States and the Centre have been expediting their capex, which gets reflected in these numbers," Sabnavis said.

The remaining sectors — coal, crude oil, fertilizer, and refinery products — are yet to get back to last year's level.

Experts said despite localised lockdown amid a second wave, core sectors will continue to grow sharply in April, mainly driven by a base effect.

"We have observed a slackening in the sequential momentum in April in electricity demand, vehicle registrations, and generation of GST e-way bills, revealing the impact of the recent surge in Covid infections and localised restrictions.

For instance, after a year-on-year expansion of 48 per cent in electricity demand at an all-India level during April 1-9 on the low base, the pace moderated to 36 per cent during April 10-25," said Aditi Nayar, chief economist at ICRA.

Source: business-standard.com– Apr 30, 2021

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Retailers seek clarity on ECLGS 3.0

The retail industry has sought clarity from the Finance Ministry on the Emergency Credit Line Guarantee Scheme (ECLGS) 3.0 and has urged the government to extend benefits to the sector under the scheme.

At the same time, the hospitality industry has urged the Centre to allow even hotels with no borrowings too to seek benefits under the scheme and utilise the credit line for any business purpose, including repayment of loans and interest payment.

Retailers Association of India in its submission to Finance Ministry, said while the sector was mentioned during the announcement of ECLGS 2.0, there is no clarity on whether the sector will be able to avail benefits in the notification which announced ECLGS 3.0. Kumar Rajagopalan, CEO, Retailers Association of India, said the industry has sought clarity from the government on this issue. “RAI has urged the government to make funds available for the sector under ECLGS.

Availability of additional funding facility to the eligible retail business will go a long way in contributing to retail revival, protecting jobs, and creating conducive environment for employment generation,” he added.

The government recently extended the ₹3-lakh crore emergency credit line guarantee scheme by another three months till June 30 and widened its scope to new sectors, including hospitality, travel and tourism.

Waiting for recovery

The Hotel Association of India (HAI), in its submission to the Finance Ministry, said ECLGS 3.0 requires customisation for the sector. The hospitality industry body has said the sector is highly capital-intensive and has a high percentage of fixed costs of operations that have become unsustainable owing to nil or negligible revenues.

“The recovery of hotels will also be long drawn as borders will be reopened with caution and traveller confidence will return over time. The ECLGS 3.0 scheme for hotels, therefore, needs to factor in these aspects unique to the industry,” HAI said in its submission to the Ministry.

Inclusion of State Financial Corporations, Asset Reconstructions Companies (ARCs) and Debt Funds, extension of moratorium, capping of interest rate at 8 per cent, increasing of the delinquency period are some of the suggested customisations by HAI.

Source: thehindubusinessline.com– May 01, 2021

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Ludhiana's hosiery, textile industry go on 3-day self-imposed lockdown

Keeping in view the rising Covid-19 cases, the hosiery and textile industry on Sunday announced that they will be observing a voluntary lockdown from Monday to Wednesday this week and from Saturday to Wednesday next week onwards.

Darshan Dawar, president, Knitwear Club, said, "The hosiery and textile industry has decided to go on a voluntary lockdown from Monday to Wednesday this week and from Saturday to Wednesday next week onwards. It is our contribution to stop the spread of coronavirus in the city."

Bahadurke Textile and Knitwear Association president Tarun Jain Bawa said that the situation is worsening day by day and it can be controlled by imposing a lockdown in the city.

The government should impose a complete lockdown and should not allow any industry and shop to operate for at least seven days. This would bring down the number of cases and the government would get time for the preparation to fight against Covid., he added.

Source: hindustantimes.com– May 03, 2021

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