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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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NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	Topics
1	US Apparel Imports: China Leads First-Quarter Surge
2	Global Air Cargo Demand Reached All-Time High in March
3	ICAC revises cotton price projection for 2020/21
4	Cracking China's apparel market in 2021
5	Italian textile machinery orders up 66% in Q1 2021
6	FOB China, CIF Turkey flax yarn prices expected to rise: TexPro
7	Austrian specialty fibre group Lenzing to invest €200 mn in Asia
8	Euro area GDP takes a 0.6% hit, EU GDP down by 0.4% in Q1: Eurostat
9	UK shop prices fell 1.3% in April, vacancy rate at 14.1% in Q1: BRC
10	Cambodia's Labor Ministry, GMAC seek no penalties from buyers for delayed shipments
11	Impact of GSP+ status review on Pakistan's exports
12	Botswana Launches Revised AGOA Strategy
13	Pakistan Businesses Forum (PBF) proposes establishment of 5 textile parks
14	Pakistan: Sluggish trend remains continues in cotton market
15	Bangladesh: BGMEA demands a 10% cash incentive on MMF exports
16	Bangladesh: Apparel makers demand duty-free import of all kinds of raw materials

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	NATIONAL NEWS
1	Modi-Boris virtual summit brings GBP 1 billion worth of deals, enhanced trade partnership
2	'India-UK virtual summit must provide details on Enhanced Trade Partnership'
3	Export outlook might remain robust despite second coronavirus wave
4	A transient high: On GST inflows
5	Why are the numbers for the new MSME registration system so low?
6	How 2021-22 is Turning into an Opportunity for Online Textile Industry
7	Second coronavirus wave leaves another 7 million people jobless in India
8	Banks request relief from RBI as second wave rages, plan to seek moratorium
9	RBI Governor Shaktikanta Das to make unscheduled speech today at 10am

INTERNATIONAL NEWS

US Apparel Imports: China Leads First-Quarter Surge

Mirroring the rebound underway in the American economy and in the retail sector as well, apparel imports bounced back in the first quarter with an 11.63 percent gain to 6.7 million square meter equivalents (SME), according to the Commerce Department's Office of Textiles & Apparel (OTEXA).

Apparel imports in March also jumped 48 percent to 2.5 billion SME compared to a year earlier at the onset of the coronavirus-caused factory shutdowns in major sourcing countries and store closures in the United States.

The first quarter surge was led by a 34.83 percent bump to 2.27 billion SME from top supplier China, which also suffered among the biggest declines in 2020. Imports from Vietnam, the No. 2 producing nation for U.S. brands and retailers, posted a 9.34 percent volume gain in the period to 1.15 billion SME.

There were clear winners and losers among the Top 10 suppliers in the three months through March, according to OTEXA. Imports from Pakistan increased 28.74 percent to 210 million SME, Cambodia's shipments were up 11.64 percent to 323 million SME and incoming goods from Mexico rose 3.66 percent to 191 million SME, while Bangladesh's shipments were basically flat at 609 million SME.

Losing ground were Asian production powers Indonesia, with imports down 14.51 percent in the period to 256 million SME, and India, dipping 3.91 percent to 309 million SME but likely to see a larger decline in coming months as the country battles a Covid surge. Western Hemisphere producers Honduras and El Salvador posted imports losses of 6.74 percent to 194 million SME and 0.54 percent to 153 million SME, respectively.

For the month, imports from China skyrocketed 174 percent to 752.81 million SME, compared to March 2020. Significant gains were seen from nearly every major supplier country and many second and third tier producers, as well, as companies restocked inventories for spring and summer, and as compared to the opposite reaction a year earlier.

For instance, imports were up 44.5 percent to 468.95 million from Vietnam, 49.4 percent to 136.83 million SME from Cambodia, 44.6 percent to 79.03 million SME from Pakistan, 24.9 percent to 57.51 million SME from Nicaragua and 28.8 percent to 33.02 million SME from Thailand. Notable import gains among first and second-tier suppliers included Bangladesh, India, Mexico, Honduras, El Salvador, the Dominican Republic, Sri Lanka, Turkey and Kenya.

Source: sourcingjournal.com– May 04, 2021

HOME

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Global Air Cargo Demand Reached All-Time High in March

Global air cargo demand continued to outperform pre-Covid levels, with demand up 4.4 percent in March and reaching the highest level recorded since such data began being tracked in 1990, according to the International Air Transport Association (IATA).

March month-on-month demand also increased, although at a slower pace than the previous month, with volumes up 0.4 percent in March over February levels, which saw demand increase 9.2 percent compared to February 2019, IATA reported on Tuesday. A weaker performance by Asia-Pacific and African carriers compared to February contributed to softer growth in March.

Since comparisons between 2021 and 2020 monthly results are distorted by the extraordinary impact of Covid, comparisons in the report are to March 2019, which followed a normal demand pattern.

Global capacity continued to recover in March, rising 5.6 percent over the previous month. Despite this, capacity remains 11.7 percent below pre-pandemic levels due to the ongoing grounding of passenger aircraft. Airlines continue to use dedicated freighters to plug the lack of available belly-capacity, IATA noted. International capacity from dedicated freighters rose 20.6 percent in March 2021 compared to the same month in 2019 and belly-cargo capacity dropped by 38.4 percent.

“Air cargo continues to be the bright spot for aviation,” Willie Walsh, IATA’s director general, said. “Demand reached an all-time high in March...and airlines are taking all measures to find the needed capacity. The crisis has shown that air cargo can meet fundamental challenges by adopting innovations quickly. That is how it is meeting growing demand even as much of the passenger fleet remains grounded. The sector needs to retain this momentum post-crisis to drive the sector’s long-term efficiency with digitalization.”

Asia-Pacific airlines saw demand for international air cargo drop 0.3 percent in March compared to the same month in 2019. The slight weakness in performance compared to the previous month was seen on most of the trade lanes connected with Asia, IATA said. International capacity remained constrained in the region, down 20.7 percent versus March 2019.

North American carriers posted a 14.5 percent increase in demand in the month compared to March 2019.

“This strong performance reflects the strength of the economic recovery in the U.S.,” IATA said, noting that in the first quarter, U.S. gross domestic product rose 6.4 percent, up from 4.3 percent in the fourth quarter, “bringing the country’s economy close to pre-COVID levels. The business environment for air cargo remains supportive–the new export orders component of the PMI rose to its highest level since 2007. International capacity grew 1.8 percent compared with March 2019.”

European carriers posted a 0.7 percent hike in demand in March compared to the same month in 2019. Improved operating conditions and recovering export orders contributed to the positive performance. International capacity decreased 17 percent in the month versus March 2019.

Middle Eastern carriers posted a 9.2 percent rise in international cargo volume in March versus March 2019. Month-on-month, Middle East carriers posted the strongest growth of all regions, up 4.4 percent. Of the region’s key international routes, Middle East-North America and Middle East-Asia have provided the most significant support. International capacity in March was down 12.4 percent compared to the same month in 2019.

Latin American carriers reported a decline of 23.6 percent in international cargo volumes in March compared to the 2019 period, the worst performance of all regions. Drivers of air cargo demand in Latin America remain relatively less supportive than in the other regions, IATA said. International capacity decreased 46 percent compared with March 2019.

African airlines’ cargo demand in March increased 24.6 percent compared to the same month in 2019, the strongest of all regions. Robust expansion on the Asia-Africa trade lanes contributed to the strong growth. March international capacity fell 2.1 percent compared to March 2019.

Source: sourcingjournal.com– May 04, 2021

HOME

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ICAC revises cotton price projection for 2020/21

ICAC's current price projection for the year-end 2019/20 average of the A Index has been revised to 80 cents per pound this month. The price projection for the year-end 2020/21 average of the A Index is 89.7 cents per pound this month.

If, as expected, global cotton production in 2020/21 (estimated at 24.6 million tonne) is unable to keep pace with global consumption (estimated at 25 million tonne) and worldwide trade remains healthy (estimated at 9.8 million tonne), that combination of factors normally would be expected to drive an increase in price.

However, ongoing trade tensions between the US and China will continue to have an impact on prices, and the recently announced US restriction on cotton from Xinjiang — which produces about 9 per cent of China's cotton lint each year — complicates the outlook as well. If fully enforced, the restriction would place a very difficult burden of proof on companies throughout the long and complex cotton supply chain.

Source: fashionatingworld.com – May 04, 2021

HOME

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Cracking China's apparel market in 2021

Consumers are increasingly turning towards online retailers to buy apparel, and in China, e-commerce now accounts for over one quarter of all non-food retailing. How can brands succeed in this competitive market?

According to SGS, one of the world's leading inspection, verification, testing and certification companies, headquartered in Geneva, Switzerland, it would be wrong to think the 2020 pandemic caused consumers to shift their shopping habits away from 'bricks and mortar' stores towards online retailers. Instead, it is better to view Covid-19 as an accelerator of trends that were already in motion.

This acceleration has, however, been dramatic, and it has been global. In 2018, only 22% of US citizens shopped online for groceries but that figure shot up to 42% in 2020.

While the catalyst for this increase might have been the pandemic, it does not look as if the trend will be reversed when things return to normal.

Consumers inured to online

When Chinese apparel stores reopened following lockdown, they reported footfall levels of 50-60% below pre-crisis figures.

The demand for fashion had not diminished, but what had changed was the desire of people to visit shops. At the same time, a protracted period at home has meant consumers have become inured to the process of shopping online.

During Paris Fashion Week in 2020, Chinese showroom agency DFO utilised livestreaming to reach Chinese buyers. It was estimated its audience was double the buyers who would have normally been able to travel to Paris. This resulted in the agency hitting 80% of its sales targets, with 95% of those sales being made online.

This trend is not going away. It has recently been announced that all 93 shows for Paris Fashion Week Autumn/Winter 21/22 will be virtual and even when it is possible for buyers to return to the catwalk, a sizeable constituent of consumers will remain online.

Advantages

Online retailing has many advantages for consumers. As the DFO figures demonstrate, a virtual showroom can reach a greater number of people than can physically sit beside the catwalk. Even for consumers on a high street budget, online shopping gives them greater choice and, when it is done correctly, is a more convenient and practical experience.

E-commerce also gives the consumer access to better information about a product, enabling them to make value judgements. More and more consumers are looking for transparency when choosing a product and they want to see evidence of greater sustainability and better quality. Online retailing allows manufacturers and brands to deliver this information with the click of a button. By accessing the correct part of the retail website, the consumer can easily find the accreditations and standards to which the manufacturer and the product conform.

It is predicted offline sales will continue to drop as businesses adjust to a post-pandemic world. The decline in Europe is expected to be between 8% and 13% and in the US between 22% and 27%. Finding effective and efficient ways to sell online are therefore the only solutions left open to apparel brands that want to grow their market share.

China Omnichannel

China has a growing, connected middle class with an extensive social media infrastructure. This has led to the creation of a highly digitalised retail ecosystem that was ready estimated to be worth US$1.5 trillion in 2019, accounting for a quarter of all sales.

Omnichannel retailing uses a wide variety of mechanisms to sell to consumers, shifting the market focus from key opinion leaders (KOL) to key opinion consumers (KOC).

The key to succeeding in an omnichannel market is the ability to map both product quality and the target audience’s engagement with the latest trends. Brands that are able to successfully chart this data will be at an advantage because they will have the information to bring the right product to the market at the right time, and via the right channel.

In a dynamic and competitive market like China’s, brand success is based on the ability to respond quickly to changes in consumer demand.

The SGS solution

SGS offers a comprehensive, vertical omnichannel solution that helps brands to successfully enter the Chinese e-commerce ecosystem. Built on the back of over 20 years of experience in helping Chinese manufacturers navigate the complexity of national and international regulations, the SGS China Omnichannel Solution incorporates:

-Market compliance – training on regulations and protocol development.

-Product compliance – material and product testing, label reviews, factory audits, etc.

-Consumer engagement – through livestreaming events and trusted certification labels such as the SGS Independently Checked Mark (IC Mark)

-Service enhancement – return and failure rate analysis, market spot-checks, random sampling checks

With more than 89,000 employees, SGS operates a network of over 2,600 offices and laboratories around the world.

For further details see:
www.sgs.com/softlines

Source: innovationintextiles.com – May 04, 2021

HOME

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Italian textile machinery orders up 66% in Q1 2021

Based on a positive performance for orders coming in from abroad as well as from domestic Italian market, the index of orders intake for textile machinery during the period January-March 2021 was up by 66 per cent compared to the same period for 2020, as per data compiled by ACIMIT, the Association of Italian Textile Machinery Manufacturers.

ACIMIT put the value of the index for first quarter 2021 at 129.3 points (basis: 2015 = 100).

A 68 per cent increase was recorded on foreign markets, with the absolute value of the index reaching 125.5 points. On the domestic side, the upward trend in orders was more contained, but still significant (+54 per cent compared to the first quarter of 2020), with an absolute value of the index at 164.1 points."This significant increase in orders should be compared with the first quarter 2020 results, the period in which the pandemic began, and production almost completely stopped," said ACIMIT president Alessandro Zucchi

"Still, these numbers are certainly encouraging," added Zucchi, "even though the pandemic is still not under control, especially in countries that are essential markets for our industry, such as India. Investments in the textile sector have thus seen a rather patchy recovery. Without a widespread vaccination plan on a global scale, our people remain limited in their movements, jeopardising the possibility of seizing business opportunities in different markets."

"A future recovery is also threatened by rising prices for raw materials," Zucchi said. "A significant growth trend is currently under way, beginning from last summer and continuing to swell between late 2020 and early 2021. These price hikes are pushing up input costs and, in the absence of a price adjustment, the negative impacts for machinery manufacturers could be quite significant."

Source: fibre2fashion.com– May 04, 2021

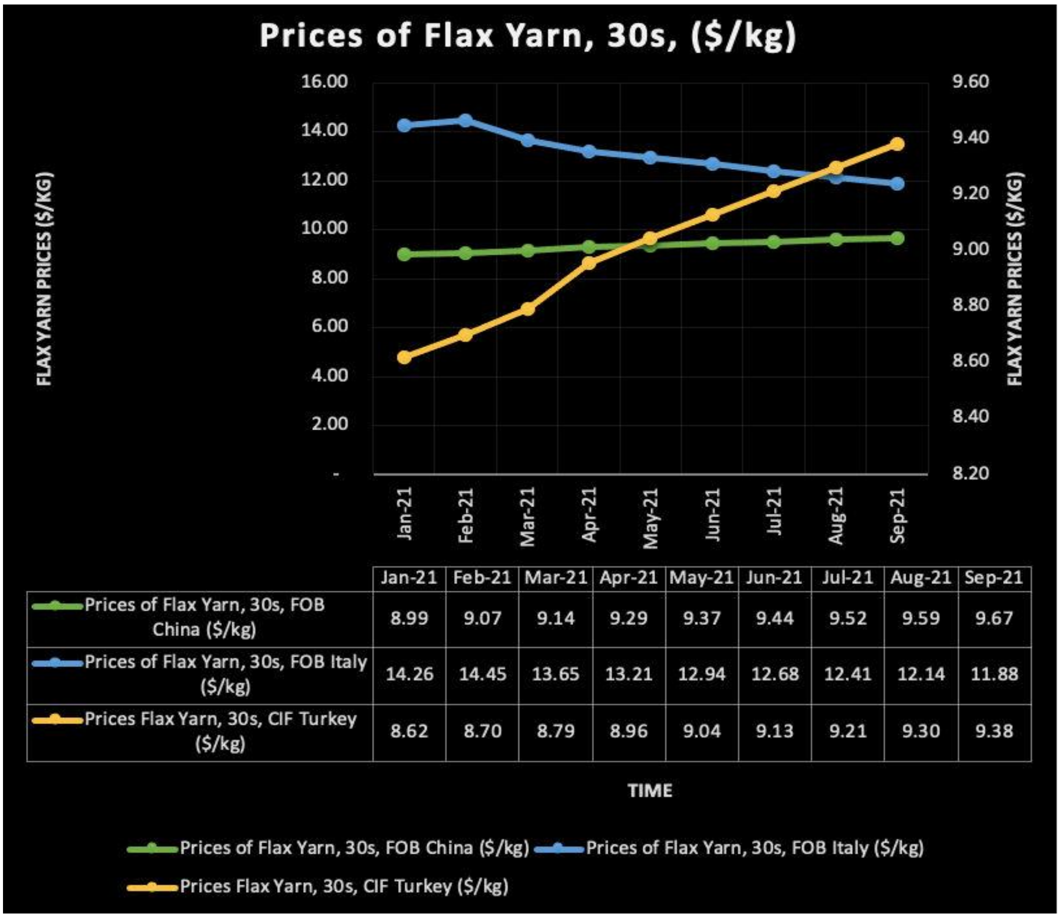
HOME

****

FOB China, CIF Turkey flax yarn prices expected to rise: TexPro

The prices of 30s flax yarn, FOB China and CIF Turkey, are expected to increase in the coming months due to a high demand for China's apparel and home textiles in the UK and the US. However, the prices of 30s flax yarn, FOB Italy, are expected to decrease as the demand falls in the wake of the second and third wave of the pandemic in most European states.

The pandemic helped accelerate the demand for home linens in the US and the UK as consumers are more focused on fresh bed linens in home, hotels and motel due to the spread of pandemic. China and Turkey increased their export of these materials to destinations such as the US and the UK.



	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
Prices of Flax Yarn, 30s, FOB China ($/kg)	8.99	9.07	9.14	9.29	9.37	9.44	9.52	9.59	9.67
Prices of Flax Yarn, 30s, FOB Italy ($/kg)	14.26	14.45	13.65	13.21	12.94	12.68	12.41	12.14	11.88
Prices Flax Yarn, 30s, CIF Turkey ($/kg)	8.62	8.70	8.79	8.96	9.04	9.13	9.21	9.30	9.38

The FOB (Freight on Board) China price of 30s flax yarn was $8.99 per kg in January 2021, which increased by 1.67 per cent to reach $9.14 per kg in March 2021. It is anticipated to increase by 5.78 per cent to $9.67 per kg in September 2021 over the price of March 2021, according to Fibre2Fashion's market intelligence tool TexPro.

The FOB Italy price of 30s flax yarn was $14.26 per kg in January 2021. It dropped by 4.28 per cent to $13.65 per kg in March 2021 and is anticipated to further decline considerably by 12.98 per cent to $11.88 per kg in September 2021 over the price of March 2021, as per TexPro.

As for the CIF (cost, insurance & freight) Turkey price of 30s flax yarn, it was $8.62 per kg in January 2021, which increased by 1.97 per cent to $8.79 per kg in March 2021. It is expected to move up to $9.38 per kg in September 2021, a rise of 6.73 per cent over the price of March 2021 due to a rising export demand of apparels and home textiles from Turkey.

Source: fibre2fashion.com– May 04, 2021

HOME

****

Austrian specialty fibre group Lenzing to invest €200 mn in Asia

Lenzing Group, the leading global supplier of specialty fibres, will invest over €200 million in its production sites in Indonesia and China to convert existing standard viscose capacity into environmentally responsible specialty fibres. These investments are in line with its target to reduce its GHG emissions per ton of product by 50 per cent by 2030.

In Nanjing (China) Lenzing will establish the first wood-based fibre complex in China that is independent from coal as an energy source. By using natural gas based cogeneration, Lenzing will reduce CO2 emissions at the site by more than 200,000 tons. At the same time a line of standard viscose will be converted to a 35.000 tons Tencel branded modal fibres line making Lenzing (Nanjing) Fibers Co Ltd, a 100 per cent wood-based specialty fibre site by the end of 2022.

In Purwakarta (Indonesia), Lenzing will reduce its CO2 emissions by increasingly using biogenic fuels. Additional investments to reduce emissions to air and water will make this facility fully compliant with the EU Ecolabel by the end of 2022. That will allow converting standard viscose capacity into Lenzing Ecovero branded fibres for textile applications as well as Lenzing Viscose Eco fibres for personal care and hygiene applications. As a result, the site in Indonesia will also become a pure specialty viscose supplier as of 2023.

By avoiding or reducing the use of fossil fuels at the two sites, the Lenzing Group will be able to reduce CO2 emissions by more than 320,000 tons in total, or 18 per cent, compared to 2017. In addition, this investment allows Lenzing also to reduce its total sulphur emissions by more than 50 per cent, compared to 2019.

“With our ambitious climate targets towards a zero-carbon future, we are pioneers in the entire manufacturing industry and especially in the fibre sector. Our investments in China and Indonesia underpin that investments in improving our eco-footprint are at the same time value enhancing for shareholders. These investments are a substantial step towards our strategic targets for 2024,” Stefan Doboczky, CEO of the Lenzing Group, said in a press release.

Together with its major lyocell fibre project in Thailand, Lenzing will also boost its share in specialty fibres as a percentage of fibre revenues to well above the targeted 75 per cent already by 2023, which in turn is an important step towards achieving the company's EBITDA target of €800 mn by 2024.

"We are and will remain a reliable partner for both the textiles and the nonwovens value chain on the long term," Stephan Sielaff, member of the managing board of Lenzing said. "The strategic focus on specialty fibres is fully in line with the growing market demand for sustainable viscose."

Source: fibre2fashion.com– May 04, 2021

HOME

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Euro area GDP takes a 0.6% hit, EU GDP down by 0.4% in Q1: Eurostat

In the first quarter (Q1) 2021, seasonally adjusted GDP decreased by 0.6 per cent in the euro area and by 0.4 per cent in the European Union (EU), compared with the previous quarter, according to Eurostat, statistical office of the EU. The year-on-year growth rates were negative for all countries except for France (1.5 per cent) and Lithuania (1 per cent).

These declines follow falls in the fourth quarter of 2020 (0.7 per cent in the euro area and 0.5 per cent in the EU) after a strong rebound in the third quarter of 2020 (12.5 per cent in the euro area and 11.7 per cent in the EU), as per the preliminary flash estimate by Eurostat.

The sharpest decreases since the time this series started in 1995 were observed in the second quarter of 2020 (11.6 per cent in the euro area and 11.2 per cent in the EU). These preliminary GDP flash estimates are based on data sources that are incomplete and subject to further revisions, Eurostat said in its report.

Among the member states for which data are available for the first quarter 2021, Portugal recorded the highest decrease at 3.3 per cent compared to the previous quarter, followed by Latvia (2.6 per cent) and Germany (1.7 per cent), while Lithuania (1.8 per cent) and Sweden (1.1 per cent) recorded the highest increases.

The EU is an economic union of 27 member states located in Europe, while the euro area is a monetary union of EU's 19 member states that have adopted the euro as their primary currency and sole legal tender.

Source: fibre2fashion.com– May 04, 2021

HOME

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UK shop prices fell 1.3% in April, vacancy rate at 14.1% in Q1: BRC

Shop prices in the UK fell by 1.3 per cent in April, a slower decline than the 2.4 per cent decrease in March. This is above the 12- and 6-month average price decreases of 1.8 per cent and 2 per cent, respectively. Additionally, in Q1 2021, the overall shop vacancy rate increased to 14.1 per cent, from 13.7 per cent in Q4 2020, as per a recent report.

The vacancy rate was 1.9 percentage points higher than in the same point in 2020. This marks three years of increasing vacancy rates, from Q1 2018, according to the findings of British Retail Consortium (BRC).

“Falling prices are unlikely to last; in the months ahead, retailers will have to battle the cost pressures from Brexit red-tape, rising shipping costs due to international supply issues, as well as increasing global food and oil prices. As these costs filter through, retailers may be left with no option but to pass on some of these costs to consumers,” said Helen Dickinson OBE, chief executive, BRC.

"With the economy reopening we will start to see a rebalancing of consumer spend and it's good news that there is still shop price deflation. Looking ahead, with many households uncertain about their personal finances, if external cost pressures start to feed through then shoppers may become more price-sensitive over the next few months, as lifestyles are adapted to a new normal,” said Mike Watkins, head of retailer and business insight, NielsenIQ.

Talking about the vacancy rate, Dickinson said: “The forced closure of thousands of shops during the first quarter of 2021 has exacerbated already difficult conditions for the retail industry. We estimate there are around 5,000 fewer stores since the start of the pandemic, meaning 1 in 7 shops now lie empty. Shopping centres, many of which have been forced to close for a large portion of this pandemic, have fared worse than other retail locations, with over 12 per cent of units lying empty for a year or more.

“With full business rates relief and the moratorium on aggressive debt enforcement ending in England this summer, many stores may never reopen. The government must ensure the ongoing business rates review leads to reform of the broken system and permanently reduces the cost burden which is leading to unnecessary stores closures and job losses.”

The number of vacant units has continued to increase in the first three months of this year across the country, despite much of the market being temporarily closed for during the third lockdown. A number of household names announcing further store closures or indeed, disappearing from high streets entirely shows how challenged physical retail continues to be, said BRC.

“Shopping centres have been particularly exposed to the effects of the covid-19 pandemic, principally having a lower proportion of ‘essential’ retailing as well as being exposed to categories which are in decline such as fashion,” said Lucy Stainton, director of retail and strategic partnerships, Local Data Company.

“This being said, the early indications from the first few weeks of the ‘unlocking’ have shown there is still significant demand for physical retail. Hopefully, as consumer confidence continues to build momentum with reduced covid-19 cases, more of the population vaccinated and warmer weather, further fall out from the pandemic might be mitigated somewhat,” Stainton added.

Source: fibre2fashion.com– May 04, 2021

HOME

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Cambodia’s Labor Ministry, GMAC seek no penalties from buyers for delayed shipments

The Ministry of Labor and Vocational Training and the Garment Manufacturers Association in Cambodia (GMAC) has sought no penalties from buyers and other stakeholders for delay in orders due to current lockdown measures.

In Q1 FY21, Cambodia’s garment product exports declined by 10 per cent, according to figures from the Ministry of Economy and Finance. Most Cambodia’s garment factories remained closed during the quarter due to a rise in COVID-19 case in Phnom Penh and Takmao city, Kandal province, reports Khmer Times.

The Royal Government of Cambodia also announced a two-week lockdown in Phnom Penh and Takmao from April 15 to May 5 to contain and prevent the spread of COVID. The ministry has been urging international buyers to show flexibility and understand the condition in Cambodia’s garment sector.

Spokesperson Heng Sour said the full production chain will be normal once the COVID-19 situation is better and they will be able to supply products quickly.

Source: fashionatingworld.com– May 04, 2021

HOME

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Impact of GSP+ status review on Pakistan's exports

On 29 April 2021, the European Parliament passed a resolution decrying the deterioration of what was already a terrible record of religious persecution in Pakistan. The resolution was overwhelmingly passed, 662 to 3, with 26 not voting.

Significantly, the resolution also called for the Commission and the European External Action Service (EEAS) to immediately review Pakistan's eligibility for GSP+ status in the light of current events and whether there is sufficient reason to initiate a procedure for the temporary withdrawal of this status and the benefits that come with it.

The argument was based on the recent case of a Christian couple, Shafqat Emmanuel and Shagufta Kausar, who was sentenced to death for allegedly sending a text message insulting the Prophet Mohammed; whereas the couple denied any responsibility.

In January 2014, the EU granted Pakistan status under its flagship trading scheme, the General Scheme of Preferences Plus (GSP+). The GSP+ provides enhanced and preferential free trade between the EU and a small list of countries that are meant to be among those developing countries with the best human rights records.

The EU resolution mentions the recent clashes by TLP, saying, "the repeated and deceptive attacks against the French authorities by members of the Pakistani government and from radical Pakistani groups, including the extremist religious party Tehreek-e-Labaik, have escalated on the ground of blasphemy since the French authorities reactions after the terrorist attack against a French school teacher for defending the freedom of expression; leading the French authorities, on April 15, 2021, to recommend to their nationals to temporarily leave the country".

The EU resolution also mentions that the appeal to release the Christian couple has been constantly delayed, and the latest postponement occurred in February 2021.
Economic Impact

In March last year, Pakistan's GSP+ status was extended till 2022. As a result of this duty-free access available to Pakistan in 27 EU member states, Pakistan's exports to the EU enhanced from 4.538 billion euros in 2013 (before the GSP-Plus status) to 7.492 billion euros in 2019, registering an increase of 65 percent.

Textile and garments have been the major benefactor of the GSP+ status, along with increased employment opportunities availed by women of Pakistan in Europe.

It is worth mentioning that amidst the pandemic has seen an increase in exports in textile to Europe as the regional competitors suffered lockdowns due to high COVID 19 cases.

EU is Pakistan's second-largest trading partner next to the United States, as Pakistan has a huge potential market of 500 million customers for Pakistani products. According to Pakistan Textile Exporters Association, Pakistan's exports to the EU may stay in a danger zone, as the review is to happen in the future.

This step by the EU can prove detrimental to Pakistan's economic recovery during the pandemic, as Pakistan already faces another International Governmental Organization, FATF's plenary hearing in June, over whether to remove the country from the grey list or not.

Talking to GVS news, All Pakistan Textile Mills Association's (APTMA) Executive Director, Mr. Shahid Sattar said, "Pakistan has $6 billion worth of exports to EU and almost 5.25 billion of them are textiles. If the GSP+ status is withdrawn, Pakistan's textile exporters would have to pay 20 percent tariff, making the industry uncompetitive compared to the regional exporters, or the exporters would have to reduce the selling price", to keep their products attractive still to the buyers.

He added that the additional price due to tariff would deter people from buying our products, resulting in loss of potential consumers for the exporters.

The FATF plenary in June along with the GSP+ review by the EU could deter investments from entering Pakistan until the country gets a clean bill of health from both Organizations.

Source: globalvillagespace.com– May 03, 2021

HOME

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Botswana Launches Revised AGOA Strategy

The revised African Growth and Opportunity Act (AGOA) National Response Strategy for Botswana remains one of the mechanisms towards economic diversification and SME sustainable development.

Speaking at launch of the revised strategy on Thursday April 29, the Minister of Investment, Trade, and Industry, Mr Mmusi Kgafela, said the strategy resonated well with national priorities of promoting an export-led and knowledge-based economy as contained in Vision 2036 and the National Development Plan 11.

Elements of the revised strategy included, among other interventions, identifying sector representation to ensure in-depth and adequate sectoral coverage.

He explained that this demonstrated government's commitment towards developing an innovative vibrant, diversified and private sector-led economy.

"The strategy aims to increase exports to the United States, attract investment from the US targeted at enhancing industrialisation for targeted areas/sectors and make a meaningful contribution to the livelihood of Batswana," he said.

Mr Kgafela indicated that the strategy identified seven key priority sectors, which were based on their high potential for export, employment creation, poverty reduction and economic diversification, among others.

Notably, he specified priority sectors to be textile and apparel, meat and meat products; handcrafts (arts and crafts); jewellery and semi-precious stones; horticulture and agro-processing; and natural (indigenous) products.

He reiterated that through this strategy, Botswana continued with efforts to cultivate an export culture and creation of a competitive and supportive manufacturing environment.

Essentially, Mr Kgafela also illustrated that the strategy identified opportunities aimed at empowering women and the youth to realise their potential and value in economic development, citing that this has led to the active participation of women and youth who work tirelessly to create livelihoods for themselves and their households.

Additionally, he pointed out that Public-Private Partnerships (PPP) would play a pertinent role in exploiting opportunities offered by the new AGOA Strategy to diversity from traditional exports to non-traditional exports.

Interestingly, Mr Kgafela highlighted that since the commencement of AGOA in May 2000, Botswana had mainly exported textiles and clothing, and furniture.

"According to the US International Trade Commission, exports to the United States decreased from US$318 million in 2014 to US$277 million in 2019, declining two places down from fourth position in 2018.

He expressed that this was attributable to a variety of challenges including lack of understanding of export processes/procedures, stringent Sanitary and Phyto-Sanitary (SPS) measures on agricultural products; and lack of raw materials for the Textile Sector.

He said while some challenges were noted, there were positive outcomes, including the formation of sector associations such as the Botswana Textile and Clothing Association of Botswana and the Leather Entrepreneurs Association, by the private sector.

"In an effort to address the identified challenges, in September 2017, the Ministry through the support of the USAID Southern Africa Trade and Investment Hub developed the National Response Strategy for AGOA which stood to address an increase in exports to the US and attract Investment from the US," he said.

Source: allafrica.com– May 04, 2021

HOME

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Pakistan Businesses Forum (PBF) proposes establishment of 5 textile parks

Pakistan Businesses Forum (PBF) President, Sahibzada Muhammad Usman Zulfiqar has demanded the government to set up 5 mega textile parks in the budget 2021-22, saying this will make the industry globally competitive.

In the budget proposals shared with the press on Tuesday, he said that in last year's finance bill, the textile industry had been completely ignored and deprived of relief. "There must be consistency in the policies and no way back for quite some time for the long run growth and development while overnight shift in policies has also been disadvantageous" he remarked.

He said Pakistan has a continuing balance of payments crisis and is being financed by local and international borrowing. More debt piling or borrowing is not a feasible solution. Therefore, this challenge can be overcome only by increasing exports, he stressed.

The PBF president said the government through Finance Act 2013 had raised the general rate of minimum turnover tax under Section 113 of the Income Tax Ordinance 2001 to 1% from 0.5%, which was further increased to 1.5% through Finance Act, 2019 and we proposed the minimum turnover tax should be abolished for the coming year. Indirect exporters may also extend the taxation regime available to direct exporters.

As far as corporate tax rate is concerned, the current corporate tax rate is 29% in Pakistan whereas in Sri Lanka, Bangladesh and Vietnam it is 28%, 25% and 20% respectively. The PBF suggested that this rate should be brought down to 25%.

Similarly the government could make it compulsory for the large spinning units having more than 30,000 spindles to grow their own cotton to manufacture cotton yarn and extend full support to them because country textile exports could not be enhanced without increasing the area under cotton cultivation and yield.

Source: dailytimes.com.pk– May 05, 2021

HOME

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Pakistan: Sluggish trend remains continues in cotton market

The sluggish trend remained continued in the local cotton market on Monday. 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.

The European Parliament has adopted a resolution calling for a review of the GSP+ status granted to Pakistan in 2014 keeping in view the "alarming" increase in the use of blasphemy accusations in the country as well as rising number of online and offline attacks on journalists and civil society organisations, it emerged on Friday.

The resolution also calls on the Government of Pakistan to "unequivocally condemn" incitement to violence and discrimination against religious minorities in the country, and expresses "deep concern" at the prevailing anti-French sentiment in Pakistan.

Chairman Cotton Ginners Forum Ehsan ul Haq told that after the adoption of the resolution by European Parliament Pakistani textile industry was in a shock. He said that Pakistan's 25 percent cotton export is to EU. He said that if the EU has taken back the GSP plus status from Pakistan it will have a severe impact on the economy of Pakistan.

Cotton Analyst Naseem Usman told that according to the fortnightly report of Pakistan Cotton Ginners Association total arrival till May 3 is of 56,45,967 bales.

Naseem further told that Pakistan's exports of textile and clothing rebounded in March mainly due to value-added sectors and posted a growth of 30.4 per cent from a year ago, showed data released by the Pakistan Bureau of Statistics (PBS) on Friday.

The export value of these sectors edged up to $1.355 billion in March from $1.039bn over the corresponding month of last year. Growth in exports of value-added sectors contributed to an increase in overall exports from the sectors.

In February, textile and clothing exports shrank 3.12pc on a year-on-year basis.

The July-March figures showed that growth in textile and clothing exports came from the value-added sector. The value of exports reached $11.35bn in the July-March period this year as against $10.41bn over the corresponding months of last year, showing a growth of 9.06pc.

Government must announce tangible steps in the upcoming federal budget including curtailment of fertilizer prices and tariff on tube wells - aimed at bringing down high prices of agriculture inputs said Vice President of Pakistan Businesses Forum and former chairman FPCCI Agriculture committee, Ahmad Jawad.

Unfolding the details with presser, he said even in last budget, federal government has not been able to announce any new initiative for the development of agriculture sector, which is backbone of national economy except allocated Rs 10 billion to fight with locust attack and adjust Rs 50bn agri package in the budget which was announced few months back.

The target of 2.8 percent for agriculture development in the fiscal year of 2020-21 was also on low side in an unusual time.

He said it's time for an effective and workable horticulture and agriculture export policy, similar to the textile policy. He also seeks the government to support farmers in a substantial way for the purchase of machinery, fertilizers, pesticides and other inputs. "The leadership may formulate a sustainable agriculture policy to ensure food security in the country."

As due to an alarming plunge in cotton production, Pakistan would need to import seven million bales worth $4 billion. He lamented that recently, cotton production of the country touched 30-year low in terms of volume. "Government must take practical steps to increase cotton production in the country," he emphasized.

However in the budget proposals, Jawad proposed that the government may announce concrete package in the budget for the facilitation of horticulture industry as global trade crossed $200 billion.

He said that the government should allocate funds to promote the hybrid seed industry in Pakistan under private-public partnership to increase per-acre productivity. "The world is focusing on the use of certified seed for enhancing agriculture productivity due to better profitability and international recognition."

Jawad also demanded that funds for Crop Insurance Scheme (CIS) may also allocated in the provincial budgets for farmers to the areas affected by natural disasters/ calamities, wide-spread diseases and unpredictable weather conditions in a transparent manner, through Sindh Bank, BOP and BOK and ZTBL.

The spot rate remained unchanged at Rs 11300 per maund. The Polyester Fiber was available at Rs 200 per kg.

Source: brecorder.com– May 04, 2021

HOME

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Bangladesh: BGMEA demands a 10% cash incentive on MMF exports

Faruque Hassan, President, BGMEA, demanded a 10 per cent cash incentive on export of MMF-based garments from the government. He said this will bring in new export orders to the country which will create new employment.

He also urged the government to allow deferred payment of existing loans as many factories would have to shut down without the facility.

In order to protect employment in the industry, the government should provide support to the factories as the world has never experienced such a pandemic before, Faruqueadded.

He also demanded a stimulus package like that given in the previous year to pay workers' wages for the months of April, May and June along with festival allowances.

Hasan said to encourage new orders, BGMEA aims to develop new products and tap new markets. He pointed out that cotton-based garments made up for 75 per cent of the global consumption while man-made fibre accounted for the remaining 25 per cent 30 to 35 years ago but now the consumption of MMF had increased to 75 per cent while that of cotton-based garments had declined to 25 per cent.

BGMEA is interested in working on MMFbased garments as the country's exporters had already invested in technology and process modernization in the last 10 to 12 years, he added.

Source: fashionatingworld.com– May 04, 2021

HOME

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Bangladesh: Apparel makers demand duty-free import of all kinds of raw materials

The county's apparel and textile makers have urged the government to allow duty-free import of all raw materials, including different types of fibres for the clothing sector. Three trade bodies of the export-oriented garments and textile sector also requested the government to set 3 per cent value-added tax for all types of yarns and to reduce the import duty on the spares parts of capital machinery to 1 per cent in the next budget for the financial year 2021-22.

Bangladesh Textile Mills Association, Bangladesh Garment Manufacturers and Exporters Association and Bangladesh Knitwear Manufacturers and Exporters Association on Sunday made the demands in a letter to finance minister AHM Mustafa Kamal. Demanding equal 3 per cent rate for the VAT on all kinds of yarns, the trade bodies said that the government should allow duty-free import of all types of fibres as different types of fibres with cotton are used in the primary textile sector to produce yarns.

Along wing cotton, viscose staple fibre, polyester staple fibre, tencel, modal, spandex, and pineapple fibres are used in the spinning mills as raw materials but the duty-free import is applicable only to cotton fibre, the letter said. It also said that many other new variant of fibres would also be used in the coming days due to the buyers' requirements and the government should extend duty-free import facility for all types of fibres.

The textile sector leaders in their letter demanded 1 per cent import duty on the spare parts which are used in spinning, fabric manufacturing and dyeing, printing and finishing mills. The letter said that although the government allowed garment and textile sector to import capital machinery at 1 per cent duty but the import duty up to 104 per cent was imposed on the spares of the machinery.

Due to the high import duty on spare parts, garment and textile sector is losing its competitiveness, and the government shout allow the import at 1 per cent duty, the letter reads.

Source: newagebd.net– May 04, 2021

HOME

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NATIONAL NEWS

Modi-Boris virtual summit brings GBP 1 billion worth of deals, enhanced trade partnership

The recent steps taken by the CBIC for customs clearance of emergency medical equipment will help logistics companies in faster delivery of the consignments amid a huge surge in imports of coronavirus-related emergency products, according to the logistics industry.

The Central Board of Indirect Taxes and Customs (CBIC), through a notification, recently provided clarity besides further simplifying procedures for clearances of certain items.

The CBIC has also waived off basic customs duty for critically required oxygen concentrators amid an acute shortage of medical oxygen in the country.

This will will enable express and logistic companies to speed up clearances for emergency medical equipment — and help bring pandemic spread under control, DHL Express said.

DHL Express Senior Vice-President & MD R S Subramanian said, "Due to COVID-19 and the new lockdown protocols on social distancing most of us including Customs are forced to operate with reduced manpower."

He added that at this time, there is a need to ensure that shipments for supporting COVID-19 treatment like oxygen concentrators, medicines and other equipment are cleared and delivered without delay.

The actions taken by Customs department to clarify and simplify procedures and expedite clearance of these items is a welcome support, he said.

He added, "With these measures, oxygen concentrators entering the country, will be pre-approved and can be shipped to the destination immediately after arrival. This will help logistics companies like us to ensure faster delivery."

While basic duty has been exempted on oxygen concentrators and Remdesivir, the IGST is payable.

"If IGST is exempted for import by individuals, this will further expedite the time sensitive deliveries," said Subramanian.

The enhanced trade partnership will set the ambition to double the value of UK-India trade by 2030.

The British government has finalised GBP 1 billion worth of trade and investment with India, creating over 6,500 jobs in Britain, ahead of the virtual summit between UK Prime Minister Boris Johnson and his Indian counterpart Narendra Modi on Tuesday.

The investments confirmed by Downing Street on Monday evening form part of an Enhanced Trade Partnership (ETP), which the two leaders will formally sign off during their talks.

The ETP will set the ambition to double the value of UK-India trade by 2030 and declare a shared intent to begin work towards a comprehensive Free Trade Agreement (FTA).

“Like every aspect of the UK-India relationship, the economic links between our countries make our people stronger and safer,” said Johnson.

“Each and every one of the more than 6,500 jobs we have announced today will help families and communities build back from coronavirus and boost the British and Indian economies. In the decade ahead, with the help of (the) new partnership signed today and a comprehensive Free Trade Agreement, we will double the value of our trading partnership with India and take the relationship between our two countries to new highs,” he said.

The trade and investment package unveiled by the British government contains over GBP 533 million of new Indian investment into the UK, covering areas such as healthcare and technology.

This includes a GBP 240 million investment by the Serum Institute of India (SII) in the UK into its vaccine business and a new sales office in the country, expected to generate new business worth over USD 1 billion.

Serum Institute's investment will support clinical trials, research and development and "possibly" manufacturing of vaccines, to help the UK and the world defeat the coronavirus pandemic and other deadly diseases, Downing Street said.

New export deals

British businesses have also secured new export deals with India worth more than GBP 446 million, which is expected to create more than 400 British jobs.

This includes CMR Surgical exporting its next-generation “Versius” surgical robotic system, which helps surgeons perform minimal access surgery being rolled out to hospitals in India.

This export deal is worth GBP 200 million and will create 100 new jobs in the UK.

“With almost 1.4 billion people, India’s population is bigger than the EU and US combined and by far the largest market the UK has committed to negotiating a trade deal with to date,” Downing Street said.

The ETP agreed between India and the UK is said to create immediate opportunities for British businesses in India across industries, including food and drink, life sciences and the service sector.

Non-tariff barriers on fruit and medical devices will be lowered, allowing British businesses to export more of their products to India and boosting UK growth and jobs.

It also commits both sides to address immediate market access barriers and seek further opportunities on the road to an FTA.

“A future UK-India trade deal will support hundreds of thousands of jobs and boost the economies of both the UK and India by potentially lowering or removing current tariffs such as those of up to 150 per cent on whisky and up to 125 per cent on automotives as well as on other British products. It would also create huge benefits for British services -- four out five of India’s fastest-growing imports are for services like IP and telecommunications,” Downing Street said.

The trade barriers addressed by the ETP include lifting restrictions to enable fruit producers across the UK to export British apples, pears and quince to India for the first time and improved access for medical devices through the acceptance of UK Certificates of Free Sale in India, removing the requirement for additional accreditation of UK medical devices when exporting to the Indian market before they can be sold.

Cooperation in educational services

There is also a commitment to deepening cooperation in educational services and concluding work on recognising UK higher education qualifications, which will encourage an increase in student flows, skills transfer and knowledge sharing between the UK and India.

It has also been agreed for both sides to remove barriers in the Indian legal services sector preventing UK lawyers from practising international and foreign law in India, a step that Downing Street could “significantly increase” UK legal services exports and UK legal services imports from India.

According to official statistics, trade between the UK and India is already worth around GBP 23 billion a year, supporting more than half a million jobs. Last week, Johnson spoke to Indian business leaders from companies Infosys, and HCL and the software majors are among the Indian firms listed as part of a series of investment deals, set to create 1,000 jobs each in the UK.

Some of the others on the list include biotech firm Global Gene Corp, TVS Motors and Goila Butter Chicken. The UK companies clinching export deals with India include Morningside Pharmaceuticals with an R&D pact, Kloudpad with a data centres deal, BP in a partnership with Infosys and GoZero Mobility with an e-bicycles deal.

Express Industry Council of India CEO Vijay Kumar said, "We are happy to note that in this crisis situation Indian Customs have proactively waived off basic customs duty for critically required oxygen concentrators to save lives." He added that they are engaging with the logistics service providers, including express operators, to ensure seamless logistics by mitigating customs clearance.

Express delivery services, with all the constraints they have been facing on the ground since the start of the pandemic, are ensuring critically needed medicines. Equipment are moved into the country using their global network including freighters and on ground support systems, he added.

Source: thehindubusinessline.com– May 04, 2021

HOME

****

'India-UK virtual summit must provide details on Enhanced Trade Partnership'

Business council eyes potential in free trade pact

The India-UK Virtual Summit between Prime Minister Narendra Modi and his British counterpart Boris Johnson on Tuesday should provide more details on the 'Enhanced Trade Partnership' initiated last year that could pave the way to a potential Free Trade Agreement (FTA), the UK-India Business Council (UKIBC) has said.

Better market access

"Businesses are looking forward to the governments implementing an Enhanced Trade Partnership that addresses market access barriers in the short- and medium-term and begins the journey to an eventual FTA. We expect to see a change in the volume and nature of the trade and investment," the UKIBC said in a release on Monday.

The Enhanced Trade Partnership was initiated by Piyush Goyal, Minister of Commerce and Industries, and his UK counterpart, Liz Truss, Secretary of State for International Trade, last year.

The Virtual Summit between Modi and Johnson is important as the UK is now refreshing its network of economic and strategic ties after exiting the European Union. Johnson had to cancel his in-person visit to India scheduled in January and then in April this year due to the continued spread of the Covid-19 pandemic.

"UK-India trade grew by 10 percent to GBP 24 billion in the year before the pandemic," the UKIBC said. "Nevertheless, there is great potential to do even better. The UK and India are the fifth and sixth largest economies in the world and they are both growing," it said.

It is important that the ETP recognises the critical importance, to both countries, of knowledge- and technology-driven trade, such as digital, data, and financial services, it said. By reducing tariff and non-tariff barriers, the benefits will be felt across many sectors, it added.The UK and India have also been cooperating and supported each throughout the Covid-19 pandemic, the business council stated.

“In the UK’s first wave the export of pharmaceuticals and PPE from India helped to save lives. The Oxford University-Astra Zeneca vaccine manufactured in Pune is one of the world’s leading vaccines, and now the UK is supporting the second wave in India through the export of oxygen concentrators, mobile oxygen factories, and ventilators,” it pointed out.

Source: thehindubusinessline.com– May 04, 2021

HOME

****

Export outlook might remain robust despite second coronavirus wave

Merchandise exports may not get deeply impacted over the next few months, despite a second wave of the pandemic causing localised lockdowns across the country.

According to preliminary data released by the ministry of commerce and industry, India's merchandise exports nearly trebled in April to $30.21 billion as compared to last year. The growth was on account of a low-base effect due to a stringent nationwide lockdown in 2020. It was also supported by strong demand across sectors in the first month of the current fiscal year.

Experts believe the growth was also on the back of demand from western nations, where the impact of Covid-19 is waning. They said that the trend is likely to remain sustainable.

"Some developing countries have emerged out of Covid or at least the worst part of the pandemic is over for them. Therefore, demand has been increasing. As long as India is able to supply, there is no full lockdown, and there is more positive demand from western countries, there is going to be a pick up. Besides, (in April) a good part of exports may also be related to medicines and drugs, as well as that of refined petroleum products," said DK Srivastava, chief policy advisor at EY.

"This trend will be sustainable, as long as there is no supply-side disruption due to Covid-19. As long as a full-fledged lockdown is not declared, supply-side will not be adversely affected," added Srivastava.

Founder chairman of Trade Promotion Council of India Mohit Singla said healthy demand in labour-intensive sectors such as man-made yarns, ceramic and jute products in April shows that demand in the western markets is picking up.

India has been reporting over three lakh new infections for close to two weeks now. Several states such as Maharashtra, Delhi, UP and Jharkhand, among others, have imposed complete or localised lockdowns to stop the spread of the virus. While some nations have slowly started recovering from the disruption caused by the pandemic, the second wave is yet to hit its peak in India.

According to Japanese brokerage firm Nomura, while both exports and imports remained largely resilient, despite the second wave, imports may take a hit temporarily over the next two months.

“We expect the current strength in global growth to buoy exports, as the second wave of lockdown measures imposed by states largely allow manufacturing firms in export-oriented sectors and goods transport services to operate,” said a report released by Nomura.

However, it feels that import growth could be marginally impacted in May and June, with the economic impact from the second wave becoming more evident and domestic consumption retracting.

“Overall, we expect imports to marginally soften sequentially in the next two months, but then rebound after June as the lockdowns flatten the pandemic curve and as restrictions will likely be gradually relaxed in June,” the report said.

According to preliminary data, merchandise imports in April were $45.45 billion, up 165.99 per cent, driven by gold, metals, medical products and electronic goods. Trade deficit was $15.24 billion, up 120.34 per cent year-on-year. The deficit was $16.30 billion in April 2019.

Source: business-standard.com– May 04, 2021

HOME

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A transient high: On GST inflows

India's GST regime could not have hoped for a better start to its fifth year. Revenues from the tax hit an all-time high of ₹1,41,384 crore in April, surpassing the previous month's record of about ₹1.24 lakh crore.

After a disastrous period for the economy following last year's national lockdown, GST revenues hit ₹1.05 lakh crore in October and have shown a steady uptick since then, in tandem with hopes of a sustained recovery. April's numbers, which are essentially driven by the transactions in March, were bolstered by heightened economic activity, no doubt.

The spectre of rising COVID-19 cases and the fear of an impending lockdown could also have driven people to make advance purchases in anticipation. Moreover, firms in the process of closing annual accounts may have remitted higher GST based on audit advice, while a gradual tightening of the compliance regime, and pro-active co-ordinated probes against taxpayers using fake bills to evade liabilities, have played no small part. In April 2020, GST collections had dipped to a mere ₹32,172 crore after all activity ground to a halt at four hours' notice in late March. Economic activity may not yet be as badly affected amidst the pandemic's second wave.

So far, going by the restrictions imposed in several States, supply chain disruptions are not expected to be as challenging. However, weakening demand will trigger a recalibration of production and investment plans, some of which has begun to kick in.

Consider some indicators — major two-wheeler producers saw sales plummet by around a third in April, compared to March. Plant shutdowns have gradually begun to reduce inventory build-ups. In a report, 'Wall of Worry', Crisil has warned of several indicators sliding since mid-April, including GST e-way bills which fell by over 6%, two weeks in a row.

Manufacturing orders' growth hit an eight-month low in April, as per IHS Markit. And the pandemic surge and desperate shortage of health infrastructure have prompted industry leaders to pitch for a stringent lockdown. It would be foolhardy now to expect GST and other tax revenues to stay robust till the government gets a better grip on infections and vaccinations. With the Assembly polls over, the Centre must urgently convene the GST Council.

To add to what is already pending — rationalisation of GST rate slabs, a rejig of rates on critical pandemic supplies and the prickly issue of bringing fuel under GST — the Council must begin gearing up early for shortfalls in GST compensation to States that may arise this year. India can ill-afford a repeat of the 2020 face-off between the Centre and States that almost upended the very spirit of co-operative federalism the GST emerged from.

Source: thehindu.com– May 04, 2021

HOME

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Why are the numbers for the new MSME registration system so low?

In June 2020, the MoMSME issued a notification revising the definition of Micro, Small and Medium Enterprises (MSMEs) and introduced a new registration system — the Udyam. With effect from July 1, 2020, the revisions in the MSME definition were three-fold. First, the distinction between manufacturing and services sector MMSEs was removed; second, an additional criterion of turnover was introduced; and third, investment thresholds were revised upwards.

The notification also introduced a new procedure for registration in accordance with the revised MSME definition. As on March 31, 2021, which was the deadline for registering under the new Udyam system, only 26.4 lakh enterprises have registered. This means less than 5 per cent of the total estimated MSMEs (6.33 crore) in the country are Udyam registered today.

The previous registration system for MSMEs — the Udyog Aadhaar Memorandum (UAM) — had more registrations. Introduced in 2015 and operational until June 2020, this system had a little over one crore registrations i.e. approximately 16 per cent of the estimated universe.

Like the UAM system, the Udyam system is also free of cost, paperless and digital. An important difference between the two systems is that under Udyam, once Aadhaar/PAN is provided, all the relevant income tax and GST data can be pulled from the respective government databases, at the backend. Moreover, a single registration is enough for multiple activities undertaken by the same enterprise.

Enterprises who self-certify and attain registration are eligible for certain benefits. These range from being eligible for subsidy schemes like the Credit Linked Capital Subsidy Scheme (CLCSS) to registering complaints regarding delayed payments on the MSME SAMADHAAN portal.

As per the RBI's notification from August 2020, lenders may demand the Udyam registration for credit purposes. The Udyam portal is also integrated with the Government e-Marketplace and the Trade Receivables and Discounting System (TReDS) so that enterprises can participate in government procurement, and have a mechanism for discounting their bills.

Why, then, is the registration rate among MSMEs this low in India?

One explanation for slow registrations could be the earlier requirement that companies that wanted to register under Udyam had to provide their GSTIN. Since many companies have a turnover of less than Rs 40 lakh and hence do not need to be GST compliant, it rendered them ineligible to register on the Udyam system. Such a requirement was removed by the MoMSME on March 5, 2021. However, since the deadline for registration was March 31, 2021, this intervention could have deterred many MSMEs from registering on the Udyam portal. Of the total Udyam registered enterprises, only 2 per cent are with GSTIN.

Another explanation could be the lack of awareness regarding the new registration system itself. This is a general observation when examining low off-take of schemes that are rolled out for the sector. According to the last conducted survey for the NCAER Business Confidence Index (BCI), as of December 2020, about 75 per cent of MSMEs were not aware of the Emergency Credit Line Guarantee Scheme (ECLGS). Low levels of awareness regarding the roll-out of schemes, their eligibility conditions, paperwork requirements and grievance redress mechanisms impact overall off-take of these schemes. In a written reply provided to the Rajya Sabha, the Minister of MSMEs said 87 lakh units have availed guarantees under the ECLGS (as on 2 February, 2021). This means only close to 14 per cent of the total MSMEs have utilised this scheme since it was introduced as part of the Atmanirbhar Bharat package for the sector.

Another grim but likely explanation could be that a vast number of MSMEs have had to wind down in the pandemic period. Despite policy initiatives to give the sector a fillip, lockdowns and disruptions in supply chains would have increased delinquencies. Unable to cope, it is inevitable that small businesses would have had to shut shop.

The fate of close to 6 crore unregistered entities remains uncertain. The question remains whether they will be allowed to avail subsidies and other credit facilities without an Udyam registration. Priority Sector Lending (PSL) directions have not stated an explicit requirement for a UAM or the Udyam number. However, since the RBI has allowed lenders to demand the Udyam registration for credit purposes, it is possible that some may choose to do so. Given the already burgeoning credit gap in the sector, lenders placing such requirements for a priority sector could further accentuate the credit gap for MSMEs.

The MoMSME is yet to comment on whether the Udyam registration deadline will be extended for another few months. While the expectation is that the deadline will be extended, the need to ramp up the execution of such important initiatives cannot be overstated. Ten states in the country account for 74 per cent of the total estimated MSMEs.

Uttar Pradesh tops the list with 89 lakh MSMEs of which only 2 lakh have registered under Udyam. In states that make up the predominant share of MSMEs in the country, the MSME-District Institutes and other field offices of the MoMSME must be tasked with educating and creating awareness regarding the Udyam system, on a priority basis. Last-mile awareness regarding systems and schemes that can benefit MSMEs will be a necessary step towards bridging the never-ending access gap.

Source: indianexpress.com– May 04, 2021

HOME

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How 2021-22 is Turning into an Opportunity for Online Textile Industry

Did anyone ever think even in the wildest of dreams that one-day coronavirus will arrive in India that too all the way from China, and change the existing things to such a great extent that it will impact our daily life as well? Everything has changed in the post-Covid-19 era - our work from the office is now work from home, our travel and tourism are reducing to new lows, our meetings are now mostly virtual, events too have gone online. But, despite all these negative aspects, there is a silver lining as well - many people, sectors, and industries have turned the coronavirus crisis into an opportunity. One such sector is the Textile Industry.

Indian textiles and apparel industry contributed 2.3 percent to the GDP of India, 13 percent to industrial production, and 12 percent to export earnings (as of March 22, 2021). Moreover, exports of readymade garments (of all textiles) were worth US$ 1.04 billion (as of November 2020).

Online Textile Industry: Turning Crisis into Opportunities

The post-Covid era has provided a big opportunity for the online textile industry. The sales in the online textile industry witnessed a jump in various cities and states of India due to the lockdown that was imposed to curb the spread of coronavirus-caused Covid-19 pandemic.

It goes without saying that cloth is one of the basic needs and requirements after food. It is nothing less than any essential commodity, and that's why even during lockdown online textile industry witnessed a boom in sales. Lockdown failed to leave any negative impact on the online textile industry because of its operations in the virtual space leaving no room for human or physical contact to further spread coronavirus in the country. The online textile industry even registered an increasing trend in sales due to no dependency on the offline industry for example wholesalers, semi-wholesalers, retailers, middle persons, etc.

Online Retailers to be Next Unicorns in New Age India

With such an increasing and upward trend being witnessed in the online textile industry, retailers with a presence on the Internet have a big possibility to become the Unicorns (a company with a value of over $1 billion) of new-age India. When the lockdown was imposed amid the Covid-

19 pandemic and it was a summer season, people were doing their summer-related purchase online as retail shops were not allowed to open to curtailing the spread of coronavirus. With all these developments in place, businesses of the online retail industry also witnessed a spike in revenue sheets. The online textile industry has all the valid reasons to give birth to new Unicorns in India.

During the lockdown, shopping was taking place through the online route and most of the customers were happy with the online experience. Right from choosing items to trying them, even the return policies created a win-win situation for shoppers on the Internet as customers felt very comfortable purchasing their stuff online. It has been predicted by many textile industry experts that the trend of increased sales in the online textile industry will continue to persist in the future as well. And, hence, the birth of online retailers Unicorns is imminent.

Textile E-retailers: Gamechangers for the Indian Economy in the Year 2021

In the year 2021, e-retailers will prove to be a big game-changer by playing a pivotal role recovery of the Indian economy in the post-Covid era. Indian textiles and apparel industry have contributed 2.3 percent to the GDP of India, 13 percent to industrial production and 12 percent to export earnings. Post Covid-19 pandemic, when the Indian economy is showing green shoots of recovery, the future of the online textile industry looks promising in the wake of increased domestic consumption after a lockdown in addition to export demand playing an important role.

Even the government has made it clear that the textile sector is one of the key focuses of new policies being framed to achieve the target of a $5 trillion economy.

The government in its Budget 2021-22 proposed a scheme for setting up mega textile parks in the country to enable India's textile industry to become globally competitive, attract large investments and boost employment generation through the creation of world-class infrastructure. It has been announced in the Budget 2021 that 7 seven mega textile parks will be established over three years as part of the scheme.

The mega textile parks will have integrated facilities and quick turnaround times for minimizing transportation losses, eyeing big-ticket investments in the sector. Now, with such a massive level of production in the textile sector due to the unprecedented boost by the government, e-retailers are going to be the biggest beneficiary of these developments. Online shoppers have already tasted the convenience, trust, and comfort of shopping on the Internet and will continue to enjoy and avail benefits in the future as well. And, e-retailers will emerge as the biggest winners in this entire success journey of the online textile industry.

Role of Technology and Trends

Moreover, technology can play the role of big brother in reviving, rejuvenating, and reinvigorating the Indian textile industry. Undoubtedly, tech support is vital to any sector but when it comes to textile, it becomes even more important due to the integral role of machines right from sourcing raw material to giving final shape to the products that eventually consumers are going to get. Further, the Indian textile industry is expected to witness some new trends in the future - increased demand for natural fibers, shifting focus towards non-woven fabrics to name a few.

Indian Textiles Industry's Potential

The Indian textiles industry has immense potential to register an indelible mark while contributing to the growth and success story of the nation but the sector needs more support from the government like policy initiatives, crackdown on red-tapism involved in availing schemes meant for the textile industry.

Moreover, the Centre also took the decision to rationalize the duties on raw material inputs. But, more export promotion policies are required for the textiles sector, like in the past, the Central government allowed 100 percent FDI in the sector under the automatic route.

Indian textile industry is entering into a no holds barred kind of phase where the sky is the limit, provided the sector gets robust support from the government in terms of policies, promotions, and incentives so that the domain can move up the ladder and chart its own course in the right direction.

Source: indianretailer.com– May 04, 2021

HOME

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Second coronavirus wave leaves another 7 million people jobless in India

India's unemployment rate rose to a four-month high of nearly 8% in April, and the outlook remains weak with state administrations extending lockdowns to curb a record surge in virus cases.

Unemployment increased to 7.97% from 6.5% in March, with more than seven million jobs lost last month, according to data from Centre for Monitoring Indian Economy Pvt., a private research firm.

"There is a fall in the jobs available. This could be due to the lockdowns," CMIE Managing Director Mahesh Vyas said by telephone. "Since the virus is still quite intense and we are stressed on the medical health-services front, it's likely that the situation will remain tense in May as well."

Daily Covid-19 deaths in India hit a record 3,689 Sunday. The number of new cases slowed slightly Monday after India on Saturday became the first country to register more than 400,000 daily cases.

Prime Minister Narendra Modi, who announced a strict lockdown in March 2020 that resulted in millions of lost jobs and a record contraction in economic output, now is urging states to use such measures only as a last resort. Local administrations have been forced to extend curbs as the nation's creaky health infrastructure can't cope with the flood of virus cases, jeopardizing a nascent economic recovery.

The weak employment outlook is a risk for India's chances of reaching double-digit economic growth this year. Many economists already have lowered their projections, while several are warning of possible reductions if provincial curbs are extended further.

Barclays Bank Plc on Monday lowered its forecast by one percentage point to 10%, as "there is growing uncertainty around the number of cases and fatalities," economist Rahul Bajoria wrote in a research note. "Slowing vaccinations are also hurting India's recovery prospects."

The rise in unemployment comes amid a backlash against government handling of the world's worst Covid-19 outbreak. Modi's party lost an election in a key state, while foreign envoys are joining Indians on social media clamoring for help with few medical supplies available.

A separate survey Monday by IHS Markit showed the manufacturing sector was still losing jobs in April, though the rate of contraction was the weakest in the current 13-month sequence of job shedding. The CMIE data -- which economists track closely in the absence of real-time employment data from the government -- show joblessness is more acute in urban areas as laborers return to their villages.

The labor-force participation rate, which includes the number of people with jobs and those seeking work, declined to just below 40% in April.

"It's a double whammy for the economy," Vyas said. "Some people get disappointed and leave the labor market. The problem is the inability of the Indian economy to generate sufficient jobs for people who want them, so incomes are falling."

Source: business-standard.com– May 03, 2021

HOME

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Banks request relief from RBI as second wave rages, plan to seek moratorium

As rising cases take a toll on small and large businesses alike, banks are again looking to the Reserve Bank of India (RBI) for relief measures to help borrowers battle the second wave of Covid-19 and also provide some relief to bank balance sheets as they face the threat of a surge in Non-Performing Assets (NPAs).

According to sources within the banking industry, both banks, as well as the RBI, are currently trying to understand and assess the complete impact of the current situation. Fragmented lockdowns and recoveries across the countries have cast a doubt on the trajectory of the second wave and its ramifications on businesses and the economy. But, a request for moratorium is on the cards, sources added.

Sunil Mehta, the CEO of the Indian Banks' Association told ET Now, "We are unable to spell out a moratorium request for a specific period as we are currently assessing the situation. The scenario is not clear as of now. Banks will analyse the impact of the second wave and a common opinion of all lenders will be put forth to the RBI."

"The issue with banks asking for a certain period of moratorium is that what if the RBI is willing to extend more relief than requested? We know that the RBI is aware of the need of the hour and we are hoping that they will take a call accordingly," said a banker on the condition of anonymity.

Meanwhile, banks have already requested for three relief measures via letters, and these were also discussed in the meeting between bank heads and RBI Governor Shaktikanta Das on April 12. Firstly, banks have sought an extension for the assessment of liberalised working capital for borrowers by another year.

Loans and accounts that are currently up for restructuring are under pressure, and banks have requested for a standstill on declaring these accounts as NPAs until the date of implementation of restructuring.

Source: timesnownews.com – May 04, 2021

HOME

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RBI Governor Shaktikanta Das to make unscheduled speech today at 10am

Reserve Bank of India said Governor Shaktikanta Das will make a speech Wednesday, an unscheduled appearance as ferocious new coronavirus wave devastates the country.

The address will be broadcast at 10 a.m. local time, the RBI said on Twitter, without providing further details.

The Covid-19 wave that has slammed India in recent weeks will probably worsen before it starts to taper off sometime later this month, forecasters warn. Pressure from industry groups has begun mounting on Prime Minister Narendra Modi to impose lockdowns to stem its spread, a move he has so far resisted to avoid the economic damage suffered last year.

The RBI has augmented fiscal support measures from Modi's government with loan holidays and cash injections, as well as by cutting interest rates. It has pledged to keep monetary policy loose though its room to act has been constrained by inflation concerns.

Source: hindustantimes.com– May 05, 2021

HOME

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