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INTERNATIONAL NEWS

China's garment and accessory exports grow by 20.21% in April'21

The value of China's garment and accessory exports increased to $11.12 billion in April '21 from $9.25 billion in March'21 indicating a 20.21 percent monthly growth says a report by General Administration of Customs,China (GACC), compiled and analyzed by Apparel Resources.

From January-April '21, China's garment exports clocked $44.42 billion revenues as against $ 29.26 billion in January-April '20 noting a 51.70 per cent yearly growth. This signalsthat the buying capacity of Chinese apparel and accessory imports has not reduced in 2021.

Along with the recovery in apparel shipment, China's textile export too accelerated as it shipped $12.15 billion worth of textile products in April '21 as compared to just $ 9.67 billion of shipment done in the previous month.

Cumulatively, Chinese textile exports hit $43.95 billion in January-April'21 period, marking 18 per cent Y-o-Y growth.

Source: fashionatingworld.com– May 29, 2021

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Global denim market to reach $83.2 billion by 2026

According to a new market study by Global Industry Analysts Inc, the global market for denim jeans is projected to reach a revised size of $83.2 billion by 2026, growing at a CAGR of 4.7 per cent over the analysis period.

Offline, one of the segments analyzed in the report, is projected to record 4.2 per cent CAGR and reach $71.8 billion by the end of the analysis period.

Online segment is expected to grow at 7.4 per cent CAGR for the next 7-year period. The popularity of online sales channels will bedriven by a growing number of consumers using the Internet to browse various websites and indulge in web based shopping.

In addition, ability of online stores to offer less expensive products in comparison to physical formats of these stores, along with eliminating the requirement of dealing with queues and crowds drives consumers towards online retail purchases.

China, the world`s second largest economy, is forecast to reach a projected market size of $18.4 billion by the year 2026 trailing a CAGR of 7.5 per cent over the analysis period.

Among the other noteworthy geographic markets are Japan and Canada, each forecast to grow at 3 per cent and 3.8 per cent respectively over the analysis period. Within Europe, Germany is forecast to grow at approximately 3.1 per cent CAGR.

A major portion of future growth in the denim jeans market is likely to emanate from developing nations such as China, India, South Korea, Brazil, Mexico, Turkey, the UAE and Saudi Arabia, among others.

Source: fashionatingworld.com– May 26, 2021

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USA: Consumer Spending on Apparel Slips as Stimulus Funds Slow

Consumer spending on clothing and footwear fell a seasonally adjusted 3.6 percent in April to $464.46 billion from $481.79 billion the prior month, continuing a wobbly pattern of gains and losses over the last six months.

According to the U.S. Bureau of Economic Analysis (BEA), overall personal consumption expenditures (PCE) increased 0.5 percent, or $80.3 billion, last month. This reflected an increase of $112.6 billion in spending for services that was partly offset by a $32.3 billion decrease in spending for goods, BEA noted. Real PCE, adjusted for inflation, decreased 0.1 percent in April, with goods declining 1.3 percent and services increasing 0.6 percent, BEA said.

Within services, the largest contributors to the increase were spending for recreation and for food services and accommodations. Within goods, a decrease in nondurable goods was partly offset by an increase in durable goods. Within nondurable goods, the decrease was widespread and led by food and beverages. Within durable goods, the increase was accounted for by an uptick in spending on motor vehicles and parts.

Month over month, the PCE price index increased 0.6 percent, while the PCE core index, excluding food and energy, rose 0.7 percent. The PCE price index increased 3.6 percent from April a year ago, reflecting gains in both goods and services. Energy prices increased 24.8 percent while food prices increased 0.9 percent. Excluding food and energy, the PCE price index increased 3.1 percent in April from the same month last year.

The BEA spending report was reflective of the Census Bureau's retail sales report earlier in the month.

"Consumers may have tapped the brakes slightly in April compared with March, but it was like going from 100 miles per hour to 85 mile per hour compared with last year," Jack Kleinhenz, chief economist at the National Retail Federation, (NRF), said. "The fuel from stimulus checks gave a strong boost to spending in March and the fact that April numbers are very close shows spending is clearly going forward and still strong."

NRF's calculation of retail sales, which excludes automobile dealers, gasoline stations and restaurants to focus on core retail, showed April was down 1.3 percent seasonally adjusted from March, but up 28.8 percent unadjusted year-over-year.

Clothing and clothing accessory stores were down 5.1 percent month-over-month.

Part of the reason for the spending dip could have corresponded to a 13.1 percent, or $3.21 trillion, decrease in personal income in April according to BEA estimates. Disposable personal income (DPI), a key gauge of retail spending, dropped 14.6 percent, or $3.22 trillion. Real DPI decreased 15.1 percent in April.

"The estimate for April personal income and outlays was impacted by the continued government response to COVID-19," BEA said. "Economic impact payments associated with the American Rescue Plan Act of 2021, which was enacted on March 11, continued but were at a lower level than in March."

The decrease in personal income in April primarily reflected a decrease in government social benefits. Unemployment insurance also declined, led by decreases in payments from the Pandemic Unemployment Compensation program.

Source: sourcingjournal.com– May 29, 2021

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Australia's CSIRO-CSD mark $150mn joint investment in cotton research

Australia's national science agency, CSIRO and Cotton Seed Distributors (CSD) have marked a combined investment of more than $150 million in research to ensure the long-term profitability and viability of Australian cotton. Since 1971, they have been providing globally competitive cotton varieties that are pest and disease tolerant to the Australian farmers.

The 50-year CSD-CSIRO partnership has resulted in 116 cotton varieties delivered to growers, which have returned more than $5 billion to the cotton industry and through the delivery of third-party GM traits reduced insecticide use by 85 per cent and cut herbicide use by 52 per cent. Australian cotton farming is also the most water efficient in the world, the organisations said in a joint press release.

CSD was one of CSIRO's most important partners and their shared investment in innovation for the long term was the cornerstone of the Australian cotton industry's success, said CSIRO executive director of future industries, Kirsten Rose.

"The CSD-CSIRO collaboration demonstrates what can be achieved when an R&D partnership is flexible and fully integrated across the value chain to solve unmet industry needs," Rose said. "CSIRO's world-class research combined with CSD's seed production, extension services and delivery to farmers ensures the industry has access to short-term and long-term solutions to the challenges they face."

CSD is the only company in Australia that supplies farmers with cotton planting seed and is one of only a few independently owned and controlled cotton seed companies in the world.

"For 50 years, our partnership has helped Australian cotton growers achieve world leading yield and quality outcomes, and provided them with variety choice tailored to their production system," said CSD managing director, Peter Graham.

Plant breeding is a long-game, and the time from initial crossing to the commercial release of a new variety can take up to 14 years. For this reason, in 2007, CSIRO and CSD formalised their relationship through the joint venture, Cotton Breeding Australia (CBA), to guarantee long-term funding for cotton breeding research projects.

Cotton Breeding Australia research ensures an ongoing pipeline of technologies that underpin long-term success of the cotton industry and continues to safeguard Australia's over $2 billion per annum cotton industry that produces enough cotton each year to clothe 500 million people.

Source: fibre2fashion.com– May 29, 2021

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China: Yuan's rapid appreciation 'unsustainable,' will hurt exporters: ex-PBC official

There may be signs of overshooting in the yuan's exchange rate, and the rapid appreciation of the Chinese currency is unsustainable and could hurt Chinese exporters, a former central bank official warned on Sunday.

Separately, a commentary from Financial News, a publication under the People's Bank of China (PBC), also warned on Sunday that there are major depreciation pressures on the yuan that cannot be ignored.

With the US Federal Reserve phasing out its quantitative easing policy, there are chances of asset bubbles bursting, which might contribute to risk aversion globally. That would drive capital flows back to the US and shore up the dollar index, while weakening non-dollar currencies, read the commentary.

In an interview with Xinhua published earlier on Sunday, Sheng Songcheng, a former director of the financial survey and statistics department at the PBC said that the yuan has shown signs of overshooting against the US dollar in recent days, as misled by some inappropriate remarks.

The yuan's daily fixing hit 6.3858 against the dollar on Friday, the highest in three years, official data showed.

The yuan's strength against the greenback since the second half of last year was underpinned by the country's lead in containing the COVID-19 epidemic, and resuming work and production, as well as maintaining a conventional monetary policy compared with the prevalence of ultra-loose monetary conditions in other major economies, according to Sheng.

Meanwhile, China has become the top investment destination globally, with overseas investors substantially increasing holdings of yuan-denominated assets and thus shoring up the yuan's value, he continued.

These favorable factors were fully reflected in the strengthening of the yuan over the second half of 2020, he said.

The yuan's spot exchange rate rose 8.2 percent against the dollar in the second half of last year before stabilizing around the end of the year and hovering near 6.5.

The US dollar index initially rose this year before declining, shedding 2.2 percent over the past six weeks, while the euro strengthened 2.3 percent against the dollar and the Japanese yen fell 0.4 percent, Sheng noted. The yuan rose 2.9 percent against the dollar during the period.

The US dollar index is now lingering around 90 and is less likely to trend down as the US economy is rebounding more quickly than the European and Japanese economies.

In this situation, the yuan is expected to remain steady against the dollar, in accordance with market rules, the ex-PBC official said, explaining that the continued record-setting of the yuan against the dollar was a sign of overshooting.

The yuan's appreciation will hurt earnings at exporters, particularly small and medium-sized firms, Sheng commented, noting that businesses prefer a basically stable exchange rate to avoid the impact of currency fluctuations.

"The uptrend in the yuan's exchange rate would mean losses, as it's difficult to convince our clients of a proportional price hike," Liu Guoyi, general manager at Korra Bath Ware Co, a sanitary products maker that focuses on exports in Foshan, South China's Guangdong Province, told the Global Times.

Looking ahead, Sheng pointed out, the yuan's rapid appreciation isn't sustainable. A stronger yuan can't offset price hikes of major commodities and indicates short-term speculation, he stated.

Massive short-term capital inflows would strengthen the yuan even further, undermine exporters' competitiveness and disrupt the country's independent monetary policy.

In a research note sent to the Global Times over the weekend, economists with Zhixin Investment Research Institute reckon the yuan's value will fluctuate at about 6.4 to the dollar in June.

Source: globaltimes.cn– May 31, 2021

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German Agency to establish incubator for Cameroon's textile industry

The German Agency for International Cooperation (GIZ) will establish an incubator in Cameroon to improve sustainability and added-value in the country's textile industry. The initiative is part of the global project called Sustainability and Value Added in Agricultural Supply Chains. GIZ has called for tenders for a recruitment firm to set up the incubator.

The agency is accepting tenders till June 21 for the project to be carried out from July 1, 2021 to December 31, 2022, Cameron's media reports said quoting the tender document. This is in addition to the tender that GIZ had recently issued to identify the job opportunities and skill gap in cotton production and processing segments of the textile industry in Cameroon.

The incubator will help startups, entrepreneurs and MSMEs to network with technical and financial partners along with providing training, technical support, mentorship and coaching. It aims to help the local companies become professionals with enough credibility to get bank loans.

Multiple micro, small and medium textile manufacturing companies in Cameroon produce textile products such as medical and hygiene goods, diapers, mattresses, work clothes, traditional accessories and more for the local market. However, there continues to be a lack of investment, which is why the incubator is being set up to promote local goods and create jobs.

The incubator is part of the country's 2020-2030 National Development Strategy, under which it plans to boost its cotton production to 600,000 tons by 2025 from 310,000 tons currently. It is also planning to boost textile production by 50 per cent by 2030 and develop a national industry to meet 50 per cent of the demands of sports and military wear.

Source: fibre2fashion.com– May 29, 2021

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Recycling textile waste: 'A solution exists, we can't go backwards'

An Australian startup working on a process to recycle textiles by turning worn-out fabric into raw materials says it has funding to build a world-first commercial-scale plant in Queensland.

The federal government held a first national roundtable on textile waste on Wednesday – recognition of a piling-up problem that results in Australians discarding an estimated 780,000 tonnes of textile waste each year, according to a 2020 national waste report.

The problem is exacerbated by the lack of an effective recycling process. Studies show many large-scale garment recycling systems provide negligible benefits and can be as environmentally harmful as producing raw fabrics.

BlockTexx, an Australian company that has developed its process with researchers at the Queensland University of Technology, hopes it can help "close the loop" by diverting textiles from landfill, and at the same time replacing virgin material.

The company's founders, Graham Ross and Adrian Jones, say the technology has been refined during the pandemic and they now have the $5.5m investment needed to build a first large-scale facility at Logan, south of Brisbane.

Ross and Jones – both veterans of the clothing and fashion industry – say they have enough supply and demand to expand, before the first plant has been built.

"From this original idea we always knew we were early to the market, but also a lot of technical barriers we need to overcome," Ross said.

"We always seem to talk about textile waste. We always think about how can we take that and turn that into a valuable product.

"The byproduct is we're solving environmental issues."

Alice Payne, an associate professor at QUT and the program leader at the centre for a waste free world, said problems with textile waste have been accelerated since the 1980s by global trade policies. Lowered tariffs encouraged more imports. Cheaper fabrics allowed the phenomenon of "fast fashion" to flourish.

"Clothes are cheaper than ever – it's possible to buy more and more," Payne said.

"In parallel we've seen this stark rise in consumption of synthetic fibres. They're low cost, they have an ease of consumption compared to natural fibres.

"When you blend a synthetic fibre with a natural fibre you create a monstrous hybrid. The common problem with all attempts at recycling is the more mixed material you have, the more problem you have reusing those resources."

The process developed by BlockTexx and QUT researchers – called "separation of fabric technology" – is noteworthy because it is designed to handle hybrid fabrics. It turns cotton to cellulose and polyester to flake for industrial uses like injection moulding.

Their aim for the first plant is to recycle about 10,000 tonnes a year by the end of 2022 – initially focusing mostly on commercial fabrics, including old towels and sheets from hotels and hospitals.

Ross said that after two years of lab testing, they were comfortable they could commercialise the process, and that it was producing raw recycled materials of very high quality.

"We've now got a product where we can consistently compare our product to virgin material," he said.

The company would begin to recycle post-consumer waste when it scales up capacity. Plans have been drawn up for a 40,000-tonne plant. BlockTexx envisages licensing its technology on a global scale.

"[The size of the first plant] is significant, but equally only a drop in the ocean of the amount of textiles going to landfill," Ross said.

"This is definitely a global model. The world has a textile problem. Our solution needs to go to the problem, because we can't bring the problem to the solution.

“We see ourselves as a technology company. We already have several large waste and textile companies around the world saying this is really interesting.

“The other smart thing about our model is that it’s very modular – it can be run on a small scale and we can expand it.”

Jones said: “Whatever happens from now, because a solution exists, we can’t go backwards.

“I’m not trying to say that from tomorrow we’re not going to put textiles into landfill, we’re not going to export textile waste.

“But we’ve now got the opportunity to do something. It really does move the discussion from the art of the possible to the art of the practical and that’s really important in this space.”

Source: theguardian.com– May 29, 2021

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European TCLF sectors demand action to safeguard industries

Following the European Commission's update of the 2020 New Industrial Strategy: 'Building a stronger Single Market for Europe's Recovery', the European Social Partners for the textile, clothing, leather, and footwear (TCLF) sectors have given a call for a dedicated strategy to help the TCLF sectors survive following the COVID-19 pandemic.

The strategy aims to help guide the TCLF industries through the current green and digital transition, while facing tough global competition, stressing the need to safeguard the industries and protect jobs in Europe, a press release issued jointly by Euratex, Cotance, CEC, and industriAll Europe said.

On May 25, employers' and workers' representatives for the European TCLF sectors met with the European Commission to discuss the current challenges facing the TCLF industries and potential EU action to help support the sectors and their workers. Following discussions on the terrible impact of COVID-19 on the sectors and the need for a strong EU action, the Joint Statement: ''The future industrial strategy of the EU Textiles Ecosystem (TCLF sectors)'' was adopted.

The Joint Statement highlights the need for a dedicated strategy with support at national and EU level to help the TCLF sectors survive following the COVID-19 pandemic, while they continue to face tough, and, sometimes unfair, global competition. "The Social Partners of the TCLF industries fully support the EU's ambitions for a green and digital transition of the sectors, but insist on concrete European measures to help the industries transform while the continues to suffer from an unlevel global playing field," the joint press release said.

Specific joint demands include: full engagement with Social Partners in both the recovery and the transition of the industries, support for the EU Pact for Skills for the relevant ecosystem, a revision of the GSP which doesn't negatively impact the sectors and its workers, support to decarbonise the sectors, careful consideration of the Due Diligence Legislation and quality dialogue with Social Partners ahead of the EU Sustainable Products Initiative and the Consumer Agenda to ensure that all policy gaps are addressed. Special attention must also be given to the forthcoming EU Textiles Strategy which should fully represent the needs of the EU's entire textiles ecosystem.

"We look forward to working with the Social Partners and the EU institutions to roll out a coherent and effective strategy for our industry. We need to build a new business model, based on quality, sustainability and innovation. Our companies should operate in open and fair markets," Dirk Vantyghem, director general of Euratex, said.

"Representing more than 95 per cent of our sectors, SMEs are the main target of the updated Industrial Strategy. They need tailored and easily accessible financial support, as well as proportionate measures to enable them to lead the twin transition. We can build a more resilient ecosystem by ensuring that the specificity and needs of our industries are considered in the development and implementation of the strategy at regional, national and EU levels," said Carmen Arias, general secretary of CEC.

"The companies and the people working in Europe's TCLF ecosystem excel not only in generating wealth and jobs for our economy, but also their creativity is a distinctive cultural feature that is unparalleled in the world. It is therefore essential that our regulators apply the utmost care in finding the right mix of incentives and directives for ensuring their sustainable development and that their service to society is not compromised," Gustavo Gonzalez-Quijano, secretary general of Cotance, said.

"The TCLF sectors in Europe employ over 2 million people, with many of these workers playing a crucial role during the COVID-19 pandemic by producing personal protective equipment, such as masks and gowns.

We owe it to these workers in Europe to make sure that the sectors come out of the pandemic ready to face the green and digital transition which is top of the EU's ambitions. Workers are ready to meet these challenges and we call for investment in the factories and their workforces to ensure a positive and green future for the TCLF industries in Europe, with high quality and well paid jobs for its workers," Judith Kirton-Darling, Deputy General Secretary of industriAll Europe, said.

Source: fibre2fashion.com– May 28, 2021

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Malaysia to shut all malls during total lockdown

The Malaysian government said yesterday that all malls will have to be shut, while 17 essential service sectors will be allowed to operate during the impending two-week “total lockdown”.

These sectors include healthcare, telecommunications and media, food and beverage, utilities as well as banking.

The government will also allow companies under 12 manufacturing sectors to continue operating, such as food and drink manufacturing, medical devices, textiles for producing personal protection equipment as well as oil and gas. They will need to operate at 60-per- cent capacity.

In a press conference, Senior Minister Ismail Sabri Yaakob said: “We hope the manufacturing sector will follow the government’s orders, because we have given the condition that only 60-per-cent could work.”

“But I’ve read social media posts and found employers who forced their employees to exceed the 60 per cent capacity,” he added.

Ismail Sabri said that employees could report such breaches to the human resource ministry and the police.

Shopping malls will need to close, except supermarkets and premises dealing in food and beverage and basic necessities, the minister added.

A statement by the Ministry of International Trade and Industry also said, “The manufacturing and manufacturing related services sectors that are allowed to operate is to ensure minimal disruption to the supply chain of critical parts, components and finished products.

“This is essential to support the continued operations of critical infrastructures and front-liners such as security, healthcare systems, information and communications and as well as ensure adequate supply of basic necessities for the Rakyat (people).”

Yesterday’s announcement came after the Prime Minister’s Office announced on Friday that Malaysia would be undergoing a “total lockdown” from June 1-14.

Malaysia's COVID-19 numbers have continued to surge, with a record 9,020 new cases and 98 deaths on Saturday.

Yesterday, there were 6,999 new cases. There are now more than 560,000 cases nationwide.

Putrajaya has assured people that there would be sufficient food stocks to last throughout Phase 1 of the total lockdown.

However, there have been reports of lines of people flocking to buy necessities and goods in anticipation of tomorrow.

Earlier yesterday, Minister for Science, Technology and Innovation Khairy Jamaluddin said in a press conference that more vaccination centres will be opened in the coming month to speed up the vaccination process.

The first among these will be five mega vaccination centres around the Klang Valley. "Three will be in Selangor and two will be set up in Kuala Lumpur," he said, adding that the set up would begin on June 7.

Khairy, who is also the coordinating minister for the COVID-19 Immunisation Taskforce said 1,000 private general practitioner (GP) clinics will be joining the National COVID-19 Immunisation Programme by June 30.

He added that 500 of these clinics will begin administering vaccines starting June 15.

Source: borneobulletin.com.bn– May 31, 2021

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The euro-dollar parity in Turkey's global trade

As it is known, movements in the dollar have a great impact on global trade. The dollar, which was enacted with the 1972 Money Act, is the most impressive factor, especially in international trade. Another currency most used in International Trade is the Euro, which came into circulation after 2002. It is the second most preferred reserve currency after the dollar.

The order of the reserve currencies is followed by the British pound, Japanese Yen, and Swiss Syphilis, respectively. Although each of these reserve currencies plays an important role in international trade, I would like to talk about the effects of the two main reserve currencies, the euro and the dollar, on Turkey's trade.

The euro-dollar parity shows the value of the Euro against the Dollar. If we consider the issue as exporters and importers, it is 3 times more for exporters to find financing in the international market compared to their other competitors. When we look at Turkey, it is even more due to the geographical location of the country and the fertility of the soil.

Eximbank also supports our exporters in Turkey to minimize the high financing costs. In this sense, exports are increasing. In the 2021 report, while the total export is 68,752 dollars, the total import figure is 82,916. There is a foreign trade deficit.

Despite being both the most developed country in America and the country to which Turkey exports the second largest, it is one of the countries with a deficit in foreign trade. That is, its imports are greater than its exports.

Exports of Germany, the country to which Turkey exports the most, decreased by 9% in 2020. Its exports were 1 trillion 204.7 billion euros and its imports were 1 trillion 25.6 billion euros. The country's foreign trade surplus amounted to 179.1 billion euros. The third country to which it exports the most is England.

Turkey-England trade volume was 18.6 billion dollars in 2018 and 16.3 billion dollars in 2019. In the January-March period of 2020, 2 billion 525 million dollars were exported to England. The recession in the world due to Corona is already known.

The data released in Japan is truly appalling. This shows the economic conditions in Japan. In Asia, on the one hand, while talking about the virus problem, it allows the states to pay interest in these regions at much more favorable terms to encourage exports. It is a great chance for the exporter to have such a counterattack in our country. In the medium term, this will make us advantageous. In 2020 compared to 2019; Exports decreased by 6.26% to 169 billion 514 million dollars, Imports increased by 4.32% to 219 billion 425 million dollars, while imports excluding gold decreased by 2.4% to 194 billion 242 million dollars.

Foreign trade volume decreased by 0.57% and regressed to 388 billion 939 million dollars. The coverage ratio of exports to imports was 77.3%, while the coverage ratio excluding gold was 85.8%. Among the reasons, apart from the Euro Dollar parity, American and European purchasing companies did not send their employees to Turkey due to the virus. Two big Italian companies opened their stands and did not put any employees on the stands. Commercial visits are tried to be minimized as much as possible due to the virus. However, some estimation purchasing companies will visit our country instead of the Far East.

Purchasing means an important link in the supply chain. You have to sit face-to-face with the manufacturer or the designer. Because it is not always possible to do everything digitally. The additional taxes imposed by the US on China are already affected. Based on Mediterranean exports, we see mostly agricultural food products.

We see the iron and steel industry. There is some ready-made clothing. Here, there is the world’s largest fresh fruit and vegetable fair in Berlin, which was held in January last year. Citrus Fair. Participation in the Chinese was low. People began to come to fairs less and less. The Chinese were few at the fairs. They participated less because there were Chinese companies.

When we look at the ready-made clothing industry, China exports 838 billion dollars to the world. In other words, one out of every 3 people in the world uses the product prepared by the Chinese. Turkey’s proximity to Europe is a great advantage.

However, at another point to be noted here, the fact that the input of the manufacturing industry is also supplied from China, they supply 40% of the manufacturing industry of Japan and South Korea both for textiles and worldwide. 30% in the USA.

When we look at the world average, 20% is supplied from China. The fact that the input of raw materials and manufacturing from China is decreasing may bring some problems. Turkey is foreign-dependent for intermediate and raw materials. How are we going to produce this? If there is no problem in the supply of raw materials from China, unless there is a problem of raw material price increases, even if there is a price increase, if we have to buy that product, we will have to buy it. This is where parity comes into play. It imports mainly in dollars and exports consumer goods in Euros. We see more and more in recent days when a change in the pair is against the euro.

Undoubtedly, this situation in Euro-dollar parity is reflected negatively on the input costs of the exporter. In this context, how should we read the effect of the change in parity? As a result, it will cause a decrease in profitability at the end of the day. Turkey, as a country, makes 49% of all general exports to the EU in Euro. There are also Euro prices in the Middle East, but since the import part is in dollars, importers or exporters indeed have some difficulties because they do not hedge. Dollar Euro parity was at 1.14 last year, then it decreased to 1.08. Now it’s 1.21.

So 1 dollar is equal to 1.21 euros. This affects our export figures. Why is that? Because we keep figures in dollar terms. Last year, 180.5 billion dollars were exported, we could not count 4.5 billion dollars of this. Because it wrote a minus because of the dollar Euro parity. Exporters will either sacrifice profits or, if they can raise their prices a little, they will. If it goes below 0.8, 1.12 1.13 1.15 will be the most appropriate band. For the real exchange rate, what is the effect of the change in parity on foreign trade? The real exchange rate shows us the relative price of the basket of goods and services produced by a country against the basket of goods and services produced by the countries in which it competes.

New raw materials and intermediate goods are dependent on imports and are dollar-based. When the export structure is a system that runs on the Euro, it will undoubtedly have a negative reflection in the medium and long term. It’s a serious risk.

About 5 years ago, it was called 1 dollar and Euro-dollar parity. During that time, he made himself felt again. He drew himself back to the 1.10 interval. This is an undesirable situation for Turkish exporters. The industry has become accustomed to buying raw materials and semi-finished products in dollars and trading in Euros on a product basis.

It is a great chance for us to have a European market of over 50%. We should not just say Europe, there is great interest on the African basis as well. We export. On a cost basis, 1.10 was ideal. It shouldn't have been being pulled down to 1.08s. Regarding this, especially banking instruments hedging as a solution. Hedging is a counter-trading activity that will minimize investment risk. But hedging is the most disliked subject of exporters. Both the cost of hedging and the fact that the hedging is not high enough in volume, unfortunately, complicates the use of such instruments for our small and medium-sized exporters. Or not adults. In this respect, although we can say that it can be used, it is difficult. It's hard to increase profits because prices are so fixed.

The parity decreased, raw material prices increased. In the last week, the Chinese have been making this much discount on our prices. Emails are coming in asking what you need. The decline in December fell to 2.1%. However, 7.4% in the quantity index. There is also a decline in the import unit index. Looking at the months, we see that there is a recovery. Has some added value started to be created in the industry? Yes.

In our country, for example, we are not very competitive in honey production. Why is that? because it is produced all over the world. But as a majority, we see that added value can be put more in the production of finished products. The high technology used in production allows us to increase the price of the products a little more. Valued more on a unit basis. All these, together with the Covid effect, is the example of Euro-Dollar parity in Turkey's global trade. In reserve money, parity is an important indicator.

Source: dailytimes.com.pk– May 30, 2021

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Pakistan: State of SMEs in Pakistan

SMEs play key role in reshaping national growth strategies, employment generation and social cohesion by improving standard of living of most vulnerable segment of the society. In most countries, SMEs constitute more than 90% of all enterprises and significantly contribute towards economic growth. SMEs contribute to development in multiple ways; creating employment for an expanding labor force, providing much needed flexibility and innovation in the economy and contributing to value addition in GDP.

In Pakistan, around 99% of economic establishments are SMEs that collectively contribute 40% to GDP and 26% to the exports from manufacturing sector. Sectoral contribution of industrial, agriculture and services sector to GDP and industrial classification of SME sector in Pakistan are given as below:

Industrial Sector: The Industrial Sector contributes 20.9% to GDP. The classification of Industrial Sector and its share in SME sector are as follows:

i) Mining & Quarrying (0.02%)
ii) Manufacturing (19.72%)

iii) Electricity Generation & Distribution & Gas Distribution (0%)

iv) Construction (0.05%)

iii) Electricity Generation & Distribution & Gas Distribution (0%)

During the last 5 years the average growth rate of the manufacturing sector has been 2.9% per annum. However, The small enterprises outperform large enterprises and provide support not only to overall manufacturing sector growth but also to the overall GDP growth. Access to finance, state of the art infrastructure technology & skill up- gradation and limited integration in global value chain are some issue faced by industrial sector in Pakistan.

Services Sector: Services sector contributes around 58% to GDP. Around 52.96% of total SMEs operate in wholesale & retail trade and Restaurants & hotels. There is a dire need to pay attention towards improving advance technical skills and education of workers to cope with global requirements and more absorption of labor in sophisticated industries, financial, trade, transport and communication services.

Agriculture Sector: Agriculture sector contributes 21% to GDP. It constitutes i) Dairy & Livestock, ii) fisheries, iii) fruits and vegetables, and iv) forestry. Lack of credit, technological up gradation, implementation of biotechnology and food standards, use of pesticides and state of the art infrastructure are some constraints that limit agriculture productivity in the country.

The overall growth of manufacturing sector in Pakistan is largely dependent on the performance of large-scale sector, especially textile sector. During the last 5 years the average growth rate of the manufacturing sector has been 2.9% per annum. The performance of large scale manufacturing sector has been erratic during 2008-2015 as the average growth rate of large scale manufacturing sector has only been 0.02%, while the small scale manufacturing sector registered an average growth of 8.4%. Figure given below illustrates growth trend of manufacturing sector during the last seven years.

The small enterprises outperform large enterprises and provide support not only to overall manufacturing sector growth but also to the overall GDP growth. Therefore, over the past few years SMEs have figured prominently on Government's development agenda in pursuit of the aims of SME-led GDP growth, enhancing SMEs share in global exports and employment generation.

In Pakistan, SMEs hold great potential to change the economic landscape of the country. Unfortunately, these SMEs suffer from a variety of weaknesses, which have constrained their ability to take full advantage of rapidly changing global business environment. According to the Doing Business Report 2016, trading across boarders, getting electricity, paying taxes and contract enforcement are the most problematic factors influencing business environment of the country.

Click here for more details

Source: dailytimes.com.pk– May 29, 2021

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Pakistan: Budget for FY 2021-22: Rs50b subsidy on the cards for export industry

The Pakistan Tehreek-e-Insaf (PTI) government has decided to extend the regionally competitive energy tariff (RCET) regime for the export industry in the budget for financial year 2021-2022, and provide Rs50 billion annual subsidy to the sector.

“Yes, the authorities concerned have agreed to provide the RCET to the export industry in the next financial year,” top officials at the commerce ministry confirmed to The News.

During the next financial year, the government will provide the export industry electricity at 7.5 cents per unit, and RLNG at $6.5 per MMBTU with an impact of Rs50 billion in a year. The government will provide a subsidy of Rs10 billion to state-owned gas companies for providing gas at $6.5 per MMBTU to export industry and Rs40 billion subsidy to power division for provision of electricity at 7.5 cents per unit, it was learnt.

With the decision to extend the RCET, the surge in textile export up to $16.5 billion is expected till June 2021, which will help the country take total exports up to $27 billion in June 2021 and $30 billion in June 2022. In the next financial year, textile export will go up to $20 billion because of continuation of the RCET regime.

Special Assistant to Prime Minister on Power and Petroleum Tabish Gauhar said that the government would have to extend the subsidy of Rs50 billion (Rs10 billion against provision of gas at Rs6.5 per unit and Rs40 billion against electricity at 7.5 cents per unit) in the next financial year and power division wants the commerce ministry to arrange for the required subsidy from the finance division on time to avoid a build-up in the circular debt in this head.

Sources in the commerce and textile ministry said that apprehensions of power division about release of budgeted subsidies have been addressed by the financial managers at the finance ministry.

Not only to maintain, the sources said, the existing pace in surge of export, but also to provide more stimulus to the exports, Finance Minister Shaukat Tarin and Adviser to Prime Minister on Commerce, Textile and Investment played crucial role to prepare the mind of the government that strongly believes in growth-oriented budget to accord approval to the RCET in the next budget.

They said that Pakistan Institute of Development Economics (PIDE) also carried out a study which recommended continuation of the RCET to the export industry, saying it played an important role in the surge of current year's exports.

The textile industry has capitalised, they said, on the given incentives to help the government achieve the ultimate aim of export maximisation, job creation and realisation of economic prosperity. Pakistan's export industries (including textiles) witnessed an exceptional growth of 9pc in 9 months of FY21.

Source: thenews.com.pk– May 31, 2021

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Bangladesh: Let's all pull together on apparel industry safety

Bangladesh apparel industry stands at a critical juncture. The industry has achieved significant improvements in safety and is making steady strides in sustainability. However, the industry, at present, faces a debacle as debates regarding its safety monitoring authority have risen. The current safety arrangement under which our garment factories are being inspected is the RMG Sustainability Council (RSC). The RSC took over the work of the Bangladesh Accord, the previous agreement which had been operating in Bangladesh since 2013.

When the transition Accord was signed in 2018, it was agreed by the signatory brands and unions that after the agreement ends in May 31, 2021, work will be handed over to a national regulatory body who would take over the work thereafter. As part of this transition, in May 2020, the Accord operations in Bangladesh were transferred to the then newly founded RMG Sustainability Council (RSC).

Many have hailed the huge success of the Accord in helping to make Bangladesh one of the safest garment industries in the world. There are also calls to replicate the Bangladesh Accord in other garment sourcing hubs.

However, at the time of writing this article, there has been talk of a "New Accord". Only a couple of fashion brands have expressed public support for this "New Accord" and most are in the "wait and see what happens" camp; it's the unions and NGOs who are flagging their favour for the "New Accord". And things are moving fast.

First of all, we saw NGOs warning that much of the Accord's work would be undone if the RSC becomes the sole authority of factory safety in Bangladesh. The NGOs' argument is that the Accord is the only "credible" workplace safety initiative in the global garment industry. They also claim that a local body like the RSC will not have the "teeth" of the Bangladesh Accord and may be subject to too much political interference from factory owners and the government.

Just in the middle of this month, global unions gave notice to withdraw their involvement with the RSC from June 1. This is probably the last throw of the dice by unions in their attempt to get the work of the Bangladesh Accord extended beyond the end of May.

The unions claim that, by withdrawing their support, they will remove the credibility of the RSC as an effective workplace safety body. In effect, they are trying to force the hands of brands and retailers—saying to them, "come to the table and help us get a new Accord off the ground."

On the other hand, Bangladesh Garment Manufacturers & Exporters Association (BGMEA) has argued that the RSC, along with a government body called Department of Inspection for Factories and Establishments (DIFE), are perfectly capable of ensuring the highest standard of monitoring, inspections and certifications of health, safety and securities of the workers of Bangladesh RMG factories.

So, is there a way forward?

The original Accord was established with the backing of a few "anchor" brands and once they had joined, others followed. It's looking like there is simply not enough will on the part of brands now to extend the Accord anymore. The reasons for this are many and varied although the global pandemic has surely played its part.

The factory owners are also happy to place their faith in the new body, the RSC. The main reason behind that is that they want a level-playing field with their competitors in India, Pakistan and elsewhere.
I have sympathy for both sides of the debate and there are no easy solutions here. For my own part I would say a safety body that is independent to monitor and support factory safety and improvements should be mandatory in Bangladesh.

Any agreement for factory safety needs consensus. If an agreement cannot be reached for a new Accord—if all parties simply do not want one and it is only unions and NGOs pushing for it—then we have to respect that position. Broad support for a new Accord is tepid at best.

What is paramount is that we all should work for ensuring safety in the industry. I will support any safety structure we choose to go with and it looks like the RSC is the way we will go. I believe safety is not a matter of imposition, it's more of having a culture and acceptance.

The way external forces—the Accord and Alliance—supported us to transform the industry, the same way they should support us to build national capacity. In fact, nothing has happened in between so that the initiative like RSC can be thrown away.

In fact, there is equal representation of brands, trade unions and manufacturers on the board of directors of the RSC. This RSC also adopted all Accord standards, compliance, protocols and articles. So, everyone should give the RSC a minimum of three years to prove its mettle.

The RSC, on the other hand, should maintain maximum transparency and accountability. Periodic information about the progress of RSC's work made available for the public can help build the required trust in it.

Source: thedailystar.net– May 31, 2021

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CPEC SEZs to act as catalyst for booming exports in Pakistan

Pakistan has been facing the issue of trade deficit over the last few decades with the situation getting worse over the last decade due to its reliance on imported goods.

According to the State Bank of Pakistan, Pakistan's exports during the FY2020 stood at 22,536 million U.S. dollars whereas its imports were 43,645 million U.S. dollars, indicating a sharp trade deficit due to the lack of export-oriented products made by the country.

To uplift the export sector of Pakistan, nine special economic zones (SEZs) have been identified under the China-Pakistan Economic Corridor (CPEC) where joint ventures from Pakistan, China and other foreign countries will be formed to enhance industrial production.

Pakistani experts and officials believe that the SEZs will play a great role in writing a new chapter of economic development of Pakistan because the government is offering a lot of incentives for the industries to be set up in the zones and a large number of investors are taking interest to invest in them, and more are expected in the future.

In a conversation with Xinhua, the country's Finance Minister Shaukat Tarin said that Pakistan's foreign direct investment (FDI) in the export sector has been almost zero and CPEC SEZs are one of the main focuses of the Pakistani government to uplift the export sector by attracting the FDI.

"Pakistan's exports are only 10 percent of our GDP, and we are taking measures to increase them to at least 40 percent, and in this regard, we are making plans and forming policies to tap the potential of CPEC SEZs,"Tarin said.

He added that Prime Minister Imran Khan has held three meetings on CPEC in the last few days and the government wants to speed up the formation of the SEZs and in this regard, a coherent strategy is being formed to facilitate Chinese and other foreign investors to invest in Pakistan.

"China is currently outsourcing its industry to some foreign countries, our government also wants Chinese industries specially the textile and leather industry to be relocated to Pakistan, because we have the expertise, infrastructure and experience in this sector, and relocation of Chinese industrial units to our country will give a boom to our textile exports," Tarin told Xinhua.

He also hinted at some new incentives for SEZs which will be approved by the prime minister after more meetings on CPEC with officials, following which doing business in the SEZs will be much easier.

According to the latest legislation made in 2012 about CPEC SEZs, called the SEZ Act, the federal government has to provide utilities including gas and electricity to the SEZs whereas all other procedures including land requisition have to be done by the provincial government.

While work on some SEZs is still at their initial phase, it is at full pace in some others including the Rashakai SEZ of the country's northwest Khyber Pakhtunkhwa province and the Dhabejii SEZ in south Sindh province.

The Allama Iqbal Industrial City, an SEZ in Faisalabad district of Punjab province, is being quickly developed by the state-owned Faisalabad Industrial Estate Development and Management Company (FIEDMC), and it is likely to be among the first SEZs to start the industrialization process.

Talking to Xinhua, Mian Kashif Ashfaq, chairman of the FIEDMC, said that some 2,200 acres of land have been allocated for industrialization out of which about 820 acres have been sold to export-oriented and import substitution industries.

"The government is giving a lot of incentives to the industrialists investing in the SEZs including tax holiday for 10 years and duty waiver on plant and machinery among others, so it wants us to give land for construction mainly to the industries which will boost or support export sector of Pakistan," he said.

He said that many joint ventures and foreign investors have either bought the land or showed interest in investing in the SEZ, and in order to facilitate them, they have formed a team to help the investors complete formalities.

"We are having investors from different parts of the world, and we are also giving preference to Chinese investors for whom we have allocated 1,000 acres of land where they will set up their industry," he said.

The FIEDMC chairman said that the land to the investors will be given at a very lucrative price and unlike other SEZs of the world, the investors will be given ownership of the land rather than leasing the land to them. "The investor has to pay 15 percent of the money and the remaining has to be paid in four years, following which the industrialist will get ownership of the land."

According to CPEC Center of Excellence, a think-tank working under the country's ministry of planning, development and special initiative, the investment opportunities in the SEZ lie in the fields of light engineering, pharmaceutical, steel, food processing, chemical, marble, plastic and packing, gem and jewel, food beverages, cooking oil, ceramics, minerals, agriculture machinery, iron, motorbike assembling, electrical appliances and automobile and electronics.

Experts believe that the foreign investors will tap the potential of CPEC and China's Belt and Road Initiative (BRI) to find export markets for their products, besides catering to the local market of 220 million people.

Abdul Azeem Uqaili, Chief Executive Officer of Sindh Special Economic Zones Management Company, also expressed the same views in a conversation with Xinhua, adding that Pakistan is located at a strategic location of the BRI, which not only gives it a chance to connect to the outside world but also attracts foreign investment inside it.

"We in Dhabeji SEZ Sindh received a very good response and many bids are expected to be submitted from potential investors, we are looking for Chinese textile industries to relocate to Pakistan because we have all the experience and cheap labor force to run such industries in an efficient way."

He said that his country has now all the potential to start massive industrialization and the investors who invested in Pakistan now will be pioneers of many sectors of the industry in the country and may get huge benefits in the future.

"A few years ago we could not even think about setting up industry in Pakistan because we did not have enough electricity supply and we were facing an acute energy crisis, our roads were in a poor condition and our connectivity was weak, but the first phase of CPEC brought a revolution and enable Pakistan to be in a position to start industrialization process with adequate electricity, enhanced connectivity within the country and outside the borders."

Uqaili said that the local investors and people associated with the industry like himself are hopeful that CPEC, which enhances connectivity in Pakistan, will also enable it to tap on the potential of its strategic location by making the SEZs a success story.

Source: xinhuanet.com– May 28, 2021

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Pakistan: Weekly Cotton Review: Rate remains stable in local market

The rate of cotton remained stable. Partial arrival of new Phutti crop has started. The sowing of cotton has started in 60 percent to 70 percent areas of Sindh and Punjab. Despite that government has not announced support price of cotton yet. Cotton crop is at risk due to water shortage in Sindh and Punjab. The increasing trend in the rate of cotton remained continued in international markets. Panic among ginners who had the stock of Khal because of increase of Wanda by farmers instead of Khal.

In the local cotton market during last week rate of cotton remained stable. Old cotton crop was available in limited quantity. Needy mills were buying old stock of cotton at Rs 12500 to Rs 13000 per maund while partial arrival of new Phutti crop has started.

As per information in Sindh three factories has resumed their operations while in Punjab two to three factories has resumed their operations and Phutti had started arriving partially. In one factory of Burewala one lot of Phutti has reached while in one factory of Sanghar two trucks of Phutti has arrived. In the same way Phutti will be arrived in one factory of Tando Adan.

Now it is possible that preparation of Lot started in these four factories. Ginners had sold cotton in advance. In Punjab they had sold cotton at Rs 12500 per maund and in Sindh they had sold at Rs 12200 per maund. The rate of Banola is good and is in between Rs 2100 to Rs 2400 while Phutti is being sold in between Rs 5300 to Rs 6000 per 40 kg.

It is very hot and on the other hand there is a problem of water. Agriculture Minster Punjab Hussain Jahanian Gardezi said that Punjab is facing water shortage of 22 % while Sindh is facing shortage of around 17%. The tussle is going on in between Sindh and Punjab for the availability of water.

The reason behind shortage of water is slow melting of ice on the mountain. It is hoped that as the temperature arises in the coming days ice will start melting on the mountains and the problem of shortage of water will be solved.

Economic consultant Minister of National Food, Security and Vice President Pakistan Central Cotton Committee, Dr Muhammad Ali Talpur while talking to Naseem Usman said that up till now cotton will be cultivated on 17 lac acres in Sindh. In Punjab according to estimates cotton will be cultivated on 40 lac acres. The cotton sowing has been completed on 28 to 30 lac acres in Punjab. In Sindh cotton sowing has been completed on 13 to 14 lac acres. The acreage is increasing day by day. Muhammad Ali Talpur also told that target of production of one crore five lac (10.5mn) bales has been set for next season.

Occasionally deals were reported by the Spot Rate Committee of the Karachi Cotton Association. The spot rate was increased by Rs 1000 per maund during last one week and was closed from Rs 11300 to Rs 12300 per maund.

In Sindh cotton was left in very limited amount and its rate should be around 11000 per maund. In Punjab the rate of cotton is in between Rs 12500 per maund to Rs 13000 per maund. Ginners were worried because of their left over stock of Khal. The demand of Khal is very low because animals were not eating mixed Khal and the farmers were giving it to the bufffaloes.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that overall bullish trends was witnessed in international cotton markets. Fluctuation was witnessed in the rate of New York Cotton on deals of delivery of July but the rate was in between 82 to 83 American cents.

More over USDA weekly export report shows an increase of 59% as compared to last week. The Rate of Promise (Waday Ka Bhao) did not increase significantly despite rains in Texas which is the biggest cotton producer and strengthening of dollar.

However, new crop from Brazil has started arriving. The rate of cotton is stable in the market of Sudan and Central Asian states but the rate of cotton is continuously increasing in India. The rate of cotton in India increased by Rs 1500 per candy. On Friday the rate of Shankar -6 in India was around 47900.

Indian traders Ajay Dalal and Chairman Cotton Association of India Atul Ganatra told Naseem Usman that reason behind bullish trend in the market is that yarn and fabric was sold at good price. Atul Ganatra told government had closed almost all textile industry in Tamilnadu due to COVID 19 till May 31, 2021 but now the government had extended the lock down till June 7. Despite all this increase in rate and demand of cotton was witnessed in India.

According to the information received from cotton production areas of Sindh and Punjab the position of sowing is good in Sindh but sowing has been done on 13 to 14 lac acres. In Punjab sowing has been completed on 30 lac acres which is almost completed on 75 per cent area out of allocated 40 lac acres.

The tussle between two provincial governments of Punjab and Sindh is going on the issue of availability of water. According to information farmers in Punjab are giving preference to the crops of corn and sugar cane. But the rate of Phutti is good in many areas.

Regional Committee of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) on Cotton and Textiles in collaboration with Smart Agriculture Lodhran has set up a camp in Dunyapur Tehsil in connection with the cotton awareness campaign.

Chairman Task Force of Pakistan Cotton Ginners Association (PCGA) Mian Fazal Elahi Sheikh and Convener Committee on Cotton and Textiles of FPCCI Malik Talat Sohail briefed the local cotton growers and farmers on the importance of cotton production in the national economy.

Source: brecorder.com– May 31, 2021

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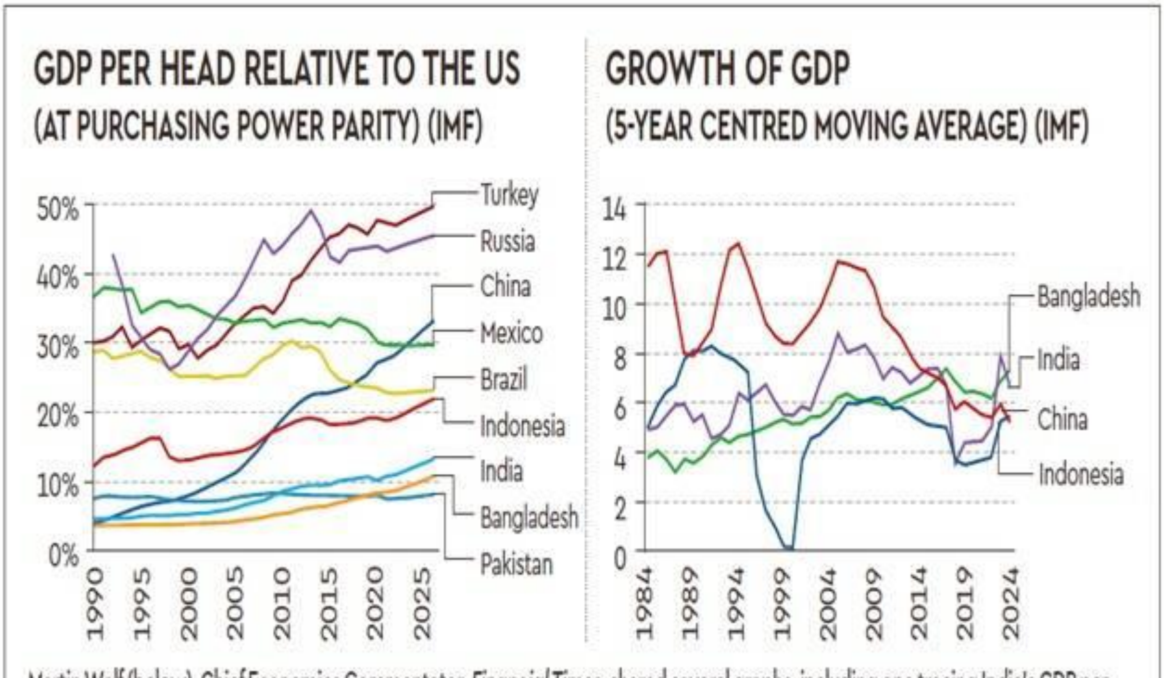
NATIONAL NEWS

India needs policy-change reforms: Martin Wolf, Chief Economics Commentator, Financial Times

The Indian economy has been slowing, now at 5-6 percent range, and will need quite a bit of policy-change reforms, in a difficult world environment, to be successful in the decade ahead," said Martin Wolf, Chief Economics Commentator, Financial Times. He was in conversation with Anil Sasi, National Business Editor, The Indian Express.

Observing the country since his early days as a World Bank economist in the '70s, he called India's economic reform policy "inconsistent, not sufficiently positive", and its three engines — trade, credit and government-spending— "pretty weak". He said, "We're going back to what my friend (economist) Raj Krishna called the Hindu rate of growth, which is 3-4 per cent. That will be a catastrophe because that's a per-capita growth of 2 per cent and then India's catch-up story would end."



Martin Wolf (below), Chief Economics Commentator, *Financial Times*, shared several graphs, including one tracing India's GDP per head relative to the US (left) and (right) India's GDP growth compared to China, Indonesia, Bangladesh COURTESY: WOLF

He cautioned, "India is de-globalising, not back to what it was before but more than the world is; owing to policy choices: increased protection and decreased attention to export competitiveness."

Calling attention to three indicators for future planning: “Long-term performance, the Covid-19 impact, and the challenges ahead”, he said, in the long run “credit, trade, fiscal policy, will all be constrained”. Credit-to-GDP ratio has been slowing (after 2010) despite no financial crisis, there are “bad loans” in the banking sector, demonetisation (in 2016) was a “crazy” step instead of “radical financial restructuring”, trade ratios have been “falling rapidly” since 2013-14.

Wolf added that India’s GDP growth at purchasing power parity from 5 per cent (in 1990) to about 15 per cent (by 2025, IMF forecast) has been “pretty well” but incomparable to “China’s spectacular 5 per cent (1990) to 35 per cent (2025) growth story”.

India’s “steady growth” (6 per cent a year) peaked at “close to 9 per cent in the early 2000s” but saw “a real collapse” last year. “Among the developing countries, India had a really, really bad negative hit (Bangladesh did astonishingly well),” he stated.

With the US-China relationship deteriorating, India should “seize opportunity” and “reopen the economy”, become a trade-growth hub, raise international competitiveness, start green revolution, reform education, labour markets and financial sector to be the “fastest-growing economy, at 8-plus per cent, in 20 years”.

Source: financialexpress.com– May 30, 2021

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Possibility of India-UK FTA higher now than ever: Lord Gerry Grimstone, UK Minister for Investment

On doubling India-UK trade

Despite the huge amount we do with India, there has been a bit of unfulfilled promise. We've got 850 Indian companies in the UK and these employ over 116,000 employees, so there's a huge amount of activity that goes on between India and the UK. Having said that, there are barriers in our trade, but I'm sure that with goodwill on both sides, if we move down the path of a free trade agreement, the mere act of removing some of those barriers will no doubt impact trade.

A modern comprehensive free trade agreement involves much more than movement of goods — they cover services, they cover digital business, they cover SMEs. So there's a huge amount of content in a free trade agreement. EU has tried unsuccessfully to negotiate a free trade agreement with India over the last 10-15 years. I'm very hopeful now that we're an independent trading nation, we could do things ourselves, we'll be able to move on with this when the time is right. The possibility of a UK-India Free Trade Agreement is higher now than it ever has been.

On sectors with scope for trade

We know India is interested in expanding its access to the UK market in a number of sectors, including agri food, pharmaceuticals; we can see great opportunities for services in India, for some of our professional qualifications to be valid in India, a number of other matters. I think it will progress when the time is right. Liberalising trade will benefit both our economies and how we go about these things, as you know, we do a deep consultation with UK business before we look to negotiations; once we get insights from UK businesses, that's when we'll put together our negotiating strategy.

On impediments to trade

India is a complicated country. It's a country where you need to understand it to make an impression on it. I think the growth of e-commerce in India has played to certain methods; SMEs in England, branded goods, brands that might have found it much easier to access the Indian market. I've always felt with India, the British companies who know it and operate there do well out of it. Companies who don't know it, don't do business there. Part of the advantage of moving down the track we are, it's opening people's eyes to what the possibilities are in India. I always say that free trade agreements in themselves are fine but what you really have to do is to operationalise them, to bring home to British businesses, large, medium and small, how can they use these agreements to export more to India.

On inviting India for the G7 summit

We thought it would give rise to some very interesting discussions, having India present. I see it as something in a way that is no more no less than a manifestation of a very strong partnership that we have with India, they are a natural country for us to invite. I think the Indo-Pacific region is becoming increasingly important. India is exerting itself more on the international stage. We welcome that.

For the first time at the G7 we are going to have a trade pact associated with the G7. Trade Secretary Elizabeth Truss will be holding meetings with the G7 trade ministers. Trade policy and attracting investors have become two very important things in the UK, it is part of what we see as the economic bounce back after Covid. I want us to be much more muscular and entrepreneurial.

Source: financialexpress.com– May 30, 2021

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PSBs to follow templated approach to restructure loans

Resolution process has to be invoked within 30 days from the receipt of the application

Public Sector Banks (PSBs), under the aegis of the Indian Banks' Association (IBA), have formulated a templated approach for seamless implementation of RBI's Resolution Framework 2.0 for restructuring loans to individuals, small business and MSMEs up to ₹25 crore.

Banks have evolved a process flow for individual loans and a templated standardised approach for business and MSME loans up to ₹10 lakh.

Individual loans

The process flow envisaged for individual loans includes a) customer accessing the bank's portal or manually submitting application for restructuring and b) processing of application and implementation in the system.

The resolution process has to be invoked within 30 days from the receipt of the application. The last date for invocation is September 30.

Invocation means that both the borrower and the bank agree to proceed with the Resolution Plan, which will include rescheduling of payments, granting of moratorium and extension of tenor. Decision in this regard will be communicated to the borrower in writing.

The Resolution Plan has to be implemented within 90 days from the date of invocation, but not later than December-end 2021.

The moratorium period granted will be for a maximum of two years, and it will start immediately after the implementation of the Resolution Plan.

Business, MSME loans

For implementation of resolution framework for business loans, banks have categorised loans into three categories – up to ₹10 lakh, ₹10 lakh and up to ₹10 crore, and above ₹10 crore

Under the templated standardised approach for restructuring Business and MSME loans up to ₹10 lakh, banks have sent bulk SMS to eligible customers including the already restructured accounts.

Offer-cum-acceptance letters, along with application, has been generated centrally. Customers have to provide consent in the offer letter itself. The application will then be processed.

Resolution invocation has to happen within 30 days of receipt of acceptance. Post-invocation, resolution plan has to be implemented within 90 days.

For loans above ₹10 lakh and up to ₹10 crore, and above ₹10 crore, banks will take a graded approach for restructuring. It will also include standard application and assessment formats, standard and simplified documentation, and common outreach approach

Sunil Mehta, Chief Executive, IBA, said a grievance redressal mechanism, comprising nodal officers, has been put in place to address customer complaints.

The Reserve Bank of India (RBI) announced a 'Resolution Framework 2.0 for Covid-Related Stressed Assets of Individuals, Small Businesses and MSMEs' on May 5.

Under the framework, borrowers – individuals, small businesses and MSMEs – having aggregate exposure of up to ₹25 crore and have not availed restructuring under any of the earlier restructuring frameworks and were classified as 'standard' as on March 31are eligible to be considered under Resolution Framework 2.0.

Restructuring under the framework can be invoked up to September 30, and has to be implemented within 90 days after invocation.

Source: thehindubusinessline.com– May 30, 2021

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ECLGS 4.0: Govt extends emergency credit scheme for MSMEs; increases ECLGS 1.0 tenor to 5 years

In order to support Covid-hit MSMEs further, the government on Sunday announced a three-month extension of its Rs 3 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS) to September 30, 2021, from June 30, 2021, or till guarantees for an amount of Rs 3 lakh crore are issued under the fourth revision of the scheme dubbed ECLGS 4.0.

The Ministry of Finance also announced a 100 per cent guarantee cover to loans up to Rs 2 crore to hospitals, nursing homes, clinics, medical colleges for setting up on-site oxygen generation plants with the interest rate capped at 7.5 per cent.

The ministry also announced the extension of the tenor of the scheme for MSMEs and other entities that are eligible for restructuring as per the Reserve Bank of India (RBI) guidelines as of May 5, 2021, and had borrowed credit under ECLGS 1.0.

From overall tenure of four years comprising of repayment of interest only during the first 12 months with repayment of principal and interest in 36 months under ECLGS 1.0 will now be able to avail for a tenor of five years for their ECLGS loan, that is, repayment of interest only for the first 24 months with repayment of principal and interest in 36 months thereafter.

Moreover, additional ECLGS assistance of up to 10 per cent of the outstanding credit as of February 29, 2020, has been offered to borrowers covered under ECLGS 1.0 in line with restructuring as per RBI guidelines. "Additional ECLGS assistance of up to 10 per cent of the outstanding to the borrowers will enable them to overcome the present financial problems. It would be more appropriate if SME I classified units were allowed to avail these benefits.

We had also requested automatic renewals of all statutory approvals for the running businesses without charges for the current year. The government as well as banks need to look at this situation with compassion. We hope state governments will also respond the way central government and RBI have responded," Manguirish Pai Raiker, Chairman, National Council for MSME, Assocham told Financial Express Online.

The government has also removed the current limit of Rs 500 crore loan outstanding for eligibility under ECLGS 3.0 subject to maximum additional ECLGS assistance to each borrower being limited to 40 per cent or Rs 200 crore, whichever is lower, the ministry said on Sunday. The Ministry also extended the scope of ECLGS 3.0 to cover the Civil Aviation sector.

Source: financialexpress.com– May 30, 2021

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RBI likely to keep repo rate unchanged at monetary policy meet next week

Amid apprehensions over inflation and continued uncertainty with regard to the second wave of the COVID-19 pandemic, the Reserve Bank of India (RBI) is likely to retain the benchmark interest rate at the existing levels at its upcoming monetary policy review, feel experts.

The next bi-monthly monetary policy review is scheduled to be announced on June 4, following the meeting of the Monetary Policy Committee (MPC) beginning Wednesday. The meeting of RBI Governor Shaktikanta Das-headed rate setting panel is scheduled for June 2 to 4.

The RBI had kept key interest rates unchanged after the last the MPC meeting held in April. The key lending rate, the repo rate, was kept at 4 per cent and the reverse repo rate or the central bank's borrowing rate at 3.35 per cent.

The RBI's annual report, released last week, has already made it clear that "the conduct of monetary policy in 2021-22 would be guided by evolving macroeconomic conditions, with a bias to remain supportive of growth till it gains traction on a durable basis while ensuring that inflation remains within the target".

The central bank, the report added, would ensure that system-level liquidity remains comfortable during 2021-22 is alignment with the stance of monetary policy, and monetary transmission continues unimpeded while maintaining financial stability.

In the assessment of the RBI, the evolving CPI inflation trajectory is likely to be subjected to both upside and downside pressures. The food inflation path will critically depend on the temporal and spatial progress of the south-west monsoon in 2021.

"The heightened risk of inflation, owing to the higher input costs and petroleum prices, will constrain the MPC in taking any rate-related action.

"We are in for a long pause with open market operations as a tool that will be employed more frequently towards keeping the 10-year yields close to six per cent," said PwC India Leader (Economic Advisory Services) Ranen Banerjee.

Expressing a similar opinion, ICRA Chief Economist Aditi Nayar said that with the economic outlook remaining uncertain in light of the continuing pandemic, "we expect the monetary policy stance to remain accommodative for a large part of 2021, until the vaccine coverage improves dramatically".

"We estimate the average CPI (Consumer Price Index) inflation to moderate to 5.2 per cent in 2021-22 from 6.2 per cent in 2020-21," she said.

Nayar added that nevertheless, it will remain well above the mid-point of the MPC's renewed medium-term target range of 2-6 per cent, ruling out the possibility of further rate cuts to support economic activity and sentiment.

The government has retained the inflation target at four per cent with the lower and the upper tolerance band of two per cent and six per cent, respectively, for the next five years (April 2021-March 2026).

Moneyboxx Finance Finance Controller Viral Sheth said that given the rising risk of inflation, "we expect status quo as far as policy rates are concerned in the upcoming monetary policy".

He also stressed that it is imperative for the RBI to ensure ample credit flow to the rural economy. Setting up a special window for rural-focused and smaller NBFCs will help immensely, Sheth said.

He added that alternatively, the central bank should consider enhancing or relaxing the exposure limit of banks to non-banking financial companies (NBFCs), particularly smaller ones.

Indian Bank Managing Director and CEO Padmaja Chunduru said the MPC would be tracking inflation closely.

"Given that the economy is not yet opened up fully and the uncertainty around vaccination is still continuing, I think they will still retain the interest rate where it is," Chunduru said.

When about his expectations, NAREDCO National President Niranjan Hiranandani also said the central bank is likely to maintain an accommodative stance.

"The second wave of the COVID-19 pandemic has impacted the economy; there is a need to enhance liquidity in the system, especially for stressed industries," he said.

He added that due measures to ensure banks do not get any more non-performing assets (NPAs) need to be taken up, including moves related to the Insolvency and Bankruptcy Code (IBC).

Andromeda and Apnapaisa CEO V Swaminathan said inflation is a key concern ahead of the upcoming monetary policy review.

With petrol prices touching Rs 100 per litre, the common man has been affected by this, he said. "I expect the RBI to announce more steps to give our COVID-19-battered economy some room for much-needed growth."

Retail inflation, which is based on CPI, slipped to a three-month low of 4.29 per cent in April, mainly on account of easing of prices of kitchen items like vegetables and cereals. The RBI mainly factors in the CPI while arriving at its monetary policy.

As per the RBI annual report, supply-demand imbalances may continue to exert pressure on food items like pulses and edible oils, prices of cereals may soften with bumper foodgrains production in 2020-21.

If the RBI maintains status quo in the key rate, it would be the sixth time in a row that the central bank kept the policy rate unchanged. The RBI had last revised its policy rate on May 22 in an off-policy cycle to perk up demand by cutting the interest rate to a historic low.

Source: financialexpress.com– May 30, 2021

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Govt expands credit lifeline for MSMEs amid second wave of Covid-19

The government has expanded the Rs 3-trillion Emergency Credit Line Guarantee Scheme (ECLGS) to help businesses hit by the second wave of the Covid-19 pandemic. Dubbed ECLGS 4.0, the scheme has added the civil aviation sector and loan to health institutions for on-site oxygen generation plants.

The Centre has also removed the loan outstanding ceiling of Rs 500 crore of loan outstanding. However, the maximum additional loans they can take under the scheme is limited to 40 per cent of the outstanding loan, or Rs 200 crore, whichever is lower.

Loans given under ECLGS 1.0 will be eligible for additional assistance upto 10 per cent, raising the total guaranteed loan up to 30 per cent of outstanding as on February 29, 2020.

The 100 per cent guarantee cover offered to hospitals, nursing homes, clinics, and medical colleges for setting up oxygen plants will be available for loans up to Rs 2 crore, with the interest rate capped at 7.5 per cent.

Lenders said they have room to lend another Rs 45,000 crore under the scheme. Of the guarantee cover of Rs 3 trillion, about Rs 2.54 trillion has been sanctioned, and disbursements stand at Rs 2.4 trillion, said Sunil Mehta, chief executive, Indian Banks' Association (IBA).

In a statement, the finance ministry said: "The modifications would enhance the utility and impact of ECLGS by providing additional support to MSMEs (micro, small and medium enterprises), safeguarding livelihoods, and helping in seamless resumption of business activity. These changes will further facilitate flow of institutional credit at reasonable terms."

The validity of the scheme has been extended to September 30 or till guarantees of Rs 3 trillion are issued. Disbursements can be made until December 31. The repayment period for restructured loans has been enhanced by one year to five years for loans under ECLGS 1.0.

IBA Chairman Rajkiran Rai said: "Many borrowers who used ECLGS 1.0 have also been impacted in the second wave. They need additional funds and more time for repayments. This revision will actually reduce chances of defaults."

Relief measures under the ECLGS will help borrowers' liquidity position in light of the incremental stress on debt servicing brought on by the second wave, said Anil Gupta, vice president – financial sector ratings, ICRA. "The government will also not be burdened with additional cost. This will also improve the utilisation of ECLGS funding pool," said Gupta.

Prakash Agarwal, head – financial institutions at India Rating and Research, said the impact of the current wave has been wider and deeper and is likely to be more on small businesses. So, ECLGS 4.0 is a positive step.

However, Agarwal cautioned that many businesses might still become unviable despite the support. Hence, the stress on lenders' portfolio will reflect with a lag, he added.

SpiceJet Chairman and Managing Director Ajay Singh said: "The inclusion of the civil aviation sector... is a welcome and timely move by the government that should help the sector that has been the most severely impacted by the Covid-19 pandemic."

Repayment period

On the extended repayment period, the government said the scheme would help borrowers eligible for restructuring under the Reserve Bank of India's guidelines and had availed of loans under ECLGS 1.0.

The overall tenure consisted of repayment of interest during the first 12 months, with the remaining repayment of principal and interest being spread over the subsequent 36 months. These borrowers will get a five-year repayment period, involving interest repayment for the first 24 months, and principal and interest in the subsequent 36 months.

ECLGS 2.0 had a loan tenure of five years with a 12-month moratorium on repayment of principal, and ECLGS 3.0 six years, including a moratorium period of 2 years.

Source: business-standard.com– May 31, 2021

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Banks begin restructuring of loans up to Rs 25 crore to support Covid-hit small businesses

To provide support to small businesses hit by the second coronavirus wave, banks have initiated the process of restructuring of loans up to Rs 25 crore in line with the COVID-19 relief measures announced by the Reserve Bank earlier this month.

Many lending institutions have got board approval for the resolution framework and eligible borrowers are being contacted. For example, Bank of India has sent messages to its eligible customers to submit their willingness to debt recast online.

"In these trying times, we offer you a helping hand by extending relief as per RBI Resolution Framework 2.0 dated May 5, 2021. If you are under financial stress caused by the COVID second wave, you may opt for restructuring of your account," the message said.

Another public sector lender Punjab & Sind Bank said its debt recast plan as specified by the RBI has been approved by the board. "We will be reaching out to our customers including through BCs...we will get a fair idea about how many customers want to avail the restructuring in the next few days or so," Punjab & Sind Bank managing director S Krishnan said.

SBI Chairman Dinesh Kumar Khara said for the resolution framework 2.0 announced by the RBI on May 5, all public sector banks have come out with a formulated templated approach for restructuring of loans to individuals, small businesses, MSMEs up to Rs 25 crore.

"The idea behind this is that those who are involved in the implementation of the resolution framework, they should not have any hardship in terms of any implementation," Khara added.

When asked about the size of the restructuring pool banks are expecting this time, IBA Chairman and Union Bank of India's Managing Director and Chief Executive Officer Rajkiran Rai G said it was too early to put a number for potential recasts, as banks are only sending messages to eligible borrowers. "Last time also we saw that the number of customers opting for this (restructuring) was not that high. So, we need to get some feedback and it is difficult to crystallise a number at this point in time," he said.

The SBI chairman, Khara, said during the previous restructuring scheme, SBI had about 8.5 lakh SME customers who were eligible for restructuring but only 60,000 borrowers availed it. The resurgence of the fresh COVID-19 wave has put many MSME, individuals and small businesses under stress. Taking cognisance of the prevailing situation, the

RBI announced Resolution Framework 2.0 under which individuals and small businesses having exposure up to Rs 25 crore can opt for loan restructuring if they had not availed the earlier scheme.

In the case of those who had availed the loan restructuring under the earlier scheme, the RBI permitted the banks and lending institutions to modify the plans and increase the period of the moratorium to help alleviate the potential stress.

"In respect of small businesses and MSMEs restructured earlier, lending institutions are also being permitted as a one-time measure, to review the working capital sanctioned limits, based on a reassessment of the working capital cycle, margins, etc," RBI Governor Shaktikanta Das had said while announcing steps to deal with the impact of the second wave of the COVID-19.

This is a one-time loan restructuring scheme under which the loan would remain standard despite recast and banks would not have to make additional provision in such cases.

This is the second restructuring scheme announced by the central bank in less than one year, with the first unveiled in August last year when the first COVID-19 wave had battered the Indian economy with a contraction of 8 per cent during the financial year ended March 2021.

Borrowers who were classified as "standard" as of March 31, 2021, will be eligible to be considered under Resolution Framework 2.0.

Restructuring under the proposed framework may be invoked up to September 30, 2021, and would have to be implemented within 90 days after invocation.

Source: financialexpress.com– May 30, 2021

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Can exports come to the rescue of Indian economy?

Skier Export and Import Pvt. Ltd is a small textile unit that makes towels, blankets, and bedsheets in a factory in Ghaziabad on eastern edge of New Delhi, and exports them to foreign markets, including the US and Europe.

Vikas Singh Chauhan, who handles international business at the firm, which records annual sales in the range of ₹20 crore, is suddenly confronted with a problem of plenty. Skier has been flooded with more orders from overseas buyers than it can possibly meet, said Chauhan. “Last time we saw this type of orders, it was five years ago," he added.

At a time when India’s domestic demand is muted due to persisting covid-induced caution and regional lockdowns, exports are emerging as a surprising silver lining. India’s exports grew more than 60% year-on-year to a record $34.5 billion in March and earned a robust $32 billion in April, the first month of FY22.

While the figures for May are expected to slip a bit due to movement restrictions, the March and April shipments have given rise to optimism about the short- and medium-term prospects. The reason: global demand, particularly in the West, is recovering much faster. In FY20, India’s overall exports (by value) plunged by 7.3% to $291 billion. But, this year, exporters and government policymakers have seen enough signs of a rebound that a steep target has been set—at least $400 billion.

Biswajit Dhar, professor at the Jawaharlal Nehru University, said in the short run, the surge in external demand is a window of opportunity for the Indian economy. “Domestic demand is not going to pick up soon. So, foreign demand will be critical for the economy."

Minister of commerce and industry Piyush Goyal recently picked pharmaceuticals, engineering goods, auto components, fisheries and agricultural goods as the key focus areas.

V-shaped mirage

Most economic forecasters have begun to pare India’s FY22 growth projections, holding that the earlier presumption of a swift V-shaped economic recovery is unlikely to be realized since a second covid-19 wave has abruptly cut short a nascent economic recovery.

Moody's Investors Service, for instance, has slashed its FY22 growth forecast for India to 9.3% from the earlier estimate of 13.7%. S&P Global Ratings expects India's gross domestic product (GDP) to expand by 9.8% in a "moderate" scenario and 8.2% under a "severe" scenario.

The rapid spread of the virus into the hinterland, which has rudimentary healthcare infrastructure, has added to the uncertainty about the economy's growth trajectory in the months ahead.

In sharp contrast, the key export markets for India—such as the US and the European Union (EU)—are experiencing a strong economic rebound, boosted by a $1.9 trillion fiscal stimulus programme by the Joe Biden-led US administration and a sharp drop in covid-19 infections.

An accelerating vaccination drive and the easing of lockdowns has led to a rebound in household confidence levels in the US and Europe to well above the pre-pandemic levels. Morgan Stanley has projected the US and the EU to grow by 7.5% (the fastest since 1984) and 3.5%, respectively, in 2021.

According to the World Trade Organization (WTO), prospects of a rapid recovery in global trade has improved as merchandise trade expanded quicker than expected in the second half of 2020.

According to the new WTO estimates, the volume of global merchandise trade is expected to increase by 8% in 2021 after having fallen 5.3% in 2020. The pandemic-induced collapse had clearly bottomed out by the second quarter of last year.

Crisil Ltd wrote in a recent research note that Indian exports were above their pre-pandemic levels and the momentum remains strong. "Faster recovery in advanced economies will spur global demand in the second half of 2021, thereby supporting India's exports (too)," it added.

To be sure, India has a paltry share of the world's merchandise exports, at 1.7%—as against China's 13.2%. India's share of global services exports is 3.5%, compared to China's 4.6%. But despite this limitation, India's exports—both merchandise and services—as a share of the domestic GDP are around 20%, and their performance is a key factor in overall economic expansion, particularly at a time when other growth cylinders aren't firing. Although the economy is primarily driven by domestic demand, exports can offset a slump in the home market to some extent.

Demand environment

The product composition of India’s export basket has remained largely unchanged in the past five years, with petroleum and mineral products, precious stones and metals, and chemicals and textiles making up the largest chunk. The share of machinery and electrical equipment has increased during the last five years, reflecting, in part, a shift towards medium technology exports that involve greater local value addition.

Over the past few months, the US has emerged as the main destination for Indian exports after Britain exited the EU, which is now the No.2 market. Around a third of the country’s exports are destined for other nations in Asia, where the principal markets remain China, Hong Kong and Singapore. The share of India’s exports destined for the Middle East (West Asia) and Africa has been declining.

India has a net surplus in its services trade, in which the main components are computer, information and telecommunications services. Travel services and transportation are other key services exports.

A spokesperson for the National Association of Software and Service Companies (Nasscom) said although the industry body has stopped making growth projections for the information technology (IT) sector, the demand environment looks very healthy for FY22. Of course, the healthcare situation in key Western markets will be a key determinant, the spokesperson said. In FY21, the IT sector grew by 2.3% to touch $194 billion of revenue in a demonstration of its resilience amid the first wave of the pandemic.

Trade shy

However, apart from the highly successful IT sector, Indian industry has been largely reluctant to look at opportunities beyond the shores, often content with serving the large domestic market. This is in sharp contrast to the growth model of China and other East Asian economies. India’s liberal foreign direct investment (FDI) policy has also not succeeded in orienting overseas inflows towards boosting exports.

After a false start through Make In India in September 2014, the Narendra Modi government realized in its second term that without fiscal incentives, it is difficult to boost manufacturing and exports.

It first offered a massive corporate tax rate cut in September 2019 and followed it up with sector-specific production linked incentives worth ₹2 trillion for 13 sectors under the Atmanirbhar Abhiyan last year. It has also hiked tariffs on one-third of its tradable goods in the last five years in order to protect domestic industry and to reduce import dependence.

India’s average tariff increased to 14.3% in FY21 from 13% in FY15, with policymakers frequently using trade policy measures to encourage domestic production and curb inflation. That may now conflict with India’s plans to start negotiations on free trade agreements with the EU and the UK, which may require tariff elimination on up to 90% of product lines.

Due to this mix-and-match approach, India’s external posture remains obscure and seemingly inconsistent, wrote Suman Bery, a global fellow at the Woodrow Wilson International Center for Scholars, in a recent report published by the Hinrich Foundation.

“But it does appear that India is reducing its bets on integration with its East Asian neighbours and (is) investing greater energy in links with Europe and the US. The deeper message is that in its post-covid recovery, India’s pursuit of strategic trade and industrial policy means it prefers the flexibility offered by bilateral trade agreements over more ambitious regional structures (in Asia)," he added.

Immediate challenges

Although states have not completely halted manufacturing activity during the second wave, many have put stringent conditions in place—like limiting the workforce to 50% (West Bengal) and making it mandatory to house workers within the factory premises (Karnataka). “Luckily, we have not gone for a national lockdown. Also, the Centre has not restricted the inter-state movement of goods and most export-related services are in the exempt category, said Federation of Indian Export Organizations (FIEO) chief executive Ajay Sahai.

“So, this time we are not facing many challenges with logistics as was the case in the first wave. But one cannot deny that when you are facing such a virulent second wave, there is bound to be some impact," he added.

Many workers, for instance, have returned to their villages, resulting in localized labour shortages. Oxygen has also been in short supply. It is a key input both in the steel and automobile industry.

The ban on the supply of industrial oxygen is threatening to bring the metal works industry to a standstill because pre-heated metal cannot be cut without oxygen, said former chairman of the Engineering Export Promotion Council of India Anupam Shah, who is concerned about how that will affect engineering exporters who are flush with orders from overseas. “If the oxygen ban is not lifted soon, there will be a long-term damage because our customers from developed countries are going back to China and Brazil, and getting a customer back once you lose them is very difficult," he said.

Small and medium enterprises (SMEs) that contribute roughly 40% to India’s exports are, meanwhile, battling liquidity challenges. After losing a case at the WTO, the commerce ministry has stopped the Merchandise Export Incentive Scheme (MEIS) that used to offer sops to exporters. The government replaced it with the WTO-compatible Remission of Duties and Taxes on Exported Products (RoDTEP) scheme starting 1 January, but is yet to finalize the incentive rates for exports, making it ineffective.

Exporters claim that ₹10,000 crore is still pending with the government under the MEIS for FY21 and around ₹4,000 crore on account of the RoDTEP for the first four months of the calendar year 2021. The Centre has also not yet notified the Service Exports from India Scheme (SEIS) since FY20, denying incentives to sectors like travel and tourism, healthcare, and education.

“We understand the Centre’s concern that at this point of time, providing health and creating health infrastructure should be the priority. We are not looking at new incentives or fiscal support. But we expect the money that is stuck with the government to be released on a priority basis. Then, the liquidity situation would ease significantly," Sahai said.

Meanwhile, at the Skier textile factory, Chauhan is cautiously optimistic that the order influx would last. “We have a duty disadvantage of around 8% as against our competitors in Pakistan, Vietnam, and Bangladesh," he said. But the high freight cost of the past few months is moderating and yarn prices are also easing. “Our Christmas orders will start arriving from May-end. If cases fall and if the government supports us, our exports can double."

Source: livemint.com– May 31, 2021

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Special Economic Zones in India: Disputed export subsidies under WTO

In the October 2019 report, the World Trade Organisation (WTO) ruled against India in a dispute filed by the USA regarding certain export subsidies that were being provided by India. The Special Economic Zone (SEZ) scheme was amongst the five Indian export promotion initiatives which the USA claimed were in violation of certain provisions of WTO's Subsidies and Countervailing Measures (SCM) agreement.

Under the existing system in India, units located within SEZs that are earners of Net Foreign Exchange (NFE is defined as the value of exports minus the value of imports for a unit operating in the SEZ) receive a number of benefits such as exemption from sales tax, service tax, and customs duties on imports.

They are also exempted from the payment of income taxes on their export profits for the first five years of operation. The conditionality of the tax exemptions and other subsidies on NFE earnings was the root cause of the dispute with the USA since the SCM agreement prohibits subsidies which are contingent upon export performance.

The WTO asked India to withdraw the prohibited subsidies under the SEZ scheme within 180 days from the adoption of the report. India has appealed against the decision and is not required to implement the order until the WTO's appellate body gives its final verdict. However, it is clear from the actions of the USA that unless India changes its current SEZ export subsidy strategy, it may be challenged again in the future.

The Ministry of Commerce has already set up a committee tasked with formulating WTO compliant alternatives to the existing disputed export subsidies under its SEZ scheme. One of the possible solutions under consideration is the wider adoption and integration of the new bonded manufacturing spaces scheme with SEZs.

Under this system (first implemented by the Customs department in 2019), manufacturers are exempted from paying import duties on inputs and capital goods used to produce export goods. The scheme is WTO compliant since it does not link tax exemptions on imported raw materials and capital goods with export performance, unlike the previous system where only NFE earners were eligible for these benefits.

India should also consider introducing 'smart' WTO compliant subsidies, a route taken by a number of other countries such as Vietnam and China. Incentives can be linked to investments in research and development and employment generation in SEZs rather than with foreign exchange earnings. Such subsidies are considered 'smart' because although they may be subject to action under WTO rules, they are unlikely to be disputed since it is quite difficult to prove that such subsidies are unfair under the SCM agreement or have harmed the competitiveness of another country. Providing subsidies through the Department of Commerce instead of specific trade-oriented bodies such as the Directorate General of Foreign Trade (DGFT) may also help to reduce the apparent trade link of such schemes, making them harder to challenge.

Another option is to provide subsidies to services since the WTO has not laid down any restrictions in that respect yet. Such subsidies could be directed towards the skilling of workers, reduction of marketing advertisement costs, and compensating for transport costs. Vietnam, for example, has taken this route and facilitated better export marketing through trade fairs and exhibitions under its National Trade Promotion programme. Similarly, through its Foreign Trade Development Fund and Special Fund for Brand Development, China also supports branding and promotions for its exports.

In terms of skilling of workers, productivity gains from training have the potential to bring about greater efficiency and lower costs for producers of export goods in Indian SEZs, making them more competitive on the international stage. The government's 'Skill India' programme is a promising candidate in this regard. Integrating it with SEZs and focusing on training programmes in consultation with the industry may help generate a steady supply of skilled workers based on the needs of the workplace. A similar scheme, the Integrated Skill Development Scheme (ISDS), already exists for the textile sector in India and cues could be taken from it. At present, India does not provide tax benefits to SEZs for employment promotion. In this respect, India may once again look to Vietnam and take similar measures to promote rural employment by lowering taxes for SEZs set up in rural areas.

India's appeal against the WTO's decision has joined a queue of 10 other appeals that have been filed and pending since July 2018. All of these prior pending appeals must be resolved before India's appeal is considered by the appellate body of the WTO. India is, thus, under no compulsion to implement the WTO panel's decision until then. However, it does not seem that this will take place anytime soon as the WTO's appellate body has been defunct since December 2019 after the USA stalled the appointments of new members to it. This could be part of an attempt by the USA to weaken the WTO's regulatory power and exert greater direct influence in matters of trade. Either way, India must act on these issues irrespective of the status of its appeal, since the USA has made its stance clear previously and may exert pressure through other avenues if India does not conform.

Although the Biden administration may have a softer stance overall on trade issues in the future compared to the Trump administration, but there is no certainty yet about where it stands on the specific export subsidy dispute mentioned here. Under these circumstances, as discussed, it is best for India to shift to newer strategies for export promotion from SEZs that are devised keeping in mind any future challenges it may face in terms of WTO compliance.

Source: orfonline.org– May 29, 2021

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Container shortage, high rates plague exporters

At a time when the domestic market continues to reel under the second wave of Covid-19, exports have come to the rescue of the industry by bringing in much needed business from overseas. The exporters' reprieve, however, seems to be spoiled by the container shortage and spiralling rates of containers.

The ongoing second wave of the pandemic has further aggravated the container shortage that began to form last year. Containers are essential for export and cargo movement. Inadequate availability of containers and uncontrollable container charges are eating into the profits of exporters, said market players.

"Depending upon the destination of the shipment, the container rates have jumped three to seven times over the last one year," said Parth Ganatra, chairman, MSME committee, Assocham Gujarat.

Stating that the shortage of containers — be it for exports or imports—has been hounding exporters ever since the outbreak of the pandemic, Ashwin Nayak, founding chairman, Federation of Indian Spice Stakeholders (FISS), added, "The intensity of the shortage and rates has increased. The rate for a container (40 feet long) to make shipments to the US used to cost $2,500 in February-March last year. The same now costs $ 6,500 to 7,000."

For Morocco, the container freight has jumped to $850 from $140. The hike is the same for destinations such as Egypt, Oman and other countries. "If a container needs to be imported from China, the container alone, excluding the goods contained in it, currently costs around $1,000. The rates used to hover around $250-300 previously," said Bhupendra Patel, chairman, Gujarat region, Basic Chemicals, Cosmetics & Dyes Export Promotion Council (Chemexcil). Usually, containers used for imports are deployed for exports to avoid additional transportation cost.

Exporters dealing in all sectors such as salt, ceramics, brass, engineering, spices and others are feeling the pinch of higher container rates.

According to industry players, container shortage, availability of vessels and high container freights have resulted into delays in shipments and reduction in export orders as well. The cost has also increased due to higher freight and container rates.

The waiting period for containers currently ranges between 10 and 15 days, which used to be about a day or so in early 2020. In case an exporter requires a container immediately, he or she ends up paying 100% premium. There are a number of factors causing the shortage, but the prominent among them is uneven exports and import ratio in India. "The mismatch in incoming and outgoing containers in importing and exporting countries, mainly China, has fuelled the shortage. As countries gasp for containers, the rates have shot up," added K G Kundariya, former president, Morbi Ceramic Association. "The turnaround time of a container is increased due to Covid-induced labour shortage and logistics issues. A container that used to rotate in three days is now taking five days," said a senior DGFT official.

Boost to domestic production

In the wake of container shortage globally, the Union ministry of ports, shipping and waterways is encouraging manufacturing of containers in Bhavnagar and Kutch. "A Dubai-based company, Transworld, signed an MoU with Sagarmala Development Company Limited (SDCL) in March to invest Rs 200 crore to manufacture containers in Gujarat. Besides, there are other players in Bhavnagar and Kutch, who are thinking of manufacturing containers locally," said Rahul Modi, member, National Shipping Board (NSB). SDCL is established by the Union ministry of shipping and ports.

The Dubai-based company, Transworld, is scouting for suitable land in Kandla, Bhavnagar and Hazira to set up its container manufacturing unit. Another company, Malara Shipping Private Limited is also thinking of manufacturing containers in Kutch.

India’s growing REQUIREMENTS

- China manufactures about 90% of shipping containers made globally
- India currently sources all of its container needs from China
- India expected to see a demand for 60,000 Twenty-foot equivalent units (TEU) of containers for coastal shipping between 2021 and 2026
- India’s total external trade grew to $838 billion in fiscal 2019-20, growing at 5.5% CAGR since 2009-10
- Increasing trade is translating into higher demand for containers

Source: timesofindia.com– May 30, 2021

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Adani Ports and SEZ looks to acquire Karaikal Port

The equity structure and the ARC debt make the deal finalisation tricky, say consultants

Adani Ports and Special Economic Zone Ltd (APSEZ) is looking to buy Karaikal port in Puducherry at a valuation of ₹1,500-2,000 crore but multiple sources said that the deal is "not easy" to consummate given the ownership structure and the debt.

Marg Ltd, the promoter of the port, holds 45 per cent stake in Karaikal Port Private Ltd (KPPL).

Four private equity funds - Ascent Capital Advisors India Pvt Ltd, Jacob Ballas Capital India Pvt Ltd, Affirma Capital India and GIP India - together hold 44 per cent stake in the Karaikal Port Pvt Ltd and the balance 11 per cent equity is held by Edelweiss Asset Reconstruction Co Ltd.
The port operating company has a debt of about ₹2,000 crore of which 97 per cent is with Edelweiss ARC after it took over the loans from a consortium of state-run banks.

"The discussion is now on how they are going to share the enterprise value of the deal between the equity and debt holders," said a person familiar with the talks. "The structure appears to be insurmountable; its not easy for APSEZ to acquire Karaikal port," said a port consultant.

Options

APSEZ, he said, has two options to work out a deal. First, it can directly deal with Edelweiss ARC for the debt portion and pay off the equity holders.

"But, the cost of acquisition will be very high under this option," the consultant said. Given the "weak financials", Karaikal's valuation will be about ₹1,500 crore, which is less than the debt of about ₹2,000 crore.

In case the debt holders agree to settle for ₹1,500 crore, APSEZ will have to spend at least another ₹500 crore to pay off the equity holders. This would translate into an EBITDA multiple that is much higher than the ones finalised by APSEZ for acquiring far better assets such as Krishnapatnam and Gangavaram ports.

As such, dealing with ARC and equity holders will be a difficult process, the consultant said. The second option is for the debt holders to take the port company to a bankruptcy court which will allow the buyer to write off the equity and pay only the financial creditors.

“But, this is a time-consuming process,” the consultant said.

“We only have debt on behalf of banks. Equity with us is part of restructuring of debt,” R K Bansal, Managing Director, Edelweiss ARC said with a suggestion to pose the query on exit to equity investors.

B Venkataramanan, CFO and Interim CEO, Karaikal Port, did not respond to calls made to his mobile seeking comment.
APSEZ did not respond to a request for comment.

Source: thehindubusinessline.com– May 30, 2021

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Small fashion brands, textile manufacturers struggle amidst the second wave of COVID-19. But there's still hope

For years, Rakesh Saini visited local Noida markets to source raw material and accessories for his denim wear and athleisure brand Kross Stitch.

Now, roadside markets and small shops selling threads, yarn and needles have all gone quiet.

The second wave of COVID-19 and the subsequent restrictions in Noida and key markets across the country mean entrepreneurs like Rakesh are also weighed down by supply chain disruptions and labour shortage amidst fast-depleting inventories.

While textile manufacturing units in industrial areas are allowed to run, supporting shops and ancillary markets have remained shut amidst statewide lockdowns, in turn hindering the production at these plants.

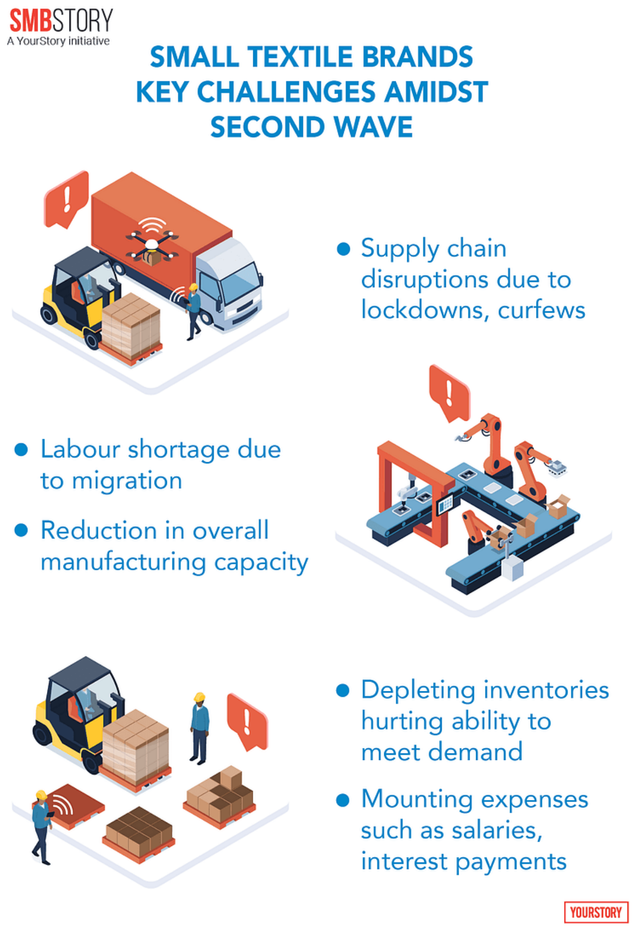
"If we had stocked up on needles and thread earlier, our day-to-day operations would not have been affected badly," says Rakesh, whose manufacturing unit's productivity has rapidly declined over the last two months.

Rakesh sources material from vendors in Delhi markets, who acquire it from textile hubs in Gujarat and Punjab. These too have come to a standstill. "Supply chains are in poor condition. Even as festivals approach, we are unlikely to meet increasing demand as our production is hampered by supply chain disruptions and shortage of labour," he says.

Compounding his worries, upto 70 percent of his factory workers have not returned to Noida after leaving for their hometowns for Holi in March amidst rumours then of an impending lockdown.

"During the first wave, people assumed the pandemic was nothing major and would disappear. This time, everyone is more scared," Rakesh says, adding that online sales at Kross Stitch have declined by 60 percent.

The entrepreneur also runs Trois, which manufactures fabric exclusively for Berrylush, a Noida-based D2C women's apparel brand. Despite being digitally-enabled, Berrylush faces challenges sourcing raw material from suppliers across textile hubs.



"In Surat, factories are supposed to run for 24 hours a day. Now, they are not allowed to run the whole day, and this has impacted our raw material. For instance, if we were supposed to receive two lakh metres of fabric in a shipment, we are receiving only 40,000 metres now," says Alok Paul, cofounder, Berrylush.

By optimising the use of the raw material available, the small D2C apparel brand is attempting to build its inventory so it can meet demand when production is hampered.

"Last year, we recovered well and exceeded our financial projections. We were expecting to clock between Rs 7 crore and Rs 8 crore in revenue in 2020, but we managed to record Rs 14.68 crore instead. This was largely because we focussed on building inventory. This time too, we are doing the same," Alok says.

He remains optimistic about the business' future as sales have not dropped significantly. Counterintuitively, the brand's vacation wear and social wear for women continue to sell.

"Our customers don't buy our products just for their utility. Rather, our vacation and social wear act as feel-good factors in these difficult times. Our products are non-essential, yet people buy from us and feel joy wearing such apparel at home, taking pictures on their terraces, posting them on social media, etc," he explains.

Impact on textile hubs

Berrylush is likely on the road to survival, but supply chains continue to be impacted by local lockdown restrictions across major textile hubs including Ludhiana, Tirupur, Bhilwara, and Surat.

Curfews have resulted in restricted movement of goods, leading to non-availability of fabric, yarns, etc. in these towns. Restrictions in Coimbatore and the complete shutdown of textile units in Tirupur have resulted in several challenges for textile manufacturers.

Venus Sadh, an entrepreneur who runs a fabric dyeing and printing business in Surat, also echoes the voices of other textile manufacturers in the country who say that the second wave has impacted their businesses more severely than the first.

With no options for moratoriums on interest payments that were provided during the first wave, businesses like Venus's Sapphire Fab are in many instances reeling with a near 100 percent decline in sales.

"We are traders who source raw material, make fabric, and sell to business-to-business (B2B) customers. However, shipments have been cancelled and exports have come to a standstill. Despite zero sales, we have to pay salaries to our employees. A large number of local printing mills facing similar scenarios have shut down," Venus says.

Still, encouraged by the recent partial opening of the Surat markets, Venus, like entrepreneurs Rakesh and Alok, is hopeful that his business will survive the worst of this crisis.

"We can't think about growth at all. As of now, our only focus is ensuring survival," he adds.

Large fashion retailers, however, face a different problem. They are dealing with the challenge of clearing excess inventory. The likes of Tommy Hilfiger, Calvin Klein, Arrow, and Jack and Jones are reportedly planning to push their spring-summer collections till October.

Domestic rating agency ICRA labelled this second wave of COVID-19 infections as a 'strong headwind' to fashion retailers. It expects recovery back to pre-COVID levels to take until FY23.

Pivot and persist

To tide over this crisis, many smaller textile and fashion brands, who are fighting to get their sales back to pre-COVID levels, are also choosing to pivot to manufacturing new product lines such as face masks and leisure wear - embracing a strategy that many adopted last year.

For some, this move has paid off. For others, not so much. In the case of Mumbai-based organic kidswear brand Greendigo, the pivot to making cotton masks worked because of its target customer base.

"Masks were only available at medical stores and no one catered to kids' sizes. We quickly pivoted and started making organic cotton masks for kids. These masks flew off our shelves and were well-received in the market as they were comfortable, breathable and washable," say Greendigo co-founders Barkha Bhatnagar Das and Meghna Kishore.

In addition, the ecommerce-enabled brand did not experience an alarming dip in its sales of kids apparel since young children outgrow their clothes every few months, explains Meghna.

"We also experienced a large number of orders being sent out as gifts for occasions such as the arrival of a newborn, a baby's milestone birthday etc," Barkha says.

Jaipur-based Nandani Creation's foray into mask manufacturing did not go so well. The firm, which runs ethnic wear ecommerce site jaipurkurti.com, attempted to import an expensive, N95 mask-manufacturing machine from China last year and make synthetic masks.

"The machine got stuck at customs for three months and we missed the boom. Eventually, we managed to work on some government tenders, but overall it was not a great move," says Anuj Mundra, MD, Chairman at Nandani Creation and Jaipurkurti. The pivot to synthetic mask manufacturing may not have worked for the brand, but its venture into loungewear paid off. In 2020, Anuj introduced loungewear to the brand's product portfolio as customers were spending more time at home.

"Sales of cotton wear such as t-shirts and pajamas went up last year and helped us survive," Anuj says. But now, much like Kross Stitch and Sapphire Fab, his business is feeling the impact of supply chain disruptions amidst the second wave. "Last year, we were able to stock raw materials and inventory. This time, people involved in the supply chain are not willing to work as they are more scared. Our production is hampered. We are also unable to build inventory as we exhaust our stock in meeting demand," he says.

Anuj adds his business' online channels have taken a 20 percent hit compared to a 100 percent decline in his offline sales at four physical stores. In Hyderabad, entrepreneur Vandana Kalagara echoes Anuj's sentiments. Her clothing brand Keebee Organics is able to sell in-stock items online but is unable to source raw materials easily. "The impact is similar to the first wave. Our manufacturing is halted now due to lockdowns and restrictions. Despite introducing some casual wear to boost sales, we are almost out of stock of our products," she says.

The Road Ahead

Even as textile manufacturers and brands such as Kross Stitch, Berrylush, Sapphire Fab, Greendigo, and Keebee Organics battle it out to survive challenges amidst the second wave of the COVID-19 pandemic, the longer-term growth prospects for the industry are expected to be favourable.

Macro trends such as rising income levels, increasing penetration of organised retail, continued availability of natural resources such as cotton, jute, wood, etc and favourable government policies for 100 percent FDI (automatic route) in textiles and setting up of mega textile parks are likely to continue driving demand for textiles, according to an IBEF report updated in late May, 2021.

The report also suggests that demand in the textiles sector is expected to grow at 12 percent CAGR to reach $220 billion by 2025-26. And so, as lockdown restrictions gradually start to ease across the country, digitally-enabled textile brands and their textile vendors appear poised to capitalise once domestic demand for fashion returns to pre-COVID levels and export demand is restored.

Source: yourstory.com– May 31, 2021

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Labour Ministry announces major social security relief to dependents of workers passing away due to COVID-19

The Ministry of Labour and Employment has announced additional benefits for workers through ESIC and EPFO schemes to address the fear and anxiety of workers about well-being of their family members due to increase in incidences of death due to COVID -19 pandemic. Enhanced social security is sought to be provided to the workers without any additional cost to the employer.

Currently for the Insured Persons (IPs) under ESIC, after death or disablement of the IP due to employment injury a pension equivalent to 90% of average daily wage drawn by the worker is available to the spouse and widowed mother for life long and for children till they attain the age of 25 years. For the female child, the benefit is available till her marriage.

To support the families of Insured Persons (IP) under the ESIC scheme, it has been decided that, all dependent family members of IPs who have been registered in the online portal of the ESIC prior to their diagnosis of COVID disease and subsequent death due to the disease, will be entitled to receive the same benefits and in the same scale as received by the dependents of insured persons who die as a result of employment injury, subject to the following eligibility conditions:

a. The IP must have been registered on the ESIC online portal at least three months prior to the diagnosis of COVID disease resulting in death.

b. The IP must have been employed for wages and contributions for at least 78 days should have been paid or payable in respect of deceased IP during a period of one year immediately preceding the diagnosis of COVID disease resulting in death

The IPs, who fulfill the eligibility conditions, and have died due to COVID disease, their dependants will be entitled to receive monthly payment @90% of average daily wages of the insured person during their life. The scheme will be effective for a period of two years from 24.03.2020.

Under the EPFO's Employees' Deposit Linked Insurance Scheme all surviving dependent family members of the members of this scheme are eligible to avail benefits of EDLI in case of death in harness of the member. At present under this scheme, the benefits extended in case of death of a worker are no requirement of minimum service for payment of Gratuity, family pension is paid as per provisions under EPF & MP Act, sickness benefit of 70% of wages for 91 days in a year is paid in the event of worker falling sick and not attending office.

A notification issued by the Ministry has made following amendments to this:

- Amount of maximum benefit has been increased from 6 lakhs to 7 lakhs to the family members of deceased employee.
- Minimum assurance benefit of ₹2.5 lakh to eligible family members of deceased employees who was a member for a continuous period of 12 months in one or more establishments preceding his death in place of existing provision of continuous employment in the same establishment for 12 months. It will benefit contractual/casual labourers were losing out on benefits due to condition of continuous one year in one establishment.
- Restoration of provision of minimum 2.5 lakh compensation retrospectively, i.e., from 15th February 2020.
- In coming 3 years, the actuary has estimated that eligible family members will get an additional benefit of Rs. 2185 crore from EDLI fund in the years 2021-22 to 2023-24.
- Number of claims on account of death under the scheme has been estimated to be about 50,000 families per year including increase in claims taking into account estimated death of about 10,000 workers, which may occur due to Covid.

These welfare measures will provide the much needed support to the families of workers who have died due to the COVID-19 disease and will protect them from financial hardships in these challenging times of pandemic.

Source: pib.gov.in– May 30, 2021

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Indian e-retailer Flipkart expands benefits under seller financing

Indian e-commerce marketplace Flipkart has expanded benefits under its seller financing programme, Flipkart Growth Capital, to support business continuity and growth for its seller partners.

It is forging new partnerships to offer fresh credit options to sellers in the range of ₹5 lakh to ₹5 crore, and has also introduced early settlement options.

Flipkart has forged various new partnerships under the Working Capital loans programme to increase the breadth of options and opportunities available to lakhs of these marketplace sellers, through multiple lenders, based on their specific business needs, the company said in a press release.

The Growth Capital programme enables sellers to get secured and unsecured loans at interest as low as 9 per cent. With the help of tech synergies across the ecosystem, sanctions happen instantly and disbursals within 24 hours of the application.

It is designed specifically to enable financial inclusion and independence for MSMEs who operate online. Sellers partners have leveraged the programme's benefits, resulting in an average loan size increase of 18 per cent YoY.

The programme also aims to bridge the gap between financial institutions and the underserved. With technology as an enabler, a new product called 'Early Settlement' has been introduced as part of the programme. It will help sellers manage their cash flows and procurement requirements with no financial burden. Seller partners opting in for the product will also benefit from processing fee waivers during this period, the release said.

"E-commerce has played a transformational role for sellers and MSMEs in recent years, especially since the pandemic, by providing new avenues for their growth and expansion. The scope and the benefits of the Growth Capital programme will help them speed up cash flows and manage procurements better. The application process is now faster, and they can choose from a wide set of lenders as per their requirements," said Ranjith Boyanapalli, senior vice president - marketplace, fintech & payments group, Flipkart.

Flipkart plays a critical role in ensuring that all its sellers, irrespective of their vintage or size of business, have access to affordable credit. The application process has also further been made simpler for them.

Flipkart automatically and immediately redirects the interested sellers from its portal to the lender's portal, enabling faster processing of applications and improving sanction and disbursal timelines.

Source: fibre2fashion.com– May 29, 2021

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