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IBTEX No. 101 of 2021 May 27, 2021

US 72.75| EUR 88.71| GBP 102.69| JPY 0.67

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INTERNATIONAL NEWS

‘Domestication’ of the Chinese economy

‘Dual circulation’ marks China’s transition from an export-led economy to a domestically driven, services-led one

At a time when the world economy is reeling under the Covid-19 crisis, China has embarked on a new development paradigm to re-establish its position as a global economic power. This is evident in its 14th Five-Year Plan (2021-25) announced by the government in July 2020 which is enshrined with novel concept called ‘dual circulation.’

This development paradigm is centered on domestic circulation with a “dual circulation” model in which domestic circulation and international circulation promote each other. China adopted since 1979 an ambitious export driven model by making full use of domestic and international markets and resources. As the new model is emphasising on domestic circulation, many key China watchers have started pondering whether China plans to transition from export driven growth model to a domestically consumption driven economy.

China has been a major player in global trade. So its shift from export orientation to domestic driven model, will hamper world trade, other nations as well as itself. Then why has China proposed to carry out domestic circulation?

China’s exports were hit hard during global financial crisis (2007-2012), and it did turn to domestic consumption to promote growth, but around 2013-14 it had again become export oriented.

‘Homeward’ bound

Given how the pandemic is playing havoc with the world economy, China is perhaps looking inwards again.

With the advent of Covid-19, the WTO in April 2020 had predicted world trade to shrink by 13 to 32 per cent and most likely in the current situation closer to 32 per cent. With the spread of Covid-19, many countries have slowed reopening, and some are reinstating partial lockdowns to protect susceptible populations.

The rising US-China trade friction in the last few years has hit Chinese exports hard forcing the country to turn to domestic demand and encourage ‘domestic circulation’.

This in turn takes care of the unemployment problem and ensures social cohesion. However, a more analytical perspective suggests that China experienced its peak of exports during 2006 and accounted for 35.4 per cent of GDP which in April 2020 came down to 17.7 per cent (https://www.statista.com/aboutus/our-research-commitment). This means in 2006 a little more than a third of its products were sold to foreign countries.

To put it differently, by 2020, 82.3 per cent of China’s production had been domestically absorbed and circulated before the proposal for new paradigm was framed. So, what accounts for the change? Basic laws of economics suggests that in case of a large economy like China, a higher percentage of its products were absorbed in domestic circulation. In addition, a proportionally larger service sector, and higher non-tradeables, points to a higher percentage of its GDP (53.3 per cent) in domestic circulation in China.

China’s advantage is that it has attained large economies of scale making its manufacturing sector more modern and productive. Smaller economies with lower domestic absorption will have to necessarily rely on imports to develop their industrial sector.

A bigger economy means a bigger capacity for domestic absorption. In 2019, Singapore’s exports accounted for 104.9 per cent of its GDP while for Taiwan’s exports were 53.9 per cent. In contrast China’s exports were merely 35.4 per cent during its peak in 2006, reflecting its economic size. As the world’s second largest economy now, China has much more capacity for domestic absorption. Looking from this perspective, it makes eminent sense for China to adopt the new development paradigm.

Around 2008-09, exports accounted for only 11.1 per cent and 12.6 per cent of the GDP of the US and Japan respectively (Statista). This increased to 11.7 per cent for the US and 18.5 per cent for Japan in 2019 (https://data.worldbank.org/indicator/). Hence in both these major economies domestic consumption plays a major part in absorbing production.

Another important factor is that the services sector accounts for 70-80 per cent of the GDP in the US and Japan, whereas the corresponding figure for China is only 53.6 per cent.

Since the services sector is largely non-tradable in nature, most of it is utilised in the domestic market. This means a higher percentage of the service sector in an economy means a lower percentage of exports in its GDP. Currently China's exports to GDP are 17.65 per cent (Statista) which may go down to 11 per cent soon. So in the current context there is a clear case for the Chinese government and policymakers to adopt 'Dual Circulation' as the new development paradigm .

Source: thehindubusinessline.com – May 25, 2021

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Marks & Spencer to Close 30 Stores After Full-Year Loss

Marks & Spencer is forging ahead on its "Never the Same Again" strategy for a reshaped M&S, which includes closing 30 stores.

In a Nutshell: The company said its priority is to fund investment in its transformation with an eye toward rebuilding its balance sheet. The approach will prioritize omni-channel enhancements, supply chain investments and optimizing stores.

A new approach to buying for apparel and home, coupled with the expanded online capability, is "gaining traction with customers," said M&S, which has made "huge strides" over the past three years in reshaping its trading principles, buying "fewer lines in greater depth from fewer strategic suppliers."
"The extent of the shift has been obscured by Covid and the related trading turmoil, but we believe there is a marked improvement in style, shape of buy and value," it added.

M&S is working to get more than 40 percent of apparel and home revenue from online channels in the next three years, and it is working with key partners overseas to offset Brexit costs, it said.

M&S has elected to close or relocate 59 full-line stores, cutting about 7,000 jobs in the process. It also shuttered 16 food stores and eight outlets. It is planning 17 new or expanded full-line stores over the next two years, including a number of former Debenhams' doors.

"M&S had 254 full line stores at year end. While practically all Clothing & Home departments in these stores contribute positive cash, a number are in long term decline, struggle to cover their allocated central costs as a percentage of sales and cannot justify future investment," the company said.

The group is targeting a full-line store base of 180 modernized stores, with 100 in prime retail markets that will grow from the current base of 80, and around 80 doors in core markets that will grow from its existing core-market count of 65 locations. M&S said some high-street units will relocate to retail parks. The balance of its stores will convert to food only, full line or see multiple stores consolidate into one. About 30 doors will be shut, and recapture impacted sales through nearby doors or online.

To improve digital operation, M&S said it would increase online product offerings, and introduce online-only goods. It will also expand its "best seller" and "never out of stock" offerings. "Combined with a curated range of third-party brands we expect a substantial improvement in the online offer in the coming year," it said. It noted that clothing and home has a base of over 9 million active online customers.

M&S relaunched the Sparks loyalty program last year, shifting from a point-based plan to a more customer-friendly digital experience. M&S also acquired Jaeger's IP assets, with plans to sell the brand online.

Net Sales: Group revenue for the 53-week period ended April 3 was 9.17 billion pounds ($12.94 billion), versus 10.18 billion pounds ($14.38 billion) in the year ago period. Excluding the 53rd week for the year, revenue for the 52-week period was 8.97 billion pounds $12.67 billion).

The company said apparel and home sales fell 21.6 percent at constant currency, mostly due to lower store sales in Ireland and India, partially offset online sales that doubled in the quarter.

Amid lockdowns and social distancing, M&S reported a "steep decline" in formal and occasion wear.

Earnings: The loss before taxes for the 53 weeks totaled 209.4 million pounds ($295.7 million), against profit of 67.2 million pounds ($94.9 million) the prior year. Excluding the 53rd week in the fourth quarter, the loss for the 52-week period was 201.2 million pounds ($284.1 million). Excluding tax and adjustments for certain items, the company reported a profit of 50.3 million pounds ($71.0 million) and 41.6 million pounds ($58.7 million) for the 53 and 52 week periods, respectively.

The company said the operating loss for apparel and home was 129.4 million pounds ($182.7 million).

Comparing results on a two-year basis, M&S said that overall trading for the first six weeks of the financial year (2021-2022) and since reopening has been ahead of the same 2019-2020 period. Clothing and home sales since stores reopened on April 12 and from digital remain "robust," it said, noting that international sales continue to be impacted by ongoing restrictions, particularly in India.

M&S said its guidance for 2021-2022 outlook presumes a “gradual return towards more normal customer behavior in its clothing and home stores and its hospitality and food business.

CEO’s Take: “By going further and faster in our transformation through the Never the Same Again program, we moved beyond fixing the basics to forge a reshaped M&S. With the right team in place to accelerate change in the trading businesses and build a trajectory for future growth, we now have a clear line of sight on the path to make M&S special again. The transformation has moved to the next phase,” said CEO Steve Rowe.

Source: sourcingjournal.com– May 26, 2021

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UK Government-Funded Textiles Circularity Center is Now Open

The journey to circular fashion requires collaboration throughout the supply chain and beyond. Experts have long called on local governments to get involved, describing the infrastructure required to bring the concept to fruition as too much for individual companies to take on. After months of preparation, a U.K. government-funded circularity center and research program is responding to the industry's cry for help.

On Monday, a Royal College of Art (RCA)-led consortium opened the Textiles Circularity Center (TCC), an initiative funded by the U.K. Research & Innovation (UKRI) Interdisciplinary Circular Economy Centers Program, a government organization. In November 2020, the government provided the consortium with a 5.4 million pound ($7.6 million) grant distributed through 2024 to establish a more circular economy that supports Made in the U.K. products.

The TCC focuses on fashion and textiles manufacturing and creative technologies industries by supporting innovations in manufacturing, supply chain design and consumer experience design. It aims to turn post-consumer textiles, crop residues and household waste into renewable materials for use in these industries.

The center is led by RCA's Professor Sharon Baurley and University of Leeds' Professor Phil Purnell in collaboration with scientists and researchers from Cranfield University, University of Cambridge, University College London, University of Manchester and University of York.

"The time is ripe to explore an alternative model for fashion apparel," Baurley said in response to the November announcement. "Our circular economy system design proposes to do just that by introducing a new relationship between materials and human wellbeing and by innovating circular fibers and textiles for the U.K.—and global—SME fashion industry."

The TCC is one of five recently launched circular economy centers established by the U.K. government, which invested 22.5 million pounds ($31.8 million) in total. It's comprised of three interconnecting research strands, including Materials Circularity, Circular Supply Chain and Consumer Experience.

The investment mirrors an industry-wide shift to circularity, fueled by global initiatives such as the Ellen MacArthur Foundation's Jeans Redesign program established in 2019 to promote a circular economy in the global denim supply chain.

Denim brands such as Tommy Hilfiger, Frame and Gap have already produced their first collections featuring denim according to the new blueprint.

Source: sourcingjournal.com– May 25, 2021

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China replaces Germany as UK's biggest import market

China has replaced Germany as the UK's biggest single import market for the first time on record, partly fuelled by demand for Chinese textiles used for face masks and PPE, official figures showed.

Goods imports from China to the UK increased by 66% since the start of 2018 to £16.9bn in the first quarter of 2021, the Office for National Statistics said. Imports from Germany fell by a quarter over the same period, to £12.5bn. The European Union as a whole remains the largest trading partner for the UK.

China was the first large economy to recover from the pandemic and the only big country to achieve growth in global trade last year. Imports to the UK were also lifted by heightened demand for Chinese electrical goods during lockdown.

Germany had previously been the UK's most dominant import market since modern records began in 1997, with the exception of six months at the end of 2000 and the beginning of 2001, when more was imported from the US.

The ONS said imports from Germany had been in decline since April 2019, coinciding with Brexit uncertainty and previous EU exit dates. The Covid-19 pandemic has also weighed on German car production and exports worldwide. UK sales dropped in January because of the closure of car showrooms during lockdown.

The figures also showed UK trade with the EU collapsed by nearly a quarter at the start of 2021 compared with three years earlier, as Brexit and Covid-19 disruption hit exports.

Total trade – which includes imports and exports – in goods with EU countries fell by 23.1% in the first three months of the year, compared with the first quarter of 2018 before the pandemic began and before Brexit uncertainty became marked.

Trade with countries outside the EU fell by just 0.8% over the same period, a trend that reflected the impact of new border checks on exports to the continent under the Brexit deal agreed between Boris Johnson's government and Brussels.

Six months on from the end of transitional arrangements with the EU, in a report published to assess the impact on trade of the pandemic and Brexit, the ONS said there was evidence of disruption at the start of the new trading relationship as activity around ports dropped and UK exporters struggled with new paperwork.

Exports to Ireland suffered the sharpest proportionate decline among the UK's top partners, while falls were also consistent across Germany, France and the Netherlands.

The prime minister has insisted that disruption to EU trade is due to short-term "teething problems" that can be overcome in time as both sides adapt to the new trading relationship, while seeking to strike new trade deals with other countries around the world.

However, business leaders say that Brexit comes with permanently higher costs, with consequences for the wider British economy.

Naomi Smith, the chief executive of the pro-EU campaign group Best for Britain, said businesses were losing money and facing higher costs.

"They're struggling to cope with costly red tape imposed on them by the government's last minute, bare-bones deal with the EU. For them, promises that trade with other countries would ride to the rescue have not materialised," she said.

The drop in exports at the start of the year comes after a rush in stockpiling by UK firms at the end of 2020 to avoid border disruption. Trade declined in January as businesses held back from moving goods and ran down existing supplies, before activity gradually picked up.

The ONS said that while it was difficult to disentangle the Brexit impact from the fallout from the pandemic, companies had struggled with the consequences of Britain leaving the EU in recent months.

According to the report, the number of companies reporting Brexit as their main challenge rose at the start of the year – replacing Covid-19 as the biggest problem for the largest proportion of businesses surveyed by government statisticians.

Among firms that have exported in the past 12 months, 38% said extra paperwork had been a challenge to exporting since February. This has remained the case to April.

Exports of food and live animals to Ireland faced the greatest number of new checks, culminating in a decline of 65.9%, about £300m, between December and January.

Source: theguardian.com– May 25, 2021

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Vietnamese yarn faces anti-dumping complaint in Turkey

The Turkish Ministry of Trade has received an anti-dumping complaint against polyester flat yarn hailing from Vietnam and the Republic of Korea, the Trade Remedies Authority of Vietnam (TRAV) has said.

The export value of the product, coded HS 5402.47, from Vietnam to Turkey has been growing quickly over recent years, from about 1.69 million USD in 2018 to 4.65 million USD in 2019 and 11 million USD last year, figures from the International Trade Centre and the Vietnamese Trade Office in Turkey show.

TRAV said that according to Turkish procedures, after receiving a complaint and if an anti-dumping probe is officially launched, the investigation agency will make an announcement in the official gazette and send a summary of the case and investigative questions to related countries and exporters.

Given this, TRAV recommended that the Vietnam Cotton & Spinning Association as well as relevant manufacturers and exporters liaise and coordinate with the authority early on to prepare response plans in case an anti-dumping probe is indeed launched.

Source: en.vietnamplus.vn– May 25, 2021

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Pakistan: Prices halt further decline on cotton market

The local cotton market on Tuesday remained stable. Market sources told that trading volume remained thin.

Cotton Analyst Naseem Usman told Business Recorder that it is a matter of grave concern that Pakistan which is the number four biggest cotton producer in the country is now the biggest importer of cotton in the world

Naseem Usman also told that due to the expected bumper cotton crops record advance deals of cotton and Phutti were done on the condition of delivery till June 3 to June 10. The deals of Phutti were done on the rate of Rs 5300 per 40 kg to Rs 5700 per 40 kg while deals were of cotton on the condition of delivery on June 12 were done on Rs 12200 to Rs 12500 per maund.

Meanwhile, the headlines have been reading staggering jump in textile exports in April 2021, but the devil is in the details; the 3.4 times increase in textile exports in April-21 is primarily because of the low base effect where April-20 last year was a month of extreme Covid restrictions and lockdowns across the globe, which significantly affected the industrial activity across the world including Pakistan and the number of export orders coming in as well. Month-on-month, textile exports in April-21 have been slightly lower by 1.3 percent.

Despite the misleading growth percentage and the month-on-month decline, the textile exports in April-21 are the third highest monthly figure in the last one year at $1.337 billion as per the data by Pakistan Bureau of Statistics (PBS). In April-21, all segments within the textile group posted triple digit growth year-on-year. Where a major part of the growth in April is attributable to the low base effect, the textile exports have been on an upward trajectory due to growth in export of the value-added segment.

As per PBS data, textile export in 10MFY21 was up by over 17 percent year-on-year to $12.7 billion. While the trend of textile export growth coming from the value-added segment continued in April-21 and overall 10MFY21, April also saw a jump in the exports of basic textiles like cotton yarn and cotton cloth. However, in 10FY21, the exports from the two segments remained negative – in line with what's been going on in the previous months.

In the value-added segment; knitwear, bedwear and home textile ruled, recording double digit growth in 10MFY21. Readymade garments - though a key value-added product – continued its relatively slow-paced (12.6% YoY) growth in 10MFY21.

Towel Manufacturers Association of Pakistan (TMA) has expressed concerns over FBR's proposed Simplification of Export Promotion Scheme with a number of observations.

Feroze Alam Lari, Chairman TMA, tagged his apprehensions to a proposed FBR draft # C.No:5 (7) EP/2019-Pt on the Simplification of Export Promotion Scheme.

His observations said that an SRO 450(1) was introduced in 2001 related to DTRE Rules to facilitate the manufacturers and the exporters, but it did not truly support the export oriented industry. Manufacturers were not getting full advantage of the scheme, so the Government introduced an SRO 327(1) /2008 to provide better support to the Industry.

This Simplification of Export promotion Scheme draft is just like the DTRE rules and gives a lot of discretion power to the government officials which will open the door of corruption and will create lot of hurdles for the genuine manufacturers-cum-exporters, according to him.

According to the draft, at the time of goods import, applicants need to submit a bond and I.B. to the department for one year as well as need to resubmit the Bond and I.B. to release the goods which is duplication as well as it will create extra financial burden on the exporters.

Naseem Usman told that with the partial arrival of Phutti for the season 2021- 22 the trading for the new season has started in the cotton market.

It is also pertinent to mention here that the Federal Committee on Agriculture has fixed white lint production target for the country at 10.5 million bales from an area of 2.33m hectares for the 2021/22 season, almost double over the previous year.

Punjab is to sow the crop on 1.6m hectares of land to produce 6.07m bales. The Agriculture Department has issued a schedule for sowing of registered cotton varieties and advised the growers to complete the sowing of registered BT cotton varieties between April 1 and May 31.

The BT cotton varieties recommended by the department include IUB-13, MNH-886, BS-15, Niab-878, and FH-142. The growers have been asked to consult local experts if they plan to sow other registered BT cotton varieties keeping in view the environment of their district to get better production.

ICE cotton futures fell on Monday pressured by weakness across grain markets and forecasts for rainfall in the top-producing West Texas region.

Cotton contracts for July fell 0.23 cent, or 0.3% to 82.59 cents per lb by 12:59 p.m. EDT (1659 GMT). It traded within a range of 82.12 and 82.93 cents a lb.

“It appears, looking at weather patterns (in southern United States), that things are improving and we’ll be okay for now,” said Sid Love, commodity trading adviser at Kansas-based Sid Love Consulting, adding that weaker grain prices also likely drove the market lower.

Chicago wheat futures dropped to their lowest in more than a month and corn and soyabean also fell, dampening sentiment.

Cotton could lose some acreage to soybeans and corn, which are at attractive levels, and if that helps to drive ending stocks lower, that should be friendly to the market, Love said, noting that demand also remained strong.

Market participants now await a weekly crop progress report from the US Department of Agriculture due later in the day.

Speculators cut net long positions in cotton futures by 7,611 contracts to 49,279 in week to May 18, data from the US Commodity Futures Trading Commission showed on Friday.

Total futures market volume fell by 18,257 to 11,248 lots. Data showed total open interest gained 420 to 221,693 contracts in the previous session. Certificated cotton stocks deliverable as of May 21 totalled 131,061 480-lb bales, up from 122,987 in the previous session

The Spot Rate remained unchanged at Rs 12000 per maund. The Polyester Fiber was available at Rs 200 per kg.

Source: brecorder.com– May 26, 2021

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Worker vaccination only way forward for Sri Lanka's garment industry

Initially admired for its prompt response to the first COVID-19, Sri Lanka however, failed to protect citizens from the second wave. Particularly vulnerable were its garment workers in free trade zones like Katunayake.

As per Ground views report, the spread of COVID-19 in Sri Lanka is not restricted to pockets or clusters. It has spread to most densely populated areas in the country. Most garment workers in the country have tested positive for COVID-19, shows data from the Epidemiological Unit of the Ministry of Health.

Failure to prioritize health infrastructure

Joint Apparel Association Forum (JAAF) holds, several factors responsible for this. The Sri Lankan government and its COVID-19 Task Force Team have failed to adopt a sustainable strategy and prioritize public health infrastructure during this global public health crisis. Global shortage of vaccines has further added to industry's woes, says, Jeremy Harrar, Director, Wellcome Trust. The government needs to focus on protecting garment workers, adds Prasad Welikumbara, Political Critic and Social Media Activist.

Most workers reside in unregulated boarding houses located in densely populated neighborhoods adjacent to FTZs. Infected workers are being quarantined in their homes which they often share with two or five people. Many of these houses do not have separate kitchen, toilet and bathing facilities, the primary requirements for people in quarantine.

No support to garment workers

The government has also failed to support garment workers. Most workers are paid far below the prescribed minimum wages leading to them feigning good health and underreporting mild symptoms. Erratic availability of COVID-19 vaccines is also prompting them to skip vaccination and report to work instead.

Only a few factories like the Maliban Textiles washing plant and factories from the Katunayaka FTZ are ensuring all workers get vaccinated. A reason for this vaccination is the lack of cooperation between the government, COVID-19 Task Force and JAAF. Though in February this year, JAAF requested the Ceylon Chamber of Commerce to jointly fund the vaccination of 500,000 garment workers, there has been no response from the government so far.

Sri Lanka allows free trade zones and significant export sectors such as apparels to function even during curfews and lockdown periods. However, lack of proper vaccination puts the entire sector at risks besides threatening to derail the national economy. The sector needs to pressure the government to ensure ethical and equitable distribution of vaccines. It also needs to vaccinate working classes ensure protection of all workers.

Source: fashionatingworld.com– May 26, 2021

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Inditex to close stores in Venzuela

Zara owner Inditex plans to close its Venzuela stores as deal with Phoenix Worker Trade is being reevaluated. The closure is an effort on part of the company to expand its flagship stores. Inditex plans to close 1,200 stores by 2021-ends

Phoenix World Trade, a company based in Panama and controlled by Venezuelan businessman Camilo Ibrahim, took over operation of Inditex stores in the South American country in 2007.

The company is re-evaluating the commercial presence of its franchise brands Zara, Bershka and Pull&Bear in Venezuela, to make it consistent with the new model of integration and digital transformation announced by Inditex.It has so far closed upto 700 stores in Europe as well as 100 in the Americas and 400 elsewhere in the world.

In at least three large Venezuelan malls, the spaces formerly occupied by Zara and Pull & Bear - another Inditex brand - are empty. The company also closed three stores in May.

Source: fashionatingworld.com– May 25, 2021

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Indonesia to increase apparel exports

LaNyalla Mahmud Mattalitti, Chairman-Regional Representative Council, Republic of Indonesia AA aims to increase apparel exports in line with rising domestic market demand.

As per Indo Textiles, demand for apparels has increased significantly in Indonesia due to Eid and reopening of schools and offices. One of the country's prominent manufacturers, PT Trisula Textile Industries Tbk (BELL) was flooded with orders for uniforms for various government and private institutions, such as banks, hospitals and airlines.

Mattalitti urged other producers to follow BELL's steps in providing good quality fabrics to enable the national market to compete with imported fabrics.

He also urged the government to create a conducive investment climate even though it is still a pandemic condition. LaNyalla also requested the government to protect the national textile industry from cheap imports.

Source: fashionatingworld.com– May 25, 2021

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Ripple effect of Suez Canal blockage continues to impact shipping trade

Severe shortage of containers have pushed freight rates to an all-time high It's been two months since the Suez Canal blockage happened, but its impact continues to worry the shipping trade as severe shortage of containers have pushed freight rates to an all-time high to key markets like the US and Europe.

One of the worst affected are leather and textile exporters with April to August being the peak season for shipment to enable goods to hit the shelf, well before the Christmas and New Year sales.

Before Covid, the export freight rate per FEU (forty-foot equivalent unit) was $2,000 (ex-Chennai). This increased to around $5,000 by end-2020 and it is now $6,500. "Before Covid, to Europe, it was $1,200 but now it is $5,500," said a leather exporter.

The freight started to go up from March 2020 when the Covid-19 pandemic started to spread fast. The Suez Canal blockade by a container ship aggravated the situation multi-fold.

"We are having to pay three times the usual charge both for Europe and the US. There is a huge shortage of containers for export, and we have to wait for more than two weeks for each container," said Sanjay Lulla, Managing Partner at SM Lulla Industries Worldwide. "Buyers are worried if their orders will be delivered, so they are looking at Vietnam and China," he added.

Off late, the shipping lines are charging sea freight exorbitantly in particular for the US and is at peak and availability of boxes is a challenge. "In today's conditions, there is no option but to see how best we can service the customer and how soon we get the boxes and ship them on time," said T Satyanarayana, Vice President Marketing Thiagarajar Mills (P) Ltd.

"We have to do our costing at the time of quotation based on previous shipments to the same destination. Unfortunately, these assumptions are going haywire, and we are losing heavily," he added.

FOB, CIF

Depending on the customer abroad, the goods are sent on FOB (Free on Board, wherein the customer pays the freight and Insurance) or CIF (cost, insurance and freight, wherein the seller sends the goods on a predetermined contract). “While generally large-scale buyers prefer FOB, the medium and smaller ones send it on CIF, and these are the ones who are worst affected by the escalation as they have to bear the additional cost,” said G Raghu Shankar of International Clearing and Shipping Agency, a leading freight forwarder.

“There is desperation among exporters as they have committed orders to their clients to deliver the goods. Exporters are willing to bear the additional cost as they don’t want to lose their customers,” he added.

AV Vijaya Kumar of Paramount Shipping Services Private Limited, feels the ocean freight is moving upwards consistently with no sign of flattening. In the pre Covid-19 scenario, the freight to Europe was $550 per TEUs (twenty-foot equivalent) and $800 per FEU. Post Covid 19 and on partial resumption of normalcy (after August 2020) rates for Europe was $1,400 per TEU and $1,800 per FEU – (about $1,000 increase).

After November 2020, shipping lines revised/shared rates on fortnightly basis with a general approach to increase approximately $100 to $200 with fortnight release of rates. After December 2020 added concern was equipment shortage for FEU and rationing of boxes for vessel sailings depending on the rate and relationship.

In February 2021, equipment shortage surfaced for TEU and shipping lines released empties on relationship/ acceptance of rates but not fully meeting exporter requirements. Maersk Line has stopped accepting bookings stating that their vessels are full until June end. Shipping lines have space constraints for TEUs and accept only 23.5 mt cargo only and above 23.5 tonnes additional $300 to $500 is charged.

“The fluid situation and uncertainty of availability of containers or slots in vessels resulting is escalating freight rates is unlikely to change in the months to come,” he said.

Source: thehindubusinessline.com– May 25, 2021

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Turkey's textile sector seeks global cooperation to promote production

As the global economy recovers from the pandemic, the Turkish textile industry wants to start a new era of collaboration with international companies and brands to exceed its $ 100 billion production capacity. Turkey, the world's fifth-largest supplier of textiles, expects to export approximately $ 12 billion worth of textiles ($ 30 billion including apparel) in 2021.

The Istanbul Textile and Raw Materials Exporters Association said in a press release that Turkey's textile and apparel industry's $ 90 billion capacity could be boosted with state-of-the-art production infrastructure and qualified capacity facilities.

Turkey's textile sector currently employs more than 1 million skilled workers.

"The imminent recovery of international trade offers a great opportunity for cooperation between Turkish textile companies and foreign partners," said Ahmet Oxes, chairman of the Istanbul Textile and Raw Material Exporters Association, in a release. ..

"We are experiencing an era in which global brands, especially technical textile companies, need more and more cooperation. We want to turn the era of pandemics into an era of opportunity by building win-win relationships. Our domestic textile sector already boasts a number of leading businesses with a proven track record in the global market, "added Öksüz.

The rising momentum of the technical textile sector in recent years, the impressive capacity of this sector, and Turkey's strategic position between Europe and Asia have the potential to bring significant benefits to all stakeholders. It enables partnerships and will soon be reflected in the country's trade value.

"It's a very dynamic sector characterized by a spirit of innovation and entrepreneurship," said Öksüz. "Our deeply rooted and integrated textile business is an industry that is constantly updated, backed by R & D and innovation capabilities, revealing the industry's cutting-edge infrastructure and dynamism."

The Customs Union Agreement between Turkey and the European Union, which came into effect in 1996, makes Turkey's textile industry fully compliant with EU standards and standards.

As the global economy recovers from the pandemic, the Turkish textile industry wants to start a new era of collaboration with international companies and brands to exceed its $ 100 billion production capacity. Turkey, the world's fifth-largest supplier of textiles, expects to export approximately $ 12 billion worth of textiles ($ 30 billion including apparel) in 2021.

Source: eminetra.com– May 26, 2021

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Intertextile Shanghai Home Textile will offer alternatives for on-site exhibiting

Intertextile Shanghai Home has options for international suppliers who can't travel to China in August.

The autumn edition of the show will take place Aug. 25-27 at the National Exhibition and Convention Center in Shanghai. Suppliers who attend an still display their offerings onsite in two ways.

An individual product display booth allows companies to showcase their products physically for buyers to see and touch, with staff on-hand to collect the contact details of those interested. A further option is the Intertextile Gallery, a shared display area for overseas suppliers to present their company and product information together with other international brands.

In addition, the show is offering a range of advertising options throughout the fairground and on the fair's digital platforms, including for companies not exhibiting at the fair.

"These can be especially useful to overseas brands unable to participate in the fair as usual last year and this year to ensure they remain visible to Chinese buyers," said Messe Frankfurt (HK) Ltd, which organizes the show in concert with the Sub-Council of Textile Industry, CCPIT; and the China Home Textile Association (CHTA).

According to research from Mintel, China's total consumer spending is expected to return to its pre-Covid-19 level in 2021, and continue to grow at a compound annual growth rate of 7.3% from 2021 to 2024.

Source: hometextilestoday.com– May 25, 2021

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UAE residents willing to adopt augmented reality for retail shopping

Consumers have shown most interest in using augmented or virtual reality for buying clothes and technology, according to YouGov's latest report titled 'International Omni-Channel Retail Report 2021: Shopping in the pandemic and implications for the future'.

Data from the whitepaper shows when asked how consumers felt about augmented or virtual reality for the purpose of shopping, less than 50% consumers globally claimed interest in using this technology for any shopping category specifically.

Although interest is nascent across the globe, it varies by category.

Amongst the 17 surveyed markets, interest to adopt virtual or augmented reality is higher in Asia, the UAE, and Mexico compared to Western Europe and the US.

While interest across categories is the highest in Mexico, large proportions in the UAE are likely to shop for clothes (53%) and technology or home appliances (46%) in the next 12 months using virtual reality tools.

The report provides an overview of impact of Covid-19 on shopping attitudes and behaviours across 17 global markets.

Looking at the general shopping habits of consumers, YouGov found that brick-and-mortar and online channels are pervasive among shoppers around the globe, with an average penetration of 86% and 81%, respectively. Most consumers across the globe shop through both retail channels, with nearly three-quarters (74%), having made purchases through both channels in the past three months.

While both channels are well penetrated, the category of purchase varies. Brick-and-mortar continues to be the go-to method for purchasing everyday essential items such as food, drinks, toiletries and more. Conversely, online retail channels are the preferred channel for discretionary items such as shoes, clothing, and electronics.

The recent Covid19 pandemic has changed shopping behaviour, shifting many shoppers online to meet their needs. Despite the shift, many still want to buy through brick-and-mortar outlets. This is especially true for certain categories like clothing.

Looking at the in-store penetration in the past 90 days, we see that the UAE has the highest proportion of people who in general have a preference to shop clothes at brick-and-mortar stores buying from these stores during this time (55%).

When it comes to motivations, the physical experience of a product is the biggest factor in wanting to shop at an offline store, followed by speed of purchase and the provision to try out things in store. While this is good news for retailers, it does not help much under the current restrictions and social distancing norms that dissuade them from shopping in person.

On the other hand, online retailers have benefited in the short term by addressing the challenges shoppers face in buying goods while also adhering to social distance restrictions. Home delivery is the number one motivational factor to buy online, followed by convenience. However, delivery charges and the inability to experience products stand as the biggest barriers for this medium.

Commenting on this, Adam Guiney, Director of Customer Experience at YouGov, said: "When looking at the data for the white paper, it was striking to see that despite the huge online retail boom during the pandemic, bricks and mortar retail is still more popular in many categories – for example textiles and clothing – and therefore has a great chance of rebounding; it is just a question of when. Our study aims to help outlets and brands understand the dynamics of the retail sector, which has never been shaken as much as it has been during the past year.

Understanding consumer needs and the interplay between bricks and mortar and online retail in meeting those needs will be key for brands and retailers to identify potential, overcome barriers and focus on opportunities."

This paper was produced using a combination of data from a custom real-time survey with YouGov's industry-recognised panel executed across 17 global markets, linked with the YouGov Cube, its proprietary connected data set encompassing hundreds of thousands of variables, and over a decade of data on its panel members. For this analysis, YouGov leveraged its Real-

Time survey linked to YouGov Profiles, its always-on syndicated audience profiling solution that tracks hundreds of thousands of consumer variables in over 55 markets.

The YouGov panel provides a naturally accurate and representative view of the population. Data is adjusted using a mild weighting team using interlocking demographic characteristics—methodology considered advanced in the market research space.

Source: tradearabia.com– May 25, 2021

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Chinese investors set up export-oriented textile unit: Asim Bajwa

The Challenge Fashion Group, a Chinese company on Wednesday vowed to expand its business under the China-Pakistan Economic Corridor (CPEC) in Pakistan which would create over 20,000 jobs for locals, CPEC Authority Chairman Lt General (R) Asim Saleem Bajwa said.

He said the Chinese investor had already established a textile factory in Lahore which was a huge export-oriented unit. In his tweet, Bajwa said the textile factory being run by the Chinese Challenge Fashion Group had produced over 5,000 jobs for locals.

During his visit to the factory in Lahore, Asim Bajwa expressed satisfaction over the establishment of the unit of international standard, saying that the owner of the company was now keen to establish a separate Special Economic Zone in Pakistan that would be exclusively an export-oriented zone.
He said a number of Chinese investors were lined up for investment in Pakistan's industrial sector and soon all would be accommodated. He said this was the model for new SEZs which would boost the industrial output and exports.

Earlier this week, Prime Minister Imran Khan had lauded the strategic and bilateral partnership between Pakistan and China and directed the relevant authorities to introduce a new visa category for foreign investors.

"In order to transform these relations into strong economic ties, it is necessary to promote investment in areas of mutual interest and provide all possible incentives to investors," he had said. In the meeting, different investment projects under the CPEC were discussed.

Source: thenews.com.pk– May 27, 2021

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NATIONAL NEWS

India's Q4 GDP growth likely to be better than estimates

National Statistical Office to release data on May 31

Indian economy is now estimated to show growth than contraction during January-March (Q4) of FY 2020-21. This will have impact on GDP (Gross Domestic Product) estimate for full fiscal.

National Statistical Office (NSO) will release GDP number for Q4 as well as for full FY 21 on May 31. First two quarters (April-June and July-September) of last fiscal recorded contraction of 24.4 per cent 7.3 per cent respectively, while third quarter (October-December) registered a growth of 0.4 per cent.

Now, using is 'Nowcasting Model' (based on 41 high frequency indicators associated with industrial activity, service activity and global economy), SBI economic research team estimates GDP growth at 1.3 per cent during Q4 but with downward bias.

"Interestingly, had India's growth rate crossed 1.7 per cent in Q4FY21, India would have been the second fastest country after China in terms of GDP growth, and going by our estimate of 1.3 per cent GDP growth India would still be the 5th fastest growing country amongst 25 countries (that have released their GDP numbers so far)," a report released by research team on Tuesday said.

Research firm QuantEco Research estimates annualized GVA (Gross Value Added, GVA = GDP + Subsidies -Taxes) growth in Q4 to have expanded by 3.2 per cent, led by stronger pickup in industry of which manufacturing and construction sub-sectors are expected to perform well.

In comparison, despite turnaround in services growth into positive (after a hiatus of three quarters), its contribution to headline growth will remain muted. The rebound in corporate earnings seen so far led by steady consumption and cost rationalisation, gives credence to Q4 estimates.

"The divergence in GDP vis-à-vis GVA is however likely to be more pronounced, with the one-time food subsidy adjustment announced in the Budget getting reflected. Merely as a statistical/accounting outcome, GDP growth is estimated to contract by -0.4 per cent in Q4," Yuvika Singhal, Economist at QuantEco Research.

Further she mentioned that while GDP is a broader measure but given the unusual circumstances, a narrower focus on GVA to gauge economic activity may be more appropriate this time. Further, "our Q4 estimates for both GVA and GDP are better than NSO's implied advance estimates released in late Feb-21, underscoring a stronger economic momentum," she said.

Based on numbers of three quarters, NSO's implied advance estimate for Q4 was 1 per cent. Earlier RBI projected growth rate of 0.7 per cent during Q4.

Estimate for full fiscal

SBI's report has revised its contraction forecast a tad for full FY 21. "We now expect GDP decline for the full year to be around (-) 7.3 per cent," it said. Its earlier prediction was 7.4 per cent. It may be noted that NSO's prediction is (-) 8 per cent while RBI expects economy to contract by 7.5 per cent.

For the full year, QuantEco expects annualized GVA and GDP growth at (-) 6.3 per cent and (-)7.8 per cent respectively. Growth estimates for past quarters, in CSO's own admission are "likely to undergo sharp revisions" due to the impact of the pandemic on data collection mechanisms, the report mentioned.

Source: thehindubusinessline.com– May 26, 2021

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Govt may announce stimulus when unlock phase commences

“Energy consumption has moderated, with power down over 4 per cent and oil consumption down over 16 per cent in May so far (all 2-year CAGR). E-waybills are down 16 per cent, suggesting the impact of scale down in factory production for some product categories, owing to the shut down in retail outlets.

This is limiting the ability to scale up production, even as supply chains are not as deeply impacted, as the most regional government have lower restrictions on factory operations,” it said.

However, the initial strength in the summer crop sowing season (acreage up 21 per cent year-on-year) should limit inflationary risks and help support the rural economy.

“We believe that irrespective of the ability to spend, there will be another stimulus announced by the government when the unlock phase commences,” Bernstein said, adding this is according to a usual script.

“We believe that the most impacted part of the economy remains the unorganised end markets (SMEs/Self-employed). While the impact on the lower middle class remains, this time we have argued that consumer sentiment in the upper-middle class could be weak and this aspect needs to be addressed,” it said.

A stimulus, the brokerage said, in the form of loans and guarantees is required anyway, as downside support but the government needs to improve consumer sentiment.

“We wonder if there is any tool to manage that, as tax breaks or direct stimulus cheques for discretionary spends will be limited by budgetary constraints. Time is a healer for sentiment, though, and we think it will be the same this time as long as another wave doesn’t emerge,” it added.

While overall COVID cases have started to decline, key focus states witnessing a surge in cases have changed from north/western states earlier to the east/southern states now.

The second wave of COVID cases started to peak from the second week of May, as cases started to fall in the key 5 states. Daily COVID cases have halved from the peak of 4 lakh cases to 2 lakh cases daily.

The top 5 states (Maharashtra, Karnataka, Delhi, Chhattisgarh, and Uttar Pradesh) which account for 36 per cent of India's GDP, were witnessing an upsurge in cases in April. These states have started to see a reduction in cases and they now account for around 30 per cent of new cases reported (down from 70 per cent in April).

Apart from those 5 top states, other states which are witnessing an increase in cases are Tamil Nadu, Kerala, Odisha, West Bengal, and Andhra Pradesh – which now constitute 48 per cent of new cases reported (as of May 24). These 5 states collectively account for 25 per cent of India's GDP.

Of the 36 states and UTs in India, 31 are currently witnessing some form of lockdown, with the severity of lockdown depending on the COVID caseloads. Regional lockdowns that commenced from mid-April have continued until now with various state governments, extending it on a weekly or biweekly basis. Currently, lockdowns for most of the states have been extended till May-end/early June.

"Despite what we see in the economy, there is no element of shock this time. Macro is deteriorating but at a slower pace than seen in March-April last year, as economic activity has not fully stalled.

The risk is the persistence of the weakness for a bit longer, especially because even after the previous phase, the economy was continuing to see some impact even until a few months back," Bernstein said.

Source: financialexpress.com– May 26, 2021

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DGFT services on trader code, Aadhaar link to remain suspended from June 1-6

The government on Wednesday said that services of the Directorate General of Foreign Trade such as application for a new importer-exporter code (IEC), modification applications and one-time linking of Aadhaar for e-sign purposes will not be available from June 1-6 due to non-availability of PAN Validation Services.

"In reference to the Press release by Central Board of Direct Taxes on "Launch of new e-filing Portal of the Income Tax Department - Non-availability of e-filing services from June 1-6, 2021", it is informed that some DGFT services wherein CBDT PAN validation services are being consumed in the DGFT IT systems will get impacted during this period," DGFT said in a statement.

The services include application for a new IEC, application for amendments/modification in an IEC, and one-time linking of Aadhaar for e-sign purposes.

DGFT said that in case of any queries/ issues, exporters, importers and other members of trade may contact DGFT Helpdesk at 1800- 111-550 from 9:00 am to 6:00 pm Monday to Saturday.

Source: economictimes.com– May 26, 2021

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Formal negotiations on India-UK FTA to start after domestic consultations conclude

UK begins 14-week stakeholder talks, India too engaged in internal consultations

Formal negotiations between the UK and India on the proposed Free Trade Agreement (FTA) will not begin immediately as both countries will spend the next few months to gather inputs from all stakeholders including businesses, consumers and concerned Ministries and Departments, sources have said.

UK International Trade Secretary Liz Truss has already started the consultation process for the proposed FTA with the industry and consumers in her country this week while the Commerce & Industry Ministry in India, too, has begun internal discussions on the scope of the agreement and is looking at fast-tracking stakeholder talks, a source tracking the matter told BusinessLine.

The consultation process in the UK will go on for the next 14weeks, per reports.

“Both India and the UK will hold talks with stakeholders in their countries to find out what the general expectation from the pact is. Formal negotiations may, therefore, begin in October or later as the governments would need time both to collect and assimilate inputs in a way that these get woven into the negotiations. Although the major demands from both countries are known, the inputs from stakeholders will help the negotiators in deciding their strategies based on priority,” the source said.

Import duties cut

For instance, the UK is keen on reduction of import duties on cars in India, which ranges between 60 per cent and 100 per cent, as well as wines and spirits with import duties between 100 per cent and 150 per cent. It also wants more access in services such as legal and financial including banking and insurance.

India, on the other hand, wants more visas for students and professionals and lower duties on items such as textiles, garments and leather.

"Both sides have to weigh how much they are willing to sacrifice in terms of market access based on what they expect to gain from a concession that they are demanding," the source said.

The UK is interested in an FTA with India as it seeks to consolidate its relationship with major trade partners after stepping out of the EU while New Delhi wants trade deals that are completely outside Chinese influence. The voice of business will be crucial to successful trade negotiations and so the launch of the pre-FTA business consultation is most welcome, said UKIBC Chair Richard Heald in an official release. "Businesses are enthusiastic about the opportunities presented by the possibility of a comprehensive UK-India FTA. Business and the UKIBC will play their parts," he said.

Key areas of cooperation

Prime Minister Narendra Modi and his British counterpart Boris Johnson, at a virtual summit earlier this month, agreed on an 'Enhance Trade Partnership' laying the roadmap for more than doubling bilateral trade by 2030 and declaring their intention to negotiate an FTA. The five keys areas of the cooperation include people to people contacts, trade and economy, defence and security, climate action and health.

The two-way trade between India-UK in 2019-20 was $15.4 billion but both leaders acknowledged that there was a lot more potential and doubling trade in about a decade was feasible.

As part of Confidence Building Measures, the two countries also agreed to deliver an early market access package for sectors such as medical devices, legal services, fisheries, nursing and fruits that could generate up to 25,000 new jobs.

Source: thehindubusinessline.com– May 25, 2021

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India's GDP to grow at 1.3 pc in March quarter: SBI report

The country's GDP is likely to grow at 1.3 per cent in the fourth quarter of 2020-21 and may see a contraction of around 7.3 per cent for the full financial year, according to an SBI research report 'Ecowrap'.

The e-National Statistical Office (NSO) will release the GDP estimates for the March 2021 quarter and provisional annual estimates for the year 2020-21 on May 31.

"Based on our 'nowcasting model', the forecasted GDP growth for Q4 would be around 1.3 per cent (with downward bias) as against NSO (National Statistical Office) projection of a negative (-)1 per cent," the research report said.

"We now expect GDP decline for the full year (FY 2020-21) to be around 7.3 per cent (compared to our earlier prediction of minus 7.4 per cent)," it said.

State Bank of India (SBI) has developed a 'nowcasting model' with 41 high-frequency indicators associated with industry activity, service activity, and global economy in collaboration with State Bank Institute of Leadership (SBIL), Kolkata.

The report said that going by the estimate of 1.3 per cent GDP growth, India would still be the fifth-fastest-growing country among 25 nations that have released their GDP numbers so far. It said one likely consequence of any upward revision in FY21 estimates is a concomitant decline in FY22 GDP estimates.

"Our estimates now indicate that there might be nominal GDP loss of up to Rs 6 lakh crore during Q1 FY22 as compared to loss of Rs 11 lakh crore in Q1 FY21," it said.

Real GDP loss would be in the range of Rs 4-4.5 lakh crore and, hence, real GDP growth would be in the range of 10-15 per cent (as against RBI forecast of 26.2 per cent), it said.

The research report further said both deposits and credit of all the banks declined in April and May. However, the trend in deposits has changed from FY21.

Deposits had increased by a staggering Rs 2.8 lakh crore in 2020-21; and in the current financial year, it has already increased by Rs 1 lakh crore till May 7.

"The interesting point to note is that deposits have shown alternate periods of expansion and contraction in FY22 in the first three fortnights," it said.

According to the report, it is possible that such expansion, followed by contraction, could indicate household stress as people getting salary credits in the first fortnight are withdrawing it in the second fortnight for health expenses. They are also stocking up currency for precautionary motive and an uncertain scenario, and the trend continues.

Source: financialexpress.com– May 25, 2021

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DMK MP Veeraswamy writes to MSME Min Nitin Gadkari; suggests way to fill 'huge gap' in MSME database

DMK member of Parliament (MP) Kalanidhi Veeraswamy has reached out to the MSME Minister Nitin Gadkari over the 'absence' of MSME data across sectors and states in the country. In a letter to the minister on Sunday, Veeraswamy said, "Unfortunately, we do not have any data available with respect to the number of enterprises that are under trading/manufacturing/exporting/service categories with their sectors involved (such as textile/automobile/IteS/electronics…) state wise (if not district wise)." The MP also suggested measures for gathering and streamlining MSME data without which "we will not be able to plan and implement any support schemes and pave the way forward for their growth in the coming years."

Importantly, the letter had cited Financial Express Online's story earlier this month that reported 1.02 crore MSMEs registered under UAM between September 2015 and June 2020 apart from nearly 22 lakh units registered under EM II between 2007 and 2015, as per the FY21 annual report of the MSME Ministry.

Moreover, as of May 16, 2021, 30,00,822 MSMEs were registered on the Udyam Registration portal, which replaced the erstwhile process of filing for Udyog Aadhaar Memorandum (UAM). Hence, out of the 1.24 crore registered MSMEs (UAM and EM II) in India, 24.1 per cent were registered on the new portal assuming all Udyam Registrations were existing MSMEs from UAM or EM II.

"The data available in MSME website claims to have over 65 million MSME but I understand that there were 1.02 crore registered MSMEs under UAM…This exposes the huge gap between the data on MSME," the MP added.

Among the data points to be included in the MSME database suggested by Veeraswamy were the year of establishment of MSME and annual turnover during last three years, number of blue/white/brown collar employees, number of formal/informal workforce along with their status as migrant or local, and number of skilled and unskilled employees.

"The best way is door-to-door survey as major industrial towns have area and locality defined and MSMEs in that region at least can be brought in the records. Investment in infrastructure or machines should be the main criteria as the infra you create leads to wealth generation and more activity and involves a level playing field overall," Alok Kumar Jain, Proprietor, KPJ Distributors told Financial Express Online.

Veeraswamy also urged the minister to "generate one Unique Identification Number (UIN) for MSMEs as per these norms, with which we can tract many data such as — the number of enterprises which are in proprietorship, partnership, private limited, closely listed, public listed, employment in formal and informal segments, jobs under different categories of sectors, turnover and growth contribution in different types of the enterprises and sectors."

"MP Dr Kalanidhi has raised the valid and justifiable fundamentals on MSME. This data, if collected immediately, will serve as tracking points for future analysis and study. For the last seven years, we have no data which is worth analysis with respect to jobs and enterprise. Economy and livelihood need closer study now for future growth. We can address MSME problems if we have proper data," K E Raghunathan, Convenor, Consortium of Indian Associations told Financial Express Online.

MSMEs had to earlier register at District Industries Centres (DICs) before the MSME Development Act, 2006 came into effect. Later, as per the provisions of the act, MSMEs had to file EM- part I at DICs before starting an enterprise EM-part II after commencement of production.

The government had last year introduced the Udyam Registration portal that replaced the erstwhile process of filing for UAM. Moreover, the last survey involving MSMEs' count was the National Sample Survey (NSS) 73rd round conducted by the National Sample Survey Office during FY16 that recorded 6.33 crore unincorporated non-agriculture MSMEs in India, of which 6.30 crore were micro firms, 3.31 lakh were small enterprises and 5,000 were mid-sized businesses.

The Reserve Bank of India had last year mandated businesses registered under Entrepreneur Memorandum (EM) part II and UAM till June 30, 2020, to file for new registrations on the Udyam Registration portal.

“Before the Udyam portal, there were guidelines for MSMEs to take different Udyog Aadhaar registration for their multiple factories. However, we had objected to this as many large enterprises with multiple factories having turnover and investment of around Rs 50-100 crore were treated as MSMEs and were indirectly benefitted whereas the intent was to support MSMEs only.

While in the new portal, which requires Aadhaar and PAN, GST details, one can also add new units but the turnover and investment limit will be picked from the company’s balance sheet automatically unlike in UAM, which required only Aadhaar, where you had to provide details manually,” Mukesh Mohan Gupta, President, Chamber of Indian Micro, Small & Medium Enterprises (CIMSME) told Financial Express Online.

Source: financialexpress.com– May 25, 2021

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Barclays cuts India's FY22 GDP estimate to 9.2%

A British brokerage on Tuesday cut India's FY22 GDP growth estimate by a sharp 0.80 per cent to 9.2 per cent, saying the economic impact of the second wave of infections has been deeper than initially expected.

Barclays chief India economist Rahul Bajoria also mentioned the slow pace of vaccinations in the country and the rolling lockdowns across many states for the estimate.

It can be noted that the last month has seen a slew of similar forecasts from analysts, even as the RBI maintained its estimate of a 10.5 per cent growth in real GDP. The analysts' estimates range from 8.5 per cent to a little above 10 per cent. The higher growth number has been made possible by a low base of FY21, where the economy contracted by over 7.5 per cent.

"Although India's second Covid-19 wave has started to recede, the related economic costs have been larger owing to the more stringent lockdowns implemented to contain the outbreak… we lower our FY 2021-22 GDP growth forecast a further 0.80 per cent, to 9.2 per cent," Bajoria said.

He said the overall situation is coming under control even though parts of the country are still experiencing an increase in new cases and this can result in a gradual reopening of the economy.

It can be noted that the second wave had witnessed new infections top four lakh a day with over 4,500 deaths. While the new infections have gone down, the daily deaths — even the reported ones — continue to be high.

Barclays said the economic costs of the recent surge in cases are rising rapidly, and added that while "reasonably stable", the economy experienced a sharp decline in activity in May as is evident in high frequency data.

"While we continue to believe the lockdowns will last only until end of June 2021, in our new base case, we now estimate economic losses of $74 billion, all of it contained in Q2 21 (April-June)," the note said.

India's vaccination programme has slowed significantly, given persistent supply constraints and logistical challenges, the British brokerage said, adding the situation will only improve in the September quarter.

"The slow vaccination drive may pose medium-term risks to growth, especially if the country experiences a third wave of Covid-19 cases," the brokerage warned.

In what it termed as a "pessimist scenario" of a third wave of Covid-19 infections which result in another eight weeks of lockdowns, it said the economic costs will rise and the GDP growth will slip further to 7.7 per cent.

Source: thehindubusinessline.com– May 25, 2021

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India’s Covid crisis may lead to cotton shortage

Minnesota-based textile distributor Global Impex USA believes India’s Covid-19 crisis may lead to a future cotton shortage.

“We are calling it Tsunami Covid,” said King Mukherjee, president and founder of Global Impex USA. “People were not social-distancing, they were not wearing masks, nothing. So it was business as usual and all of a sudden the cases started rising drastically.”

All of Asia’s outbreaks are hitting major global supply chains which could lead to greater inflation in the USA and the sudden surge of the new variant has heavily affected India’s fabric manufacturing, he added.

Sarvesh Jain, a representative from Mamta Global Trading based in Sangli, Maharashtra, India, said the virus impacted India’s entire domestic supply chain and that cotton prices are now at their highest for six or seven years.

Supplies from India have been delayed making cotton more likely to be added to the growing list of commodities that are becoming harder to obtain in the future. Current commodities that are difficult to obtain include gas, steel, microchips and more.

“Shortage or delay in supply will happen if countries go into complete lock down,” said Mike Sanders, the national marketing manager for Akron, Ohio-based business Schott Textiles. “There will be no workers in fields to pick cotton and less people to run the looms.”

India is the largest cotton supplier in the world, meaning its Covid crisis is affecting all companies in the textile trade.

“When India's supplies go down –and it is going to go down drastically in the coming months – I personally feel there are going to be even more shortages, and the prices are going to go even higher,” Mukherjee said. “I think in around three-to-six months’ time, there will be a big shortage.”

Most recently, Gujarat, a state of India, has been hit by the most powerful cyclone in two decades, Cyclone Tauktae. The cyclone forced over 200,000 people to evacuate and killed over 100 people. A second cyclone, Cyclone Yaas, will most likely hit eastern India, forcing more than a million people to evacuate.

“All of this is affecting the supply chain, cotton supplies and factory production,” Mukherjee said. “Our containers right now are stuck on the boat because of the cyclone.”

Jain also mentioned that high fuel prices in India and a lack of migrant workers have contributed to the rise in cotton prices and may lead to a shortage in the future.

Global Impex USA, partners with Umed Group, a global fabric manufacturer based in India that has had to delay fabric shipments and manufacturing due to the spread of the new COVID-19 variant.

Source: knittingindustry.com– May 25, 2021

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Retail sales down 49% in April against pre-pandemic levels: RAI survey

The retail industry's pan-India sales declined by nearly 49 per cent in April this year against the pre-pandemic levels of April in 2019, as the country battles with the second wave of the pandemic and States imposed lockdown-like restrictions on malls, shopping centres and non-essential stores.

According to the findings of the monthly business survey conducted by the Retailers Association of India (RAI), the second wave hit the country at a time when the retail industry was in the recovery mode and was inching closer to the pre-pandemic levels. Decline in retail sales was hovering at around 12 per cent in March 2021 compared to March in 2019, according to RAI's estimates.

RAI's retail survey is based on responses of a sample set of 63 organised retailers across various categories.

Affected sectors

Sports goods, footwear, jewellery and beauty seem to be among the hardest hit categories due to the lockdown-like restrictions imposed by the States.
Consumer durables and electronics retailers witnessed a decline of 31 percent in sales in April 2021 compared to April 2019..

While sales of sports good declined by nearly 66 per cent in April 2021 compared to April 2019, footwear sales witnessed a de-growth of 61 per cent. Sales in beauty, wellness and personal care category was also down by 59 per cent. Jewellery retailers witnessed similar declining sales trends in April.

Apparel and clothing sales declined by 47 per cent (April 2021 vs April 2019), while the quick-service restaurant segment, too, witnessed a dip in sales by 45 per cent.

Modern trade food and grocery stores were also impacted as malls and shopping centers were one of the first set of businesses to suspend operations before authorities moved to more stringent measures.

Region-wise sales: The latest monthly business survey revealed that retail sales in the western region plunged by nearly 72 per cent last month, compared to the same period in 2019. Maharashtra was one of the first States to impose partial lockdown.

Meanwhile, sales of retailers in the northern region were down by 45 per cent, at the same time southern and eastern regions witnessed a decline of 40 per cent and 38 per cent in sales respectively during April (versus April 2019).

Source: livemint.com– May 25, 2021

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Indo Count Honoured with Two Gold Trophies from TEXPROCIL

Indo Count Industries Ltd., one of India's largest Home Textile manufacturer / exporter announces that it is being honoured with the TEXPROCIL Gold Trophy for the year 2019-20 under two categories, namely 'Highest Export Performance in Cotton Made Ups - Bed Linen / Bed Sheets / Quilts under Category III' & 'Special Achievement Award in Cotton Made Ups'. The award ceremony will be held in the month of June 2021 virtually.

Commenting on the illustrious achievement, Mr. Anil Kumar Jain, Executive Chairman said "At Indo Count, we have always put quality & excellence at the centre of all our operations. Our customer centric approach has helped us to deliver innovative products to customers across the globe and serve them better.

This performance is reflective of the hard work and perseverance of dedicated employees working relentlessly for the company's success and we appreciate our entire team for the exemplary efforts put by them. We thank all our stakeholders for their continuous support and encouragement."

TEXPROCIL, is a Government of India sponsored Export Promotion Council, facilitating promotion and exports of cotton textiles from India.

Shares of INDO COUNT INDUSTRIES LTD. was last trading in BSE at Rs.152.6 as compared to the previous close of Rs. 154.8. The total number of shares traded during the day was 33224 in over 488 trades.

The stock hit an intraday high of Rs. 157.75 and intraday low of 152. The net turnover during the day was Rs. 5162263.

Source: equitybulls.com– May 25, 2021

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‘Rubber roller industry hit due to less demand for textiles’

DP Singh, an entrepreneur, says the production in his factory producing rubber rollers for textile processing units across the country is now half of what it used to be in pre-Covid era.

“My industry is badly hit. Fabric in general and costly fabric in particular is no longer in the priority list of people. Travel and party restrictions have limited the mobility of people. So the demand for textile has waned, prompting the industrialists to bring down production. This, in turn, curbed the demand for rubber rollers.”

Even as the demand was extremely low yet there has been a tremendous increase in price of almost all raw materials utilised in manufacturing rubber rollers. For instance, prices of synthetic rubbers, rubber chemicals and carbon black increased between 25 to 40 percent during the past few months. Besides, there has been disruption in imports as well.

“This changing scenario is impacting the industry so much that there is hardly any scope for research and development. We are continuously fighting an unknown enemy and taking short term measures to tackle day to day problems. Hence long term planning has massively suffered.”

“At this juncture, we cannot think of new expansion or upgrade in the current scenario as our capacity utilisation right now is already down to 50 percent.”

Since most of the highly industrialised states like Maharashtra and Gujarat have massively suffered due to corona hence orders from these states have evaporated.

Apart from industry, what pricks him more is the need for a sustainable environment. “It is for all of us to think about environmental sustainability in our manufacturing activities. This pandemic has taught us the hard way that playing with nature will cost dear to humankind.”

Short-term measures to help tide over crisis

DP Singh, an entrepreneur, says this changing scenario is impacting the industry so much that there is hardly any scope for research and development. “We are continuously fighting an unknown enemy and taking short term measures to tackle day to day problems. At this juncture, we cannot think of new expansion or upgrade in the current scenario as our capacity utilisation right now is already down to 50 percent," he says.

Source: tribuneindia.com– May 27, 2021

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