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NEWS CLIPPINGS

	NATIONAL NEWS
1	Commerce Ministry likely to ask RBI to extend Interest Equalisation Scheme beyond June 2021
2	Finance Ministry pins hope on pent-up demand to lift recovery this fiscal
3	States receive Rs 39,175 crore as tax transfers in April
4	Concor extends 50% rebate in empty box movements till March
5	'Second Covid wave unlikely to severely impact textile sector'
6	Rajasthan govt attracts investments worth over Rs 1,67,000 crore
7	Second Covid-19 Poses Challenges for Tirupur, Coimbatore Manufacturers
8	Gujarat: Cyclone Tauktae operations suspended at 21 ports
9	Indian textile manufacturer Trident posts FY21 income of ₹45,353 mn

INTERNATIONAL NEWS

Global cotton consumption to grow 3.5 per cent

As per USDA's first cotton forecast for 2021/22, global cotton consumption is expected to grow by 3.5 per cent to almost 122 million bales in 2021-22. World cotton trade is expected to witness slight drop during the year tough exports are expected to more than double, to 697,000 tonne due to dramatically higher production and improved prospects relative to the extreme drought in 2020-21.

Exports from United States and Brazil are expected to dip due to significantly lower carry-in while those from India are expected to increase. China is projected to be the world's largest importer for the second consecutive year, although imports are forecasted to be lower than previous year's eight-year high. Pakistan imports are expected to decline due to highest expected consumption level in three years.

Global cotton stocks have expanded again in the past three years to between 95 per cent and 75 per cent of total use, compared with the three years from 2016-17 when stocks represented less than 70 per cent of use.

Source: fashionatingworld.com– May 18, 2021

HOME

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China's textile sector shows strong performance in Q1 2021

China's textile industry showed strong performance in the first quarter (Q1) of this year. The added value of large-scale textile companies with annual operating revenue of at least 20 million yuan ($3.09 million) increased by 20.3 per cent year-on-year, according to data from the country's ministry of industry and information technology (MIIT).

The combiner operating revenue of large-scale textile firms expanded by 26.9 per cent year-on-year to about 1.05 trillion yuan during the three-month period, the MIIT data showed. These firms earned 43.4 billion yuan worth of profits, registering a surge of 93 per cent over same period of previous year, when the country saw lockdown periods due to the spread of COVID-19 pandemic.

Meanwhile, the exports of garments from China in January-March 2021 totalled $33.3 billion, an increase of 47.7 per cent year-on-year. Online retail sales of clothing products too grew by 39.6 per cent during the period under review.

Source: fibre2fashion.com – May 18, 2021

HOME

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US Apparel and Textile Makers Expect Economic and Job Growth in 2021

The economic recovery in the U.S. will continue for the rest of 2021, the nation's purchasing and supply executives said in the Spring 2021 "Semiannual Economic Forecast" from the Institute for Supply Management (ISM) Business Survey Committees.

ISM said expectations for the remainder for 2021 have improved somewhat compared to December 2020, "as there is hope that the corner has been turned on the coronavirus pandemic, with both manufacturing and services sectors signaling expansion."

Revenue for 2021 is expected to increase 7.2 percent on average. This is 0.3 percent higher than the December 2020 forecast of 6.9 percent and 8.5 percent above the 1.3 percent decrease reported for 2020 over 2019.

The survey showed 59 percent of respondents felt revenues for 2021 will increase 13.8 percent over 2020. Only 8 percent said revenues will decrease 13 percent and 33 percent indicated no change.

"With all 18 manufacturing-sector industries predicting revenue growth in 2021, panelists forecast that recovery will continue the rest of the year," Timothy R. Fiore, chair of the ISM Manufacturing Business Survey Committee, said. "The sectors' responses were consistent with the industry-performance reports in the April 2021 'Report On Business.'"

Those sectors include textile mills, and apparel, leather and allied products.

Purchasing and supply executives reported that their companies are operating, on average, at 88.3 percent of normal capacity, 2.6 percent higher than reported in December. The nine industries reporting operating-capacity levels above the average rate of 88.3 percent included apparel, leather and allied products.

Production capacity in manufacturing is seen rising 6.6 percent in 2021. This compares to an increase of 0.5 percent reported for 2020 and a December projection of an increase of 5.3 percent this year. Textile mills were among the 16 industries expecting production capacity increases for 2021.

Survey respondents expect an 8.7 percent gain in capital expenditures in 2021. This is higher than the 2.4 percent increase for the year forecast by the panel in December. The 11 industries expecting increases in capital expenditures in 2021 compared to 2020 included textile mills.

In the December 2020 forecast, respondents predicted an increase of 2.5 percent in prices paid during the first four months of 2021, but now they reported prices had risen 8.3 percent. All 18 manufacturing industries reported an increase in prices paid for the first part of 2021.

Survey respondents projected a net average price increase of 8.1 percent for all of 2021 compared to the end of 2020–74 percent forecast prices to increase 11.1 percent for the full year, with all industries expecting price hikes for all of 2021.

The respondents also forecast that manufacturing employment will increase 2.8 percent by the end of 2021 compared to the end of 2020. Textile mills were among the 15 sectors projecting employment growth during the year.

Source: sourcingjournal.com – May 18, 2021

HOME

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Covid-19 Sparks Chinese Exodus From Italian Textile Town

An unexpected victim of the coronavirus crisis is one of Italy's largest Chinese communities, now dwindling rapidly after more than 30 years of growth in a small town in Tuscany.

The Chinese began to settle in Prato, 11 miles (17 km) north of Florence, around the end of the 1980s, attracted by plentiful work in factories serving Italy's clothing industry.

Mostly from the eastern region of Zhejiang, they created a parallel industry producing low-cost fabrics alongside up-market Italian businesses supplying the country's fashion houses.

The close-knit community grew year by year until it numbered around 25,000 at the end of 2019, when there were about 6,000 Chinese businesses in the town of 200,000 people, making Prato one of Europe's largest concentrations of Chinese-run industry.

Then, in spring last year, the coronavirus hit. About 2,500 people, or 10 percent of the community, have since left.

For many Chinese in Prato, Covid-19 was a tipping point, intensifying doubts over their future in Italy, Europe's most sluggish economy.

First, the Chinese suffered discrimination as alleged spreaders of the disease. Then, as the community emerged almost unscathed amid Italy's growing death toll, they were held up as a model of how to fight it.

Now many are giving up, worn down by the Covid-induced recession and lured back to China by its greater success in combating the pandemic and brighter economic prospects.

Simona Zhou, 50, returned to Zhejiang last July after almost 30 years in Prato, leaving her knitwear factory in the hands of her family.
Suffering from a chronic illness, she felt vulnerable to the coronavirus and safer staying with her mother in China where the disease had been all but stamped out.
"If she came back here she would have to stay mostly at home, but in Zhejiang there are no restrictions and people don't even have to wear masks," says Simona's daughter Teresa Lin, a member of Prato's town council.

Safer in China

Italy has seen more than 124,000 Covid-19 deaths, while China has reported fewer than 5,000.

However many Chinese have left because of economic hardship rather than fear of contagion, as Italy's low-budget textile industry has been hammered by repeated lockdowns.

The economy is now gradually opening up, but for many Chinese textile workers the damage is done.

Huang Miaomiao, a journalist from Zhejiang who lives in Prato, estimated about 2,500 people, or 10 percent of the Chinese community, had gone back to China over the last year. Marco Wong, another town councillor, said the figure was "realistic".

Official data is out of date because it can take years for returnees to inform Italian authorities, if they bother to do so.

"There is a lot of discussion in the community about going back among people who came here in the 1980s," said Wong.

"They see China's economy is growing, and its handling of the pandemic strengthened a positive view of their country of origin compared with how things were managed in Italy."

The Italian economy contracted by a steep 8.9 percent last year, and lost half a million jobs in the 12 months to March.

While growing numbers of Chinese are leaving Prato, new arrivals have dried up, according to a town council manager, who cited school enrolment numbers.

Up to 2019, around 200 new Chinese pupils per year were enrolled in Prato's schools, he said, while in 2020 and 2021 the figure was "statistically irrelevant, practically zero".

Shadow Economy

Prato's Chinese community has been hard hit by the recession because many worked in the shadow economy. This meant they were not eligible for government support based on businesses' tax returns for the previous year. "Most of the Chinese firms in Prato are in great difficulty," says Luigi Ye, president of Prato's Italy-China Friendship Association which has offered financial help to 800 Chinese families over the last year.

Prato's Chinese traditionally help each other and shun public welfare, but this "self-help" philosophy has crumbled in the face of growing poverty due to the Covid-19 crisis.

Last year the council received 449 requests from Chinese for food tokens, and 218 requests for help to pay the rent. In 2019 not a single Chinese person asked for rent assistance.

"The problem is that here there is no work anymore, there is only fear," said Luca Zhou, who heads the Chinese community's civil protection association. "Lots of Chinese have left, and lots more want to leave."

Source: businessoffashion.com – May 18, 2021

HOME

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Bangladesh needs a clear strategy for GSP

This February, Bangladesh received the endorsement of the United Nations Committee for Development Policy (UNCDP) regarding its final timeline for exiting the Least Developed Countries (LDCs) group. Bangladesh is now scheduled to leave the LDC category in 2026.

As we leave the group, Bangladesh will miss out on the LDC -specific preferences and privileges afforded by its international development partners. The most specific and significant loss will be duty-free and quota-free (DFQF) market access for the country's export items.

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This is a situation that all Bangladesh exporters will be watching most closely. The EU (along with the huge UK) market currently accounts for about 62 percent of apparel exports and nearly 56 percent of all exports from Bangladesh. Losing these huge trading benefits overnight represents a serious risk for Bangladesh's export competitiveness. Logically, addressing DFQF loss-related fallouts—particularly in the EU market—must be a core pillar of Bangladesh's LDC graduation (transition) strategy.

In 2015, the EU initiated a preferential market scheme for (non-LDC) Low-Income Countries (LICs) and Low-Middle-Income Countries (LMICs), titled "Special Incentive Arrangement for Sustainable Development and Good Governance", commonly known as GSP+. Under this scheme, the EU offers zero duty market access up to 66 percent of tariff lines to the eligible countries, like Bangladesh.

Yet, curiously, out of a total of potentially eligible 71 LICs and LMICs, currently only eight enjoy benefits under GSP+, with Pakistan and Sri Lanka being the only countries from South Asia.

So, the question is: how is Bangladesh getting ready to access the EU's GSP+ benefits? It becomes all the more critical given already rising concerns that Bangladesh would continue to enjoy the EBA (Everything But Arms)—the special arrangement for LDCs, providing them with duty-free, quota-free access for all products except arms and ammunition—till 2029. But, the reality is: the EU is advancing on a new GSP+ Policy by 2023, which may not make our EBA continuation automatic.

Bangladesh must fulfil several requirements to access the already existing GSP+ scheme: a beneficiary country has to satisfy a vulnerability criterion. This means, an exporting country's value of the top seven major products should be more than 75 percent of its total GSP-covered exports. In other words, high product concentration is considered to be a sign of the exporting country's "vulnerable economy".

Currently, that figure for Bangladesh is around 96 percent of our total exports to the EU. So, Bangladesh is already eligible for the scheme, at least on one count.

The other eligibility condition relates to the "import share criterion". This means, the exporting country's share in the EU's total import under the scheme should not be more than 7.4 percent. This limit has been imposed to curb the dominance of "large suppliers" among the beneficiary countries.

On that criterion, Bangladesh is indeed a major supplier of apparel and other products in the EU market, as the relevant figure is as high as 26 percent. Therefore, unless the allowed share is significantly increased or the denominator of the concerned variable is favourably changed, Bangladesh will not be eligible for GSP+. Of course, Bangladesh could try to negotiate replacement of the criterion with an altogether new one.

Under the existing EBA, LDCs are granted preferential "Rules of Origin" (RoO) permitting "single transformation". But, preference eligibility under the GSP+ scheme demands "double transformation" of the exported items. In other words, in post-graduation life, if we are to get DFQF market access, Bangladesh has to first convert fibres into fabrics and then fabrics to apparels. While this is quite demanding and has major implications for product competitiveness, surely we need to review the ongoing structural changes in our apparel and textile industry.

Beyond the difficult technical issues, there is another set of complex (and equally important) issues concerning the guidelines of "sustainable development" and "good governance". These conditions are collectively known as the "sustainability requirements". Social and environmental considerations are likely to become much larger.

We cannot sit pretty. We need to act, from now, to address the emerging scenario and possible consequences. Some of the key actions should include the following.

The government and all the industry trade bodies should collate and process credible data to argue the "vulnerability criteria" and "import share criteria", if we intend to pursue the GSP+ pathway.

The Bangladesh apparel sector has gradually strengthened its backward linkage industries. As much as 80 percent of our exportable knitwear are undergoing double transformation, while it is around 50 percent for woven garments. If Bangladesh opts to meet GSP+ eligibility, we must immediately draw up and progressively implement a "strategic business plan" in the textiles sector to cover the "shortfall" in the area of backward (as well as forward) linkage industries,

The RoO of GSP+ also offers alternative opportunities for meeting the requirements of double transformation. One option provides the exporting countries the opportunity to use "regional cumulation" of RoO of its products. One such provision allows imports from South Asian countries (including India) to account in the calculation of the double transformation. Although India is one of the two predominant suppliers of textiles and apparel-related inputs, Bangladesh till now has justifiably avoided this option in the interest of developing our domestic textile industries. We need to decide to what extent we would wish to go for this and invoke this option that is potentially available for accessing GSP Plus.

The regional cumulation provision can also be executed by accounting for imports from countries with which the EU has Free Trade Agreements (FTA). Two Asian countries—Vietnam and South Korea, which have FTAs with the EU—are relevant for Bangladesh. The question we then need to look at is the extent to which Bangladesh's exports will remain price-competitive by using South Korean inputs. Meanwhile, sourcing from Vietnam will be quite complicated as they already have established themselves as a main competitor of Bangladesh in global apparel market.

The government and the industry stakeholders will also need to have a clear strategy on how our manufacturing industries would accomplish other related global commitments—to ensure clean energy, carbon neutrality, waste management, robust climate actions vis-à-vis the emerging EU Green Deal, Circular Economy frameworks, etc.

Last but not the least, Bangladesh can weigh the option of an FTA with the EU to have permanent duty-free access. Surely, a bilateral FTA with the EU would witness "trade-offs" on aspects/issues much more political than just tariff. It is a tedious, so-far-uncharted walk that requires difficult trade-offs between domestic industries/sectors. Given the rudimentary understanding and preparedness within our government and business on bilateral FTAs to date, I am not sure at which stage Bangladesh may opt for negotiating an FTA with the EU.

All of these can hardly wait for another rainy day. Time is ripe for the government and our business and industry to see eye to eye and begin talks, at least internally.

Source: thedailystar.net– May 18, 2021

HOME

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Uzbekistan emerging as preferred cotton supplier as buyers turn away from China due to forced labour concerns

Despite ranking second globally in cotton production, China has come under immense international pressure, with critics accusing it of labour abuses in Xinjiang, prompting buyers to look elsewhere for cotton supplies to avoid the political fallout.

In this scenario, Uzbekistan, the world's sixth-biggest cotton producer, is emerging as a preferred supplier as buyers turn their back on supplies from China, after a decade-long international boycott over forced labour, writes Mimi Lau for South China Morning Post (SCMP).

Uzbek activists began raising the alarm about forced labour in the country's cotton industry more than a decade ago, during the time where millions of people, including doctors, teachers and even children, were mobilised to bring in the cash crop. Several sanctions followed and more than 300 brands and retailers signed the international boycott of Uzbek cotton and textiles. Since then, Uzbekistan has launched radical reforms to end child labour and forced labour through privatisation of cotton farms and trying to move up the value chain, writes Lau.

Meanwhile, China has been rebuked globally for cracking down on Uyghur Muslims in Xinjiang by sending them to mass detention camps, interfering in their religious activities and subjecting them to abuse including forced labour. Beijing, on the other hand, has vehemently denied that it is engaged in human rights abuses against the Uyghurs in Xinjiang while reports from journalists, NGOs and former detainees have surfaced, highlighting the Chinese Communist Party's (CCP) brutal crackdown on the ethnic community.

The US banned imports of cotton and tomato products from Xinjiang in January, and Canada and the United Kingdom followed suit. Many international brands, including H&M, Nike and Ralph Lauren, have also gone on record to declare their products are not made from Xinjiang cotton, SCMP reported.

Source: in.news.yahoo.com – May 18, 2021

HOME

****

Vietnam: Textile industry wants its workers prioritized for Covid vaccination

Garment and textile companies want their workers vaccinated against Covid-19 on a priority basis, and said they could buy the vaccine directly from the suppliers.

Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association (VITAS), said a proposal sent to the Government for the purpose is meant to speed up progress in "achieving community immunity and help enterprises stabilize production."

The worsening pandemic situation in the industrial zones is a big concern for enterprises and their workers, he added.

The number of infected workers was 466 as of Monday, including 369 in the northern province of Bac Giang, according to the Vietnam General Confederation of Labor.

Bac Giang on Tuesday decided to shut down four industrial parks, Van Trung, Quang Chau, Dinh Tram in Viet Yen District, and Song Khe – Noi Hoang in Yen Dung District.

Nguyen Van Thoi, chairman of apparel manufacturer TNG Investment and Trading JSC, which employs over 16,000 workers in Thai Nguyen Province, said the company has earmarked funds to buy vaccines for its workers and wants the government to connect it with suppliers.

It has also strengthened Covid prevention measures by ensuring social distancing in its factory in Thai Nguyen and telling employees coming from the two severely affected provinces of Bac Giang and Bac Ninh to temporarily stay at home.

The chief of a textile firm in Hung Yen Province, who sought anonymity, said the government should accept funding from other sources to buy the vaccines.

Textile and garment exports rose 9 percent year-on-year to over US$9.5 billion in the first four months of 2021, according to the Ministry of Industry and Trade, which attributed the rise to the revival in some main export markets and free trade agreements.

Vietnam has nearly 400 industrial parks, 30 border gate economic zones and 20 coastal economic zones, which employ nearly four million workers.

Source: fashionatingworld.com – May 18, 2021

HOME

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H&M resumes orders in Myanmar

After a temporary pause following a military coup in the country, Swedish fashion retailer H&M has once again started placing new orders with Myanmar suppliers. With this decision, the brand aims to prevent suppliers from closing their factories which would result in unemployment for tens of thousands of workers. It has confirmed the factory does not have any direct links with the Myanmar military and is now seeking legal guidance to handle indirect links.

Shortly after the military seized power, H&M signed a statement committing to the Myanmar and its employees during developments of deep concern. It is known for its fast fashion clothing for men, women, teenagers, and children. As of November 2019, H&M operates in 74 countries with over 5,000 stores under the various company brands, with 126,000 full-time equivalent positions. It is the second-largest global clothing retailer, behind Spain-based Inditex.

Source: fashionatingworld.com – May 18, 2021

HOME

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NATIONAL NEWS

Commerce Ministry likely to ask RBI to extend Interest Equalisation Scheme beyond June 2021

Exporters say access to cheaper credit essential in retaining competitiveness The Commerce Ministry may ask the RBI to extend the Interest Equalisation Scheme for exporters beyond June 30, 2021, till the end of fiscal 2021-22, to help exporters gain back lost ground due to the on-going Covid-19 pandemic and fight the slowdown in the global trade.

The Interest Equalisation Scheme is popular with exporters as it allows all eligible sectors to access credit at lower interest rates with the government providing a subsidy.

“A number of exporters and export bodies have asked the government to provide the interest equalisation benefit for the entire year because without the subsidy their competitiveness would be hit further since the pandemic related uncertainties were continuing to pose a challenge,” an official told BusinessLine.

Scheme benefits

The scheme, announced in April 2015, extends a subsidy on interest provided to exporters on pre- and post-shipment export credit varying between 3 per cent and 5 per cent. The banks give credit at lower interest rates to exporters and the government then refunds the difference in amount to the banks. Exporters from 416 identified sectors are eligible for this benefit in addition to all export units belonging to the MSME sector.

Last fiscal, the Interest Equalisation Scheme got extended by a year simultaneously with a one-year extension of the old Foreign Trade Policy (FTP) announced in 2015. A new five-year policy could not be announced due to the pandemic.

In the current fiscal, the FTP has been extended by another six months, till September 30, due to the continued uncertainties on the foreign trade front. However, as of now, the Interest Equalisation Scheme has been extended only till June 30, 2021.

Meet with export bodies

"The Commerce Minister recently had an interaction with export bodies where there were requests for an extension of the Interest Equalisation Scheme beyond June 30. Exporters say that they are already fighting competition at several fronts, especially from countries like Vietnam and Bangladesh that were given preferential market access in developed countries, and the withdrawal of the Interest Subsidy Scheme could deal a further blow to their competitiveness," the official said.

The Union Budget for 2021-22 has made a provision of ₹1,900 crore for the Interest Equalisation Scheme so funding should not be an issue, the official added.

India's exports had posted a fall of 7.26 per cent in the financial year 2020-21 to $290.63 billion as outbound shipments had been hit massively in the initial months of the fiscal due to Covid-19 lockdown in the country and across the world. Exports in April 2021, however, have shown a sharp recovery encouraging the government to fix the export target for the on-going fiscal at $400 billion.

Source: thehindubusinessline.com– May 18, 2021

HOME

****

Finance Ministry pins hope on pent-up demand to lift recovery this fiscal

Economists remain cautious; heath spends likely to go up, says SBI research
The Finance Ministry pins hope on 'pent-up demand' to boost economic recovery during the second half of the current fiscal (2021-22). However, economists remain cautious.

"We hope that there will be a strong pent-up demand, just like we had last fiscal, and that will boost economic recovery during the current fiscal," a senior Finance Ministry official told BusinessLine.

In FY21, offtake of consumer goods and automobiles saw strong recovery due to pent-up demand in November and December and the Q4 (January-March). This was reflected in the GST collection (at ₹1-lakh crore plus for seven successive months since October and then at a record ₹1.41-lakh crore in April) and the GDP growth rate of 0.4 per cent during Q3.

However, the GDP growth rate is expected to be back in the negative zone during the Q4 (which will be known on May 31).

What is pent-up demand?

Pent-up demand is an unusually strong demand for goods or services. Normally, when people postpone consumption due to various reasons such as a pandemic or even a lockdown and then return to the market, it is pent-up demand.

Meanwhile, economists do not agree with the official's views on pent-up demand this fiscal.

Devendra Kumar Pant, Chief Economist with India Ratings & Research, said this time pent-up demand is unlikely to be as strong as last year with increased uncertainty due to the prospects of third wave, as experienced by European countries. "Health expenditure has increased significantly. Hence, it is likely that the consumption recovery after the second wave will be slower than the first wave," he said.

'Ecowrap' estimates

SBI's economic research report 'Ecowrap' estimates health expenditure to go up from the current 5 per cent of PFCE (private final consumption expenditure) to at least 11 per cent. In absolute terms, this could go up by ₹66,000 crore. "This is likely to also result in squeeze in expenditure on other items of discretionary consumption, a recipe for a cutback in the consumption spending," the report said.

The report also talked about an income effect due to lower per capita income, which has "reportedly declined by ₹8,637 in FY21 from FY20 (CSO estimates). Assuming on a conservative basis, the income of private and unorganised sector employees has been impacted, as per our calculation, the income effect works out to around ₹16,000 crore." The report concluded that the loss in income could be an added burden and a diversion from other 'discretionary spends' to health.

Meanwhile, some experts are of the opinion that demand will not be affected this time. The RBI, in its May monthly bulletin, said the impact of the second wave on the real economy seems to be limited so far compared to the first wave.

Evidently, the localised nature of lockdowns, better adaptation to work from home protocols, online delivery models, e-commerce and digital payments are at work. "Aggregate demand conditions have been impacted, albeit not on the scale of the first wave," the bulletin mentioned.

Source: thehindubusinessline.com– May 18, 2021

HOME

****

States receive Rs 39,175 crore as tax transfers in April

State governments have received Rs 39,175 crore as tax devolution from the Centre in April, in line with the Budget estimate (BE) for FY22.

While the impact of lockdown on tax receipts will be felt in May, going by the previous year's trend, the Centre may stick to BE for devolution in the initial months and do the adjustments towards the end of this fiscal, to factor in shortfall in receipts.

The Centre has set a devolution target of Rs 6.66 lakh crore in FY22, an annual increase of 12%.

In FY21, tax devolutions were normal in April-May, but it was lowered a bit from June onwards as revenues were hit by Covid-induced lockdown. Thanks to a buoyancy in tax revenues in Q4FY21, the Centre had released in total Rs 5.95 lakh crore or 8.2% more in devolution over the revised estimate (RE) for FY21. Yet, the devolution was Rs 1.89 lakh crore lower than the FY21BE of Rs 7.84 lakh crore. Devolution in FY21 was down 8.5% year-on-year while the Centre's gross tax revenue (GTR) saw an increase of 0.6% on-year (at Rs 20.16 lakh crore).

The Centre's aggressive use of the cess route to bolster its own tax revenue has in recent years decelerated the growth of the divisible tax pool, thereby adversely impacting the states' tax revenue. Though trend was there throughout the 14th Finance Commission award period (FY16-FY20), it was most visible in FY20, with tax transfers declining, unconventionally. In FY20, tax transfers to states were down 15% on year.

The 14th Finance Commission upped states' share in divisible tax pool to 42% from 32%. Ironically, augmented use of the cess/surcharge route by the Centre since then has resulted in a decline in states' share in Centre's gross tax receipts or GTR (including cess/surcharge proceeds).

As a percentage of GTR, tax transfers to states had jumped from 28% in FY13 to 35% in FY16, but has since fallen to 33% (RE) in FY20. As per a story by the Centre for Policy Research, the actual tax transfers to the states in the 14th FC period (FY16-20) were Rs 6,84,645 crore less than the level estimated by the commission due to lower revenue productivity than assumed.

Source: financialexpress.com – May 19, 2021

HOME

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Concor extends 50% rebate in empty box movements till March

Container Corporation of India Ltd (Concor) has extended the 50 per cent rebate in rail freight tariff for movement of empty dry and reefer containers between gateway ports and the firm's inland container depots, container rail terminals and private sidings till 31 March 2022, the company said in a notice to trade.

India's export-import trade, weighed down by record high ocean shipping rates for containers, will benefit from the extension in rebate period for inland haulage movements.

"In view of the overwhelming response received from trade, the competent authority has approved the extension of reduced rail freight rates for movement of EXIM (export-import) dry and reefer empty containers from various gateway ports to Concor ICDs/private sidings/CRTs by 50 per cent, for a further period from 1 June to 31 March 2022 with same terms and conditions," the trade notice said.

The 'Maharatna' public sector undertaking is India's biggest rail hauler of containers.

Concor's move will force other container train operators to offer similar discounts or risk losing customers, trade sources said.

Source: thehindubusinessline.com– May 18, 2021

HOME

****

'Second Covid wave unlikely to severely impact textile sector'

The second covid wave might slightly impact the textile sector's supply and demand dynamics primarily in Q1FY22, said ratings agency India Ratings and Research (Ind-Ra).

However, a sustained export demand, learnings from the first wave, stronger balance sheet and liquidity compared to Q4FY20 will enable the sector credit profile to remain stable in FY22, the agency said.

"The supply chain has been impacted by the local lockdowns imposed at key textile hubs such as Tirupur, Ludhiana, Surat and Bhilwara," the agency said.

"The restricted movement of goods means non-availability of inputs such as yarns and fabric is likely to have a short-term impact on the finished output."

Besides, it pointed out that labour availability has also been impacted but moderately and at much lesser severity than that during the first wave.

"Shop floor are likely to remain functional at a few plant sites but a restricted occupancy level. However, 1QFY22 may not be a lost quarter, thanks to strong export markets."

"Moreover, most cotton textile players will have adequate inventory given the second wave has hit us in April-May and because the fresh inventory is available during November to March."

Nevertheless, this supply chain disruption may lead to a 20-30 per cent YoY of reduction in toplines in Q1FY22.

"Again, the recovery expectation varies depending on the sub-sector. Export-focused garments and home textiles are likely to remain resilient compared to the spinning and fabric segment."

"The export order book was reported to be yoy higher at end-March 2021 with garment players. However, the 1QFY21 shipments are likely to get deferred to 2QFY22. Challenges on the availability of containers and high shipping costs however have been impacting profitability since 3QFY21 and are likely to remain in so in the near term."

As such beyond 1QFY22, Ind-Ra assumes a demand recovery across the sub-segments, driven by the unleashing of pent-up demand in 2HFY22 with the start of retail, offices, educational institutions, social functions among other things, moderately countered by weak household balance sheets.

"The growth rates will also benefit from the low base effect. Ind-Ra expects the export demand to remain favourable with geo-political tensions and China, Plus One story continuing to play."

"Demand recovery continues in export markets, which is at least 30% of the India's total textile produce."

Source: smetimes.in– May 18, 2021

Rajasthan govt attracts investments worth over Rs 1,67,000 crore

The Rajasthan government, which is combating the challenges of the COVID pandemic, has been successful in attracting investments worth over Rs 1,67,000 crore. The major investments, cleared by the Board of Investments chaired by Chief Minister Ashok Gehlot, have come in the renewable energy sector as Rajasthan is a major hub for solar power.

Between March 2020 and March 2021, when the pandemic was at its peak, the state received investments worth Rs 12,000 crore under its "one stop shop" policy. These investments have come for 15 districts. The investments are in food processing, tourism, transport, auto component, textile, green energy, chemical, cement and stone value addition sectors.

The highest investment of Rs 5992.86 crores has been received for Jodhpur in the green energy sector, followed by Rs 3826.16 crores for Bikaner and Rs 1344.87 crores for the desert district of Jaisalmer in the green energy sector.

The private sector plays a key role in economic development and job creation of a state. With these investments, nearly 40,000 new jobs will be added in the state. Out of these investments, renewable energy sector alone will provide 90 per cent of these jobs and that too in the barren land areas of the state, which have non-agricultural land. These districts include Jaisalmer, Jalore and Barmer.

Adani Green Energy, Renew Power, Greenko Energies and JSW Solar are investing nearly Rs. 1,64,540 crore in total and will be providing employment opportunities to over 37000 people in the renewable energy sector over the next couple of years.

Chief Minister Ashok Gehlot said, "It should be ensured that new projects are started in a time bound manner by removing bottlenecks in investment in the state. In the last two years, the state government has implemented many important policies and programs to increase investment in the state. Rajasthan Investment Promotion Scheme (RIPS 2019), Rajasthan Industrial Development Policy 2019, through One Stop Shop System and Single Window System and many facilities are being provided to investors."

He instructed the officers that every effort should be made to increase investment in the state. He also said that to promote tourism in the state, the state government has created a tourism policy. This time, an allocation of Rs 500 crore has been made in the budget for the Tourism Development Fund. This amount will be spent on the branding of the state as a tourist destination and on the development and investment of tourism infrastructure.

Gehlot instructed the officials that the department related to industry and investment should formulate an action plan with the tourism department and work to increase investment in the tourism sector in the state.

Other than RE, projects from Sahasara Semiconductors in the electronics sector, Mewar Polytex in the technical textile sector, ASI Industries in the engineering manufacturing stone, Hemdha Medisources in the medical and health and Kanchan India in textile have also been cleared by the Board.

Also, issues pertaining to projects of Kajaria Group in the bathware manufacturing and ceramic tiles, JCB in earth moving machines, the French glass giant Saint-Gobain in the glass manufacturing sectors were cleared for smooth operation of these projects.

Collectively the total investment from these companies is estimated to be over Rs. 3200 crore and employment of over 5600 persons is expected.

The Board of Investment (BOI) has been constituted under the Rajasthan Enterprises Single Window Enabling and Clearance Act. The state government through an amendment in the act in year 2020 had provisioned the board for fast track clearance of proposals related to customized packages under RIPS 2019.

Ashutosh A. T. Pednekar, Industries Secretary, Rajasthan Government said, “Investment scenario in the state has changed in recent times. Corporates are encouraged by the policies and support being extended by the state government for setting up their ventures in Rajasthan. We have some major proposals lined up which will soon be taken up to appropriate level for decision.”

For the ease of doing business, Rajasthan has been constantly innovating the processes and notably, the state has achieved place among the top states in the country in 2019 with an implementation score of 98.39 per cent. The state has focused on development in the sectors such as renewable energy, auto, and components, textiles and apparels, food processing, petrochemicals, mines and minerals, pharmaceuticals and leather and footwear with country leaders' brands and companies of each sector's presence and investments in the state.

Saharsa Semiconductors will be setting up an assembling, testing, marking, packaging unit for production of memory components. It will go a long way for becoming self-reliant in domestic production to meet the rapidly growing electronics demand in the country.

ASI Industries will be setting up engineered stone manufacturing unit which will be an export-oriented unit that will export 90 per cent of the produce to USA, Canada, Europe, Australia, New Zealand, South Africa, Gulf, etc.

Source: nationalheraldindia.com– May 18, 2021

HOME

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Second Covid-19 Poses Challenges for Tirupur, Coimbatore Manufacturers

The second COVID wave has posed a lot of challenges for manufacturers in the textile hubs of Tiruppur and Coimbatore. While Coimbatore is the second worst-hit region after Chennai, Tiruppur has also seen a spike in daily new cases over the past few days. Each unit in Tirupur is adopting calibrated measures and adhering to government guidelines, informs Prabhu Damodharan, Convenor, Indian Texpreneurs Federation. As per Hindu Business Line, these units are ready to undergo the short-term pain for long-term gains once key export markets see a revival.

A Sakthivel, Chairman, Apparel Export Promotion Council (AEPC), says, the industry expects the situation to improve soon as key markets — such as the US and Europe — are not under lockdown and orders continue to flow from these regions. Damodharan points out, key consumption markets are witnessing a demand boom and the industry has adequate raw materials and manpower to meet requirements. Organized players have retained migrant laborers and workers by providing them accommodation and making arrangements for early vaccination, he adds.

Source: fashionatingworld.com – May 18, 2021

HOME

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Gujarat: Cyclone Tauktae operations suspended at 21 ports

Operations of at least 21 ports in Gujarat, including the major port of Kandla and private port of Mundra, were completely suspended on Monday in the wake of the approaching cyclone, Tauktae.

While five of the ports on the path of the cyclone hoisted signal number 10, indicating "great danger", as many as 28 vessels berthed at the ports were asked to leave.

All activities were suspended at ports that had warning signals of 8, 9 and 10.

"Signal number 10 is at five ports of Pipavav, Veraval, Jafrabad, Victor and Diu. This signal means great danger and the cyclone is expected to move over or close to the ports. Similarly, signal 9 indicating severe weather is at Alang, Bhavnagar, Dahej, Magdalla, Bharuch and Daman," said Avantika Singh, CEO of Gujarat Maritime Board (GMB).

Most of the port area has been evacuated, leaving only very essential staff and security personnel on ground. Signal number 8 has also been hoisted at Porbandar, Okha, Sikka, Bedi, Navlakhi, new Kandla, Mandvi and Jakhau ports.

"Till yesterday, there were 28 vessels berthed at the ports in Gujarat. All of them have been asked to shift to high seas where they would be safer. Right now there are no vessels at the ports.

Our VTMS (Vessel Tracking and Monitoring System) is constantly in touch with the vessels and all the control rooms at the ports are active. We are in touch with private ports and captive jetties," she added.

Apart from this, 60-odd vessels beached at the Alang ship-breaking yard have been secured. "500 workers at the shipbreaking yard have been shifted to the GMB labour colony. Shifting is still in process," Singh said.

The only major port in Gujarat, Kandla, hoisted warning signal number eight. The Deendayal Port Trust (DPT), which handles operations at Kandla, has evacuated all manpower from the port area. Hanging and high rise structures such as marine unloading arms would be fastened properly or removed.

Mundra port belonging to Adani Ports and Special Economic Zone (APSEZ) hoisted signal number 8 and suspended all port operations on Monday.

"We have initiated actions in line with our disaster management plan and SOPs at Dighi, Hazira, Dahej, Mundra and Tuna terminals," stated an official statement from the Adani Group. Quick Response Teams have also been deployed to handle any emergency, it added.

Source: maritimegateway.com– May 18, 2021

HOME

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Indian textile manufacturer Trident posts FY21 income of ₹45,353 mn

Trident Group, an Indian terry towel and wheat straw based paper manufacturer, has reported 4 per cent decline in its total income to ₹45,353.1 million during fiscal 2021 ended on March 31, 2021, compared to ₹9,972.6 million in the previous fiscal. The company's total comprehensive income for the year rose to ₹4,247.7 million (FY20: ₹2,936.7 million).

"The company has delivered strong performance during the year despite the challenges posed by Covid-19. We hope to maintain a strong momentum going forward & harness our efforts towards achieving Vision 2025," Rajinder Gupta, chairman at Trident Group, said in a press release.

Total expenses for FY21 were ₹41,167.7 million (₹43,027.4 million), while group's net profit after tax was ₹3,457.4 million (₹3,418.0 million).

The group's textile segment revenue for the year increased to ₹38,160.9 million (₹37,776.0 million). Whereas paper and chemicals segment revenue dipped to ₹7,040.7 million (₹9,225.4 million). According to the group, its sheeting segment recorded around 60 per cent growth Y-o-Y basis on account of both better sales volume and realisations.

Source: fibre2fashion.com– May 18, 2021

HOME

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