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INTERNATIONAL NEWS

Global RMG market to grow at 8.8 per cent CAGR by 2027

A new report published by Allied Market Research estimates the global readymade garments market will grow at a CAGR of 8.8 per cent to reach $1,268.3 billion by 2027.

Titled 'Readymade Garment Market by Product Type, Application, Fabric Type, Age Group, Sales Channel, and Region: Global Opportunity Analysis and Industry Forecast', the report estimates the outer clothing segment will grow at a CAGR of 8.8 per cent during the forecast period. China and the US are expected to lead this growth.

Formal wear is estimated to grow at a CAGR of 9.1 per cent. However, the others segment is expected to witness higher growth rate during the forecast.

The woven segment is estimated to register a CAGR of 9.1 per cent during the forecast period. However, the non-woven segment is expected to witness a high growth rate of 8.6 per cent during the forecast period.

The adult segment is estimated to grow at a CAGR of 9.1 per cent while the kids segment is expected to grow at 9.4 per cent during the forecast period. Among sales channel, the supermarket/hypermarket segment is estimated to exhibit a CAGR of 9 per cent during the forecast period.

However, e-commerce segment is expected to witness higher growth rate. Region wise, Asia-Pacific is estimated to grow at a CAGR of 10.1 per cent while the LAMEA region is expected to witness high growth rate during the forecast period.

Source: fashionatingworld.com– May 31, 2021

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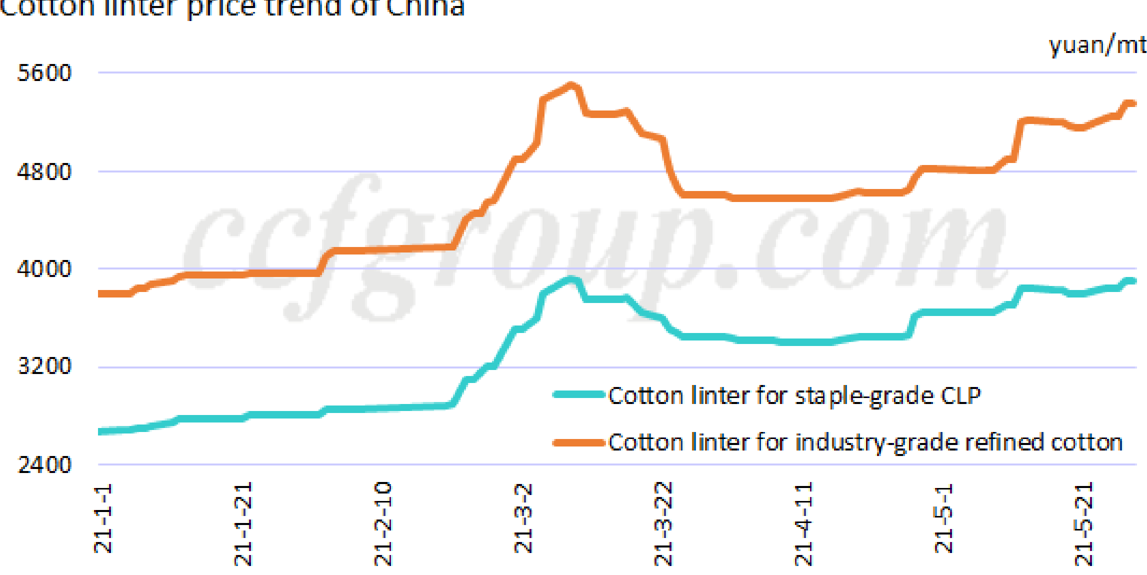
Can cotton linter market keep firm before new cotton season starts?

Cottonseed price was moving upward in May. The supply was tightening in the later period of 2020/21 crop year, so producers became reluctant sellers at low prices.

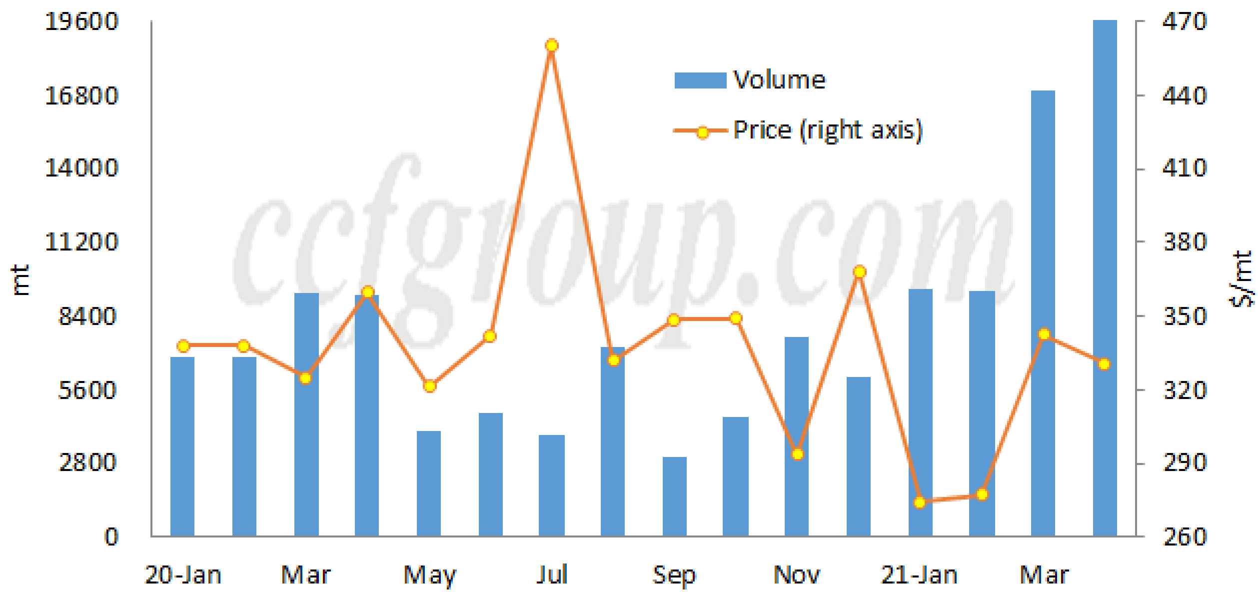
Many sources were still held by traders and cottonseed oil plants mainly purchased Xinjiang-origin cottonseed, making the price be firm and easier to rise than to drop.

Coupled with continued increase of soybean oil, palm oil and soybean meal futures, cottonseed oil plants became more active in cottonseed procurement.



Just as mentioned above, cottonseed supply was tightening and less cotton linter was produced, while there was increment of demand from cotton linter pulp mills, so more cotton linter were imported in the recent months, especially notable growth in Mar and Apr.

China imported 25.995kt of cotton linter in Apr, up 53% m-o-m and up 182% y-o-y. India was still the major origin as the volume accounted for more than 40% of total imports.



It is still the later period of 2020/21 crop year when cottonseed sources are limited and cotton linter supply is also tight in Chinese market, so the import volume is expected to be large before the new cotton season starts in Aug. The price of cotton linter is predicted to keep firm during Jun-Jul and may not decline much.

Source: ccfgroup.com– May 31, 2021

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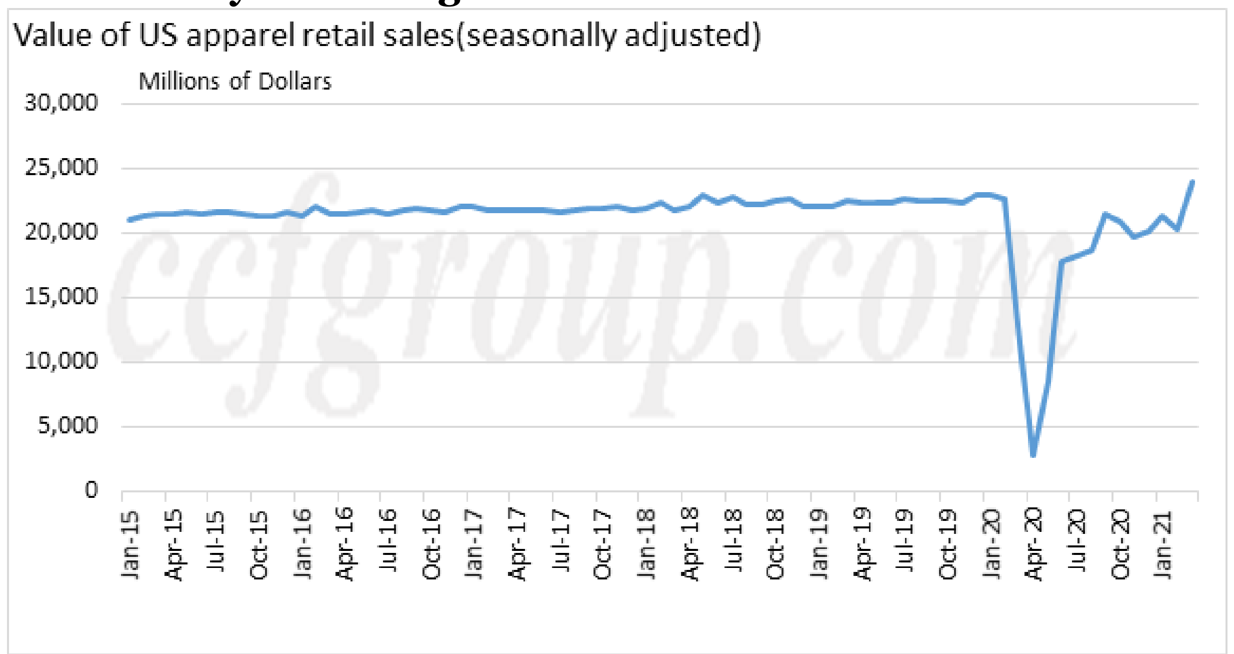
US textile and apparel imports further rose in Mar

With the increase of vaccination rate and rapid recovery of consumption in the United States, US apparel retail sales rose by 108% in March compared with the same period of last year. (More details were further analyzed at US apparel retail sales in Mar showed the steepest increase since pandemic.)

The retail sales was low affected by the pandemic Last year, but it still maintained a growth state in Mar 2021 compared with the same period in 2019, indicating that the apparel in the United States recovered slightly and quickly. **From the data of US textile and apparel imports in March, the recovery was also good.**



US textile and apparel imports reached 6.746 billion square meters in Mar, up by 61.1% year-on-year, 16.2% month-on-month and 40.8% compared with the same period in 2019 respectively. The imports in Q1 moved up by 28.1% year-on-year and 14.1% compared with the same period in 2019.

The volume from China was 2,770 million square meters, up by 194.9% year-on-year, 6.2% month-on-month and 80.9% compared with the same period in 2019 respectively. In Q1, imports from China moved up by 58% year-on-year and 16.6% compared with the same period in 2019. From proportion of US textile and apparel imported from China, the share reached 41.1% in Mar, down 3.9% month-on-month but up 18.6% year-on-year. The share was at 43.6% in Q1.

US textile and apparel imports from the world--by volume

unit: billion meters

Mar 2021 vs. Mar 2020
61.6%

8.00 7.00 6.00 5.00 4.00 3.00 2.00 1.00 0.00

Jan-16 Apr-16 Jul-16 Oct-16 Jan-17 Apr-17 Jul-17 Oct-17 Jan-18 Apr-18 Jul-18 Oct-18 Jan-19 Apr-19 Jul-19 Oct-19 Jan-20 Apr-20 Jul-20 Oct-20 Jan-21

US textile and apparel imports from China-by volume

unit: billion meters

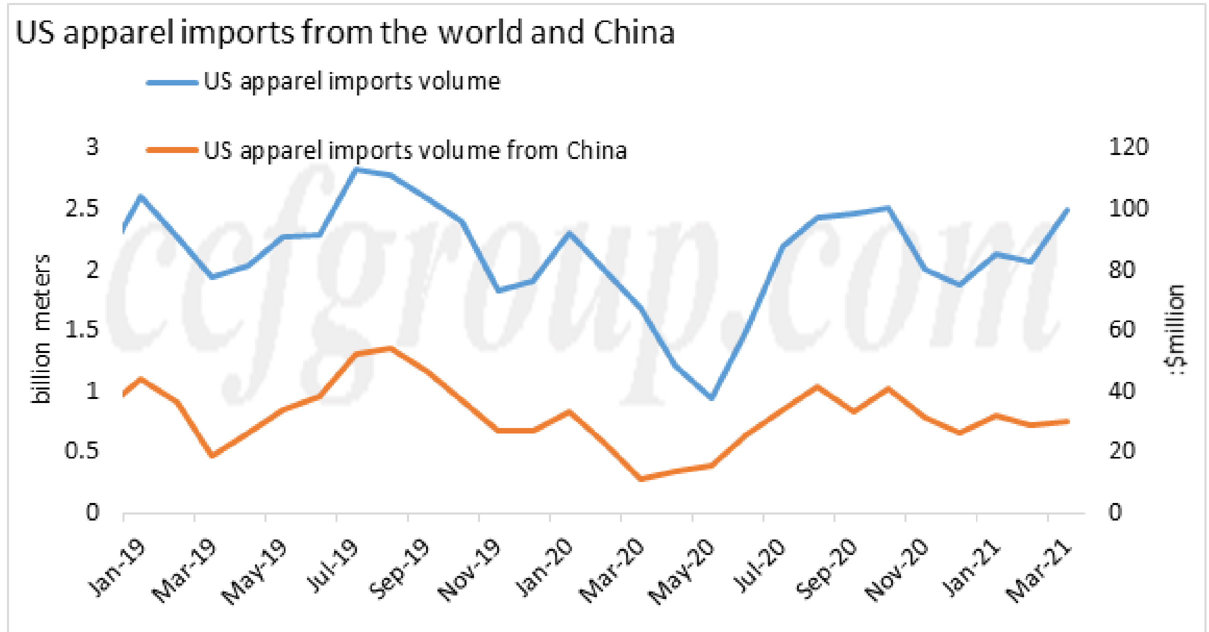
Mar 2021 vs. Mar 2020
194.8%

4.50 4.00 3.50 3.00 2.50 2.00 1.50 1.00 0.50 0.00

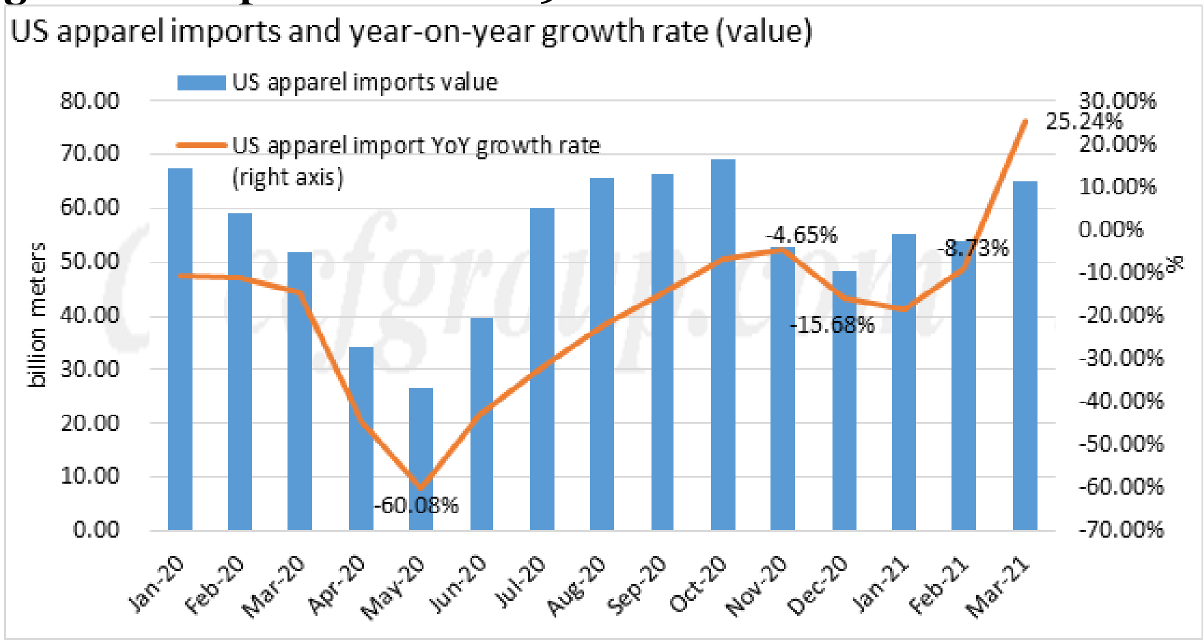
Jan-16 Apr-16 Jul-16 Oct-16 Jan-17 Apr-17 Jul-17 Oct-17 Jan-18 Apr-18 Jul-18 Oct-18 Jan-19 Apr-19 Jul-19 Oct-19 Jan-20 Apr-20 Jul-20 Oct-20 Jan-21

US apparel imports reached 2.498 billion square meters in Mar, up by 48% year-on-year, 20.7% month-on-month and 20.9% compared with the same period in 2019 respectively. The imports in Q1 moved up by 11.6% year-on-year but down 1.6% compared with the same period in 2019.

The volume from China was 753 million square meters, up by 174.4% year-on-year, 4.8% month-on-month and 58.1% compared with the same period in 2019 respectively. In Q1, imports from China moved up by 34.8% year-on-year but down 8.9% compared with the same period in 2019.



Since August last year, US textile and apparel imports volume has gradually turned positive year-on-year, and further rose this year. In the first quarter of this year, excluding the impact of the pandemic, **there was still a large growth compared with 2019.**



Thanks to consumers' resumed demand and a more optimistic outlook for the US economy, US apparel imports went back to the robust recovery trajectory in February 2021. Specifically, the value of US apparel imports in February 2021 went up by 4.5% from January 2021 (seasonally adjusted) after a straight three-month drop.

Even though the absolute value of US apparel imports in February 2021 was still 8.7% lower than last year, it was the best performance since December 2020. However, the value of US apparel imports in March 2021 climbed up by 25.2% from February 2021.

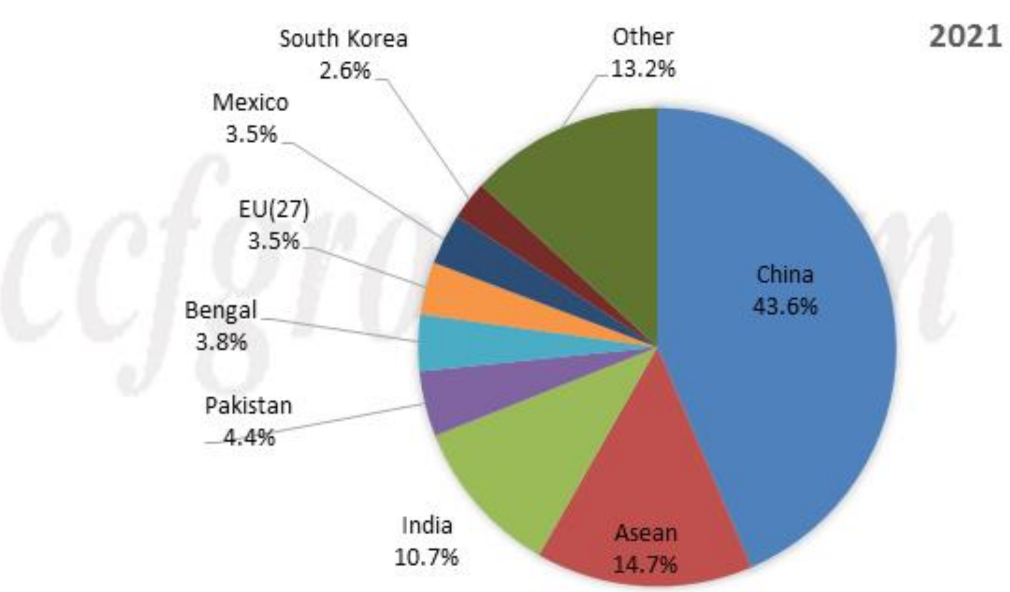
Indicators	2018	2019	2020	2021*	2018-2021* trends
HHI index	0.147	0.132	0.114	0.104	More **diversified** sourcing
CR3 index	54.3%	53.0%	51.4%	49.2%	More **diversified** sourcing
CR5 index	64.3%	63.1%	56.9%	55.4%	More **diversified** sourcing
CR5 index (exclude China)	35.3%	37.1%	**42.4%**	**44.2%**	More **concentrated** sourcing

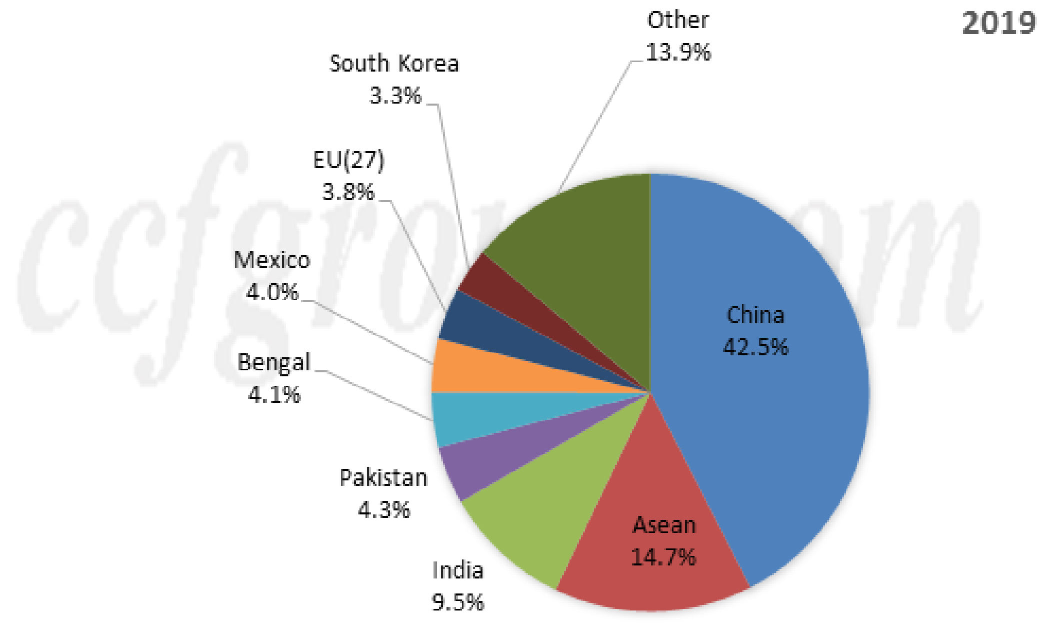
Note: **CR3 index** means the total market shares of the top 3 suppliers; **CR5 index** means the total market shares of the top 5 suppliers; **CR5 index (exclude China)** includes Vietnam, Bangladesh, Indonesia, India, and Cambodia. * 2021: Jan-Feb

Data source: calculated based on OTEXA (2021)

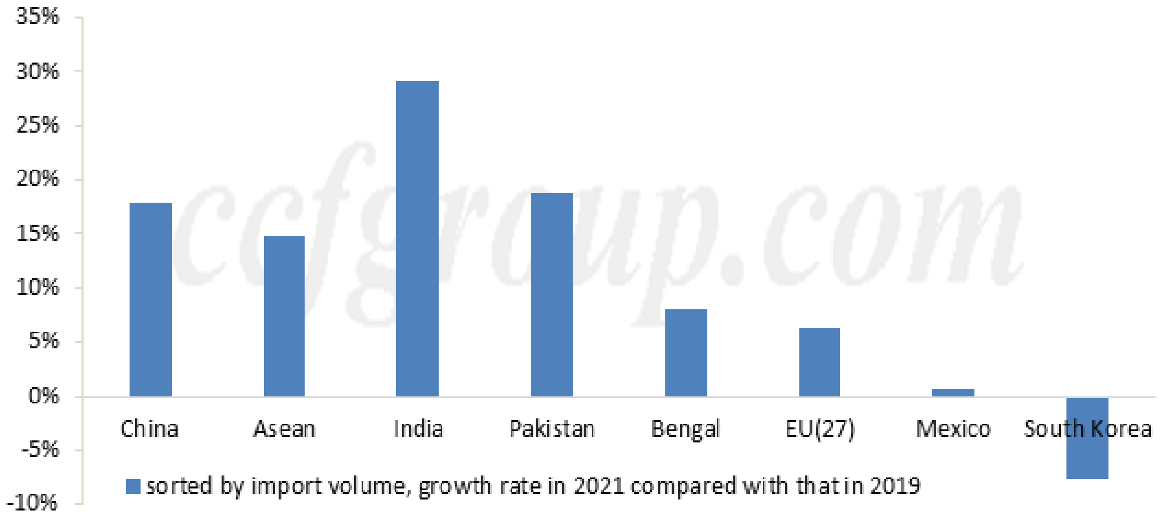
Data indicates that China remains the top apparel supplier for the US market both in quantity (36%) and value (22.5%) in 2021 (Jan-Feb). Meanwhile, US fashion brands and retailers continue to reduce their "China exposure" amid the pandemic. For example, both the HHI index and market concentration ratios (CR3 and CR5) suggest that apparel sourcing orders are gradually moving from China to other Asian countries.

In the first quarter of 2021, the growth rate of US textile and apparel imports from China was faster than the total import demand. So what are the main origins of US textile and apparel in the first quarter?





Changes in major US textile and apparel import markets in Q1 2021



In the first quarter, China was the largest market for US textile and apparel import, accounting for 43.6%, followed by 14.7% of ASEAN, and India, Pakistan and Bangladesh, accounting for 10.7%, 4.4% and 3.8% respectively. In April, severe pandemic in India could pull business away from US. Currently, the vaccination rate in the United States has reached 79.14%, which is expected to reach 90% by the end of May, and the recovery of consumer demand will further accelerate.

Source: ccfgroup.com– May 29, 2021

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Brexit shrank UK services exports by £110bn, academics find

Brexit shrank UK services exports by more than £110bn over a four-year period, new research shows, highlighting the far-reaching trade implications of Britain's decision to break away from the EU.

Experts at Aston University in Birmingham found that UK services exports from 2016 to 2019 were cumulatively £113bn lower than they would have been had the UK not voted to quit the EU in June 2016.

The researchers calculated the figure by projecting how industries from IT and finance to business services would have grown if they had continued on their previous paths, and compared that with how they had actually progressed since the vote for Brexit. The gap was £113bn.

"What we find raises serious concerns about the damage to the UK's services trade position and the likely spillovers to the economy and jobs related to the services sectors," said Jun Du, professor of economics at Aston Business School.

The findings point to the underlying challenges UK services exporters will face in maintaining trade with the EU after the conclusion of the UK's post-Brexit deal with Brussels.

The agreement contains minimal provisions on financial and professional services — industries that are crucial to Britain's economy. In 2019 the UK ran an £18bn surplus in services trade with the EU, against a deficit of £97bn in goods.

Data for 2020 were not included in the Aston study because the pandemic has distorted economies so greatly. Du told the Financial Times that the trend of services companies moving away from the UK could accelerate as the pandemic's influence fades.

"The Covid period created difficulties in moving business and individuals [which] slowed down this relocation process . . . it will now pick up, and get worse as businesses see that there is not much going on in UK-EU negotiations. I think this is only the beginning," she said.

Financial services exports were the hardest hit, in monetary terms, as banks, insurers and asset managers moved thousands of people and billions in capital from hubs in the City and Canary Wharf to new centres in Frankfurt, Paris, Amsterdam and Dublin so they could trade seamlessly with clients after Brexit. The other most-affected UK sectors included business services, travel, transport and IT, Aston's research found.

"Behind the scenes the effect [from leaving the EU] is clearly showing up in the data," said John Springford, deputy director of the Centre for European Reform think-tank, citing his own research and figures from the Office for National Statistics, the London School of Economics and the Tony Blair Institute for Global Change. He said the data showed the UK's trade with the EU had fallen by a fifth because of Brexit.

"Brexit has already made Britain poorer compared to a branch of history in which Britain remained in the EU — or indeed in the single market," he added.

Ireland's cumulative services exports from 2016 to 2019 were £126bn higher than projections based on the trends up to 2016. Aston's professors argue that this is because Ireland has won UK business after Brexit. Irish economists disagree.

"Ireland's services exports boom has clearly mainly been due to ICT exports (Facebook, Google etc)," said Conall Mac Coille, chief economist at Ireland's largest stockbroker Davy, referring to the information, communications and technology sector. "These companies were already operating in Ireland prior to the referendum and have seen explosive growth since then."

Source: ft.com– May 31, 2021

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BRC warns of multiple store closures due to lack of government support

British Retail Consortium (BRC) has warned that the British retail sector may have to face multiple store closures if the government fails to extend a moratorium on aggressive debt enforcement.

BRC said two thirds of British retailers have been told by landlords they will be subject to legal measures to recover unpaid rent from July 1 when the moratorium ends.

Many UK retailers deemed "non-essential" had to close their stores during multiple COVID-19 lockdowns over the last 15 months, accruing total rent debt of 2.9 billion pounds ($4.1 billion), the BRC said

Around 80 per cent of tenants said some landlords have given them less than a year to pay back rent arrears.

Without government intervention, the end of the moratorium could see thousands of shops close, said Helen Dickenson, CEO, BRC. She urged the government to allow the rent arrears built up during the pandemic to be ringfenced and the moratorium on repayment of these debts to be extended to the end of the year.

Source: fashionatingworld.com– May 31, 2021

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Australia's fashion and textiles industry worth $27.2 bn according to new study

A new report, High Fashion to High Vis -The economic contribution of Australia's fashion and textiles sector found that the fashion industry:

- Contributes more than $27.2 bn to the Australian economy
- Employs 489,000 Australians (315,000 full time) – more than mining and utilities
- Generates $7.2 bn in export revenue, totalling 1.7 per cent of all Australian exports, more than double the value of wine and beer exports
- Creates opportunities for women, with 77 per cent of the workforce female, compared to the national average of 47 per cent.

The report was commissioned to EY by the Australian Fashion Council and supported by Afterpay, and is the most comprehensive study of the entire fashion and textiles ecosystem in Australia.

It shifts the focus from consumer trends towards the industry's economic and workforce contribution, its current challenges, and what will shape its future development.

Overall, the industry's economic impact both direct ($16.3 bn) and indirect ($10.9 bn) represents upwards of 1.5 per cent of the national economy. EY uncovered that more than 489,000 Australians (315,000 full time) are employed in the supply chain that is the fashion and textile sector.

This is more than the mining and utilities sectors respectively. With more than 77 per cent women, the industry provides significant economic security for women.

The report underscored how significantly the Fashion and Textiles sector drives regional prosperity and tourism growth, given the industry's physical retail presence in every local shopping centre and main street across the country.

The research highlights the complex footprint of the fashion and textiles industry – from design, textile, manufacturing, retail, and education – and its interaction with the broader economy, including wool and cotton

production, tourism, media and creative professional services and the recycling and reuse sectors.

The highly visible, value-adding designer label sector accounts for approximately 2 per cent of total fashion industry employment.

The industry supports a diverse array of roles, including pattern makers, colourists, photographers, seamstresses, stylists, and uniforms and workwear production.

While the industry was able to weather the worst effects of COVID-19 with a strong shift towards online sales, the research shows leading industry challenges being rising business costs and supply chain volatility.

EY observes that the industry needs to continue to evolve as it responds to changes to physical retailing, consumer behaviour and supply chains that have been accelerated as a result of COVID-19.

For future growth, areas of continued focus for the industry will be responsible, circular business models where sustainable sourcing and recycling are paramount.

The report recognises the scope for the industry to leverage new digital technologies for growth and innovation and to create more engaging consumer-focused experiences.

It also highlights the need for further investment from government and business in reskilling talent to ensure workers have future-ready skills to meet the demands of new technology and more complex models of design, production and retail.

Australian Fashion Council Chief Executive Officer, Leila Naja Hibri said, “this ground-breaking report highlights the true economic clout of our dynamic and diverse industry.”

“Until now, the comprehensive value of the industry’s economic contribution – and its predominantly female workforce – has not been fully recognised. Now we can better understand the impact of this sector’s significant role in Australia’s creative economy, and the substantial potential of its future.”

Afterpay Co-Founder and Co-CEO, Anthony Eisen said, “such a comprehensive assessment of the Australian fashion industry and its far-reaching economic impact is long overdue.”

“It is a privilege to be associated with this report, and with the Australian Fashion Council, as we work together to focus on the long-term, sustainable future of the industry on behalf of consumers and retailers.”

IMG Vice President-Managing Director, Fashion Events and Properties Asia-Pacific Natalie Xenita said: “Afterpay Australian Fashion Week is the centerpiece of our industry, and celebrates the spirit and ingenuity of our designer community.”

“This week will see the industry at its best, while delivering the economic benefit of the most important marketing event of the year for the Australian fashion industry.”

NSW Minister for Jobs, Investment, Tourism and Western Sydney Stuart Ayres said, “Sydney is the proud home of Afterpay Australian Fashion Week, which is a platform to showcase design and creativity, celebrate industry, foster discussion and partnerships between Australia’s creative leaders while attracting visitors to the Harbour City for a world-class event.”

“It’s wonderful that these important sectors are recognised for their economic and social contribution, and there’s nowhere better to acknowledge that than at the country’s pre-eminent international fashion event, Afterpay Australian Fashion Week in Sydney.”

Source: bandt.com.au– May 31, 2021

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Chinese firm begins construction of new industrial park in Ethiopia

China Civil Engineering Construction Corporation (CCECC) has started the construction of a new industrial park in Eastern Ethiopia. The fist phase of the industrial park will be built on 370 hectares of land near Dire Dawa. It will feature various clusters and is expected to attract investors into textile, clothing and leather processing sectors.

The industrial park will be built close to the Ethiopia-Djibouti standard gauge railway for easy access to international markets. Djibouti, Ethiopia's neighbour, handles 90 per cent of the country's export-import trade.

The Dire Dawa industrial park is expected to boost the export sector of the East African country. It will also help the local community with technology transfer, create job opportunities and develop the city administration, said Ethiopian media reports quoting Dire Dawa's mayor Ahmed Mohamed Bouh.

The park is projected to occupy about 1,000 hectares of land in the future.

Li Minggang, deputy general manager of CCECC Ethiopia Construction plc said that the park will promote local employment, improve the living environment of the region and optimise logistics support facilities.

Currently, the country has 13 operational industrial parks and several more are under construction, which will be commissioned in this fiscal by the government. Ethiopia earned $610 million in revenue by exporting apparel and other products from industrial parks in the first 9 months of the current fiscal that started on July 9, 2020.

The existing industrial parks employ over 89,000 people in Ethiopia, according to the Ethiopian Industrial Park Development Corporation (IPDC).

Source: fibre2fashion.com– May 31, 2021

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S. Korea, Mercosur bloc hold 6th round of FTA talks

South Korea on Tuesday held the sixth round of free trade talks with a group of South American countries, after around a year of hiatus amid the COVID-19 pandemic.

The two parties kicked off the four-day meeting virtually to set details on the pending trade agreement, according to the Ministry of Trade, Industry, and Energy. The previous meeting was held in Uruguay in February 2020.

South Korea launched its first talks with the four member states of the South American trade block Mercosur -- Brazil, Argentina, Paraguay and Uruguay -- in 2018.

The four countries take up around 70 percent of the population in South America, along with 68 percent of the region's economy.

"The FTA with Mercosur will help the two parties to expand trade and investment, and bolster economic ties," the ministry said in a statement.

South Korea has been making efforts to expand its FTA portfolio in line with efforts to cope with protectionism.

Currently, South Korea has FTAs with 17 countries and regional blocs, including the United States, the European Union and the Association of Southeast Asian Nations (ASEAN).

A handful of free trade pacts currently awaits parliamentary approval, including those with Indonesia and Cambodia.

Asia's No. 4 economy also awaits the launch of the Regional Comprehensive Economic Partnership (RCEP), which covers ASEAN and its dialogue partners -- South Korea, China, Japan, Australia and New Zealand.

Source: koreaherald.com– June 01, 2021

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A look at the potential of Kenya's textile industry

When you hear textiles, what comes to mind? I am guessing fabric, fashion, style? Well, like I recently learnt, there is way more to it.

The textile industry in Kenya is a multi-million dollar industry. With majority of Kenyan youth being in informal employment, a large chunk of them are involved in the sale of second-hand clothes aka mitumba. Among other main exports like tea, coffee, fruits and vegetables, flowers and macadamia, cotton growing in Kenya is currently only at 8% of the demand in the country.

In this article, I will dissect the 3 segments of the textile industry, the process of raw material from farm to factory, and the opportunities that are yet to be tapped.

The textile industry entails 3 main segments

1. Textile mills
2. Textile product mills
3. Apparel manufacturing

These three segments include establishments that process fiber into fabric, and fabric into clothing and other textile products. The establishments in the textile industry produce a variety of goods. Some of these goods are sold to the consumer, others are sold as inputs to the manufacture of other products.

Textile mills provide the raw material to make apparel/clothing and textile products.

Textile product mills convert raw textiles into finished product, other than apparel. Such products include carpets, rugs, towels, curtains, and sheets.

Apparel manufacturing transforms fabrics produced by textile manufacturers into clothing and accessories. Now, dear reader, this segment involves the most labour. The employment potential covers the cotton farmer, the textile mills laborers and the workers in the factories working on production, packaging, transportation, etc.

In Kenya, cotton has been grown as a cash crop over the years, although supply does not meet demand. Cotton crop trials in Kwale county have shown that 1 acre of land can produce 800-1000kg of cotton balls. After harvesting in the cotton farms, the cotton is exported to Bangladesh or Australia for spinning, then comes back to Kenya as fabric.

The fabric is then taken to EPZ zones, designated factories that promote export oriented investments. These fabrics are then made into apparel, ready for export all over the world. The USA and Canada are the top export apparel markets for Kenya. Brands like Tom Hilfiger and Polo make their products here, then sell abroad.

So far it sounds like a profitable and robust process, right? Well, the flipside is that the goods produced here are exported to foreign countries, but later come back as second-hand clothes. Most Kenyans, some even in the middle class, cannot afford new clothes made in Kenya. It is for this reason that the mitumba business has grown, thanks to the massive ready market here.

Other than lack of awareness, poor supply capacities and inability to reach international market are some of the major hurdles crippling the textile industry in Kenya.

Since 2000, Kenya has been a significant beneficiary under AGOA (African Growth and Opportunity Act) and is one of the leading apparel exporters to the US in sub-Saharan Africa. Under AGOA, the textile industry has been termed as the biggest beneficiary, as it is now easier to exploit local markets duty free to the US, until the end of the 2025 stipulated period of the Act. The main purpose of AGOA is to assist sub-Saharan Africa economies and to improve economic relations between the United States and the region. With this in mind, Kenya is still at an advantage in exploiting these benefits as the US is a major export destination.

Filling up spaces in manufacturing and spinning the cotton locally will go a long way in covering the extra resources used in exporting and spinning outside the country. With the country's exports now at Ksh. 60 Billion annually only at 8%, this means that Kenya is sitting on a Ksh. 7.5 trillion industry.

What if the raw material could be manufactured here? This means more employment opportunities. A surplus of these products would translate to better local pricing. And this would ultimately fulfill the goal of Buy Kenya Build Kenya.

In conclusion, the textile industry is a sleeping giant. If we could exploit the available resources, have better seed for raw materials like cotton and localize manufacture, then we will be on our way to growing our economy to unthinkable levels.

Source: hapakenya.com– May 31, 2021

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South Korea's Hyosung appoints new European & US marketing managers

Hyosung has appointed industry veteran, Claire O'Neill, as its new European marketing manager, and Hyosung veteran, Julia Nam, in her new role within the company as US marketing manager, effective immediately, to support its continued business growth and global expansion strategy. Hyosung is a leading fibre manufacturer that produces world-class products.

O'Neill, who is based in the UK, has deep experience in the intimate, swim, and global textile markets. She joins Hyosung from The Lycra Company, where she was most recently EMEA brand communications manager, and previously, EMEA marketing segment manager lingerie, underwear and swimwear at Invista. At Hyosung, O'Neill will work with the company's European marketing team in the promotion of Hyosung's specialty fibres and fabrics to targeted brand and retail accounts. Additionally, O'Neill will manage joint development and promotional programmes with key industry partners, Hyosung said in a press release.

Nam, whose most recent position with Hyosung was marketing manager, intimates and swim, has held many managerial roles with the company based in Seoul over her 19-year career with the company. As US marketing manager based in New York, Nam will identify business opportunities and develop customised textile solutions to help US brands and retailers prosper.

"O'Neill and Nam bring enormous resources to our team. Their respective understanding of the global value chain, brand, retail and consumer needs, will help us further our global position as a major textile solution provider," Mike Simko, global marketing director, Hyosung textiles said in a statement.

With offices in more than 40 countries, Hyosung is able to locally support and interact with the international supply chain. Together with Hyosung's Fashion Design Centre (FDC) team who forecast trends and create fabric stories and samples in the context of global trends, the global brand marketing team supports brands and retailers with design ideas, textile, and product development, and then, helps brands and retailers pull products made with Hyosung specialty fibres through to the consumer, according to Hyosung.

To provide faster product delivery and reduce its carbon footprint, Hyosung has strategically expanded its manufacturing network to serve clients on each continent since its start in Korea in 1992.

In 1999, the company expanded into China, and now has bases in Vietnam for the rest of Asia, India for emerging Asian markets, Brazil for the Americas, and Turkey for Europe. The company recently invested in its Turkey and Brazil plant expansions and has its sights on further manufacturing development in the near future.

Source: fibre2fashion.com– May 31, 2021

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Vietnam: Costs but no income for many businesses amid Covid

The Covid-19 pandemic means many businesses have less or even no income, but there is no respite for them from expenses. Delta International, a Hanoi transport firm, said half of its vehicles have remained unused for a month since orders have dried up, especially to the pandemic epicenter in nearby Bac Giang Province. As of Monday morning the province had reported 2,161 cases.

But it still has to pay salaries, parking fees, office rent, and others. Its CEO, Nguyen Duc Nghia, estimated the company has lost VND200 million ($8,600) since the start of the fourth coronavirus wave in late April.

It has also spent around VND500 million to have its employees tested. He said some provinces like Bac Ninh require drivers to produce a certificate saying they tested negative within the previous three days to enter. The cost of a real-time polymerase chain reaction, or RT-PCR, test for coronavirus is VND700,000-800,000.

"The amount of money the company has spent on testing the employees is enough to buy vaccines for all of them." The best solution is vaccination since then employees would not have to be tested or be quarantined, he said.

Companies in labor-intensive sectors such as manufacturing also have to meet various expenses. Bac Giang Province had shut down four industrial parks on May 18 to contain the coronavirus, and, despite closing, companies there have to pay warehouse rents, buy personal protective equipment and pay for Covid-19 tests for workers, according to Do Thi Thuy Huong, vice chairwoman of the Vietnam Association of Supporting Industries.

Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association, said many customers have informed companies that they need to deliver goods in time even if it means shipping by air, which would increase transport costs. Some textile companies in pandemic-hit localities have suspended operations but still have to pay salaries to retain workers, he added.

Source: e.vnexpress.net– May 31, 2021

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Bangladesh: Garment export may recover by Oct: BGMEA

Garment export might make a full recovery to pre-pandemic levels by October this year as shipments are rebounding with the reopening of Western retail stores, said the BGMEA president yesterday.

Between July and April of the current fiscal year, receipts were up 6.24 per cent year-on-year to $26 billion, showing the resilience of the industry amidst the fallouts of Covid-19.

Of the sum, $13.99 billion came from knitwear, which registered 15.34 per cent year-on-year growth. Earnings from woven fell 2.71 per cent to $12 billion.

Knitwear shipment is increasing as people are spending more time indoors. Because of the pandemic, demand for woven garment, such as formal shirts and trousers, has fallen. Woven exports declined by more than 10 per cent in most months over the past one year.
April saw the lowest decline, meaning now the segment is rebounding thanks to gradual reopening of stores and offices.

"The trend of garment shipment is good with the rise in demand in the Western world," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), in a press briefing at its Gulshan office in Dhaka.

"I hope the full recovery of exports from the garment sector will be by October this year," he said.

"We are hopeful because majority of the people in the US have already completed the vaccination and the consumers started going to the retail outlets which indicates that the economy is rolling on," he said.

"...and thus the demand for consumer items, especially for garment items, is going up," said Hassan. European retailers and brands have started reopening stores while consumers are spending more, for which demand for Bangladeshi garment items has also been growing.

Moreover, work orders are being shifted to Bangladesh from other countries like China, thanks to competitive prices and the Covid-19 setbacks. Currently, the US is the single largest destination for Bangladesh's garment

export, with nearly $6.5 billion worth of garment items being shipped in a year.

Of all that is exported to the US, 90 per cent is garment items. In case of the European Union, Bangladesh exports more than $21 billion worth of garment items in a year, which amounts to 63 per cent of the country's apparel shipments in a year.

Hassan also urged the government to consider garment workers as frontline workers like doctors as they have continued working to keep the wheels of the industries running even when the pandemic was at its most severe stage.

So garment workers need to be vaccinated on a priority basis on the availability of the jabs in the country, Hassan told the journalists. So far, no worker has succumbed to the virus although some had been infected.

However, Hassan could not state the exact number of workers in the garment sector who had been infected over the last one and a half years.

He also demanded a 10 per cent incentive on export receipts from garment items made from manmade fibres, reasoning that the country was lagging behind in trade of garments made from this specialised fabric.

Demand for garment items produced from manmade fibres is very high compared to that out of cotton fibres.

Some 80 per cent of garments sold in international markets are made from manmade fibres like polyester, polymer and staples.

However, 80 per cent of Bangladesh's total garment export is made from cotton fibres.

This is one of the major reasons for lower prices being garnered from international retailers and brands.

A global slump in demand for garments has also been affecting the price level over the last couple of years, especially since the rise of the pandemic, Hassan said.

Source: thedailystar.net– June 01, 2021

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Pakistan: Cotton market: Firm trend amid selective buying

The local market remained stable on Monday. Market Sources told that trading volume remained thin.

Cotton Analyst Naseem Usman told Business Recorder that Special Assistant to Prime Minister on Food Security Jamshed Iqbal Cheema has assured the Federation of Pakistan Chambers of Commerce and Industry's Regional Committee on Cotton and Textile for fixing the support price of cotton at Rs 5000 per maund.

Meanwhile, Leading export associations have declared Federal Board of Revenue's (FBR) proposed unified export scheme as an anti-export measure to shift all export promotion schemes from Regulatory Collectorates to the Input Output Coefficient Organization (IOCO) by creating the complications in granting approvals, audit and submission of securities.

Some of the associations which have approached the FBR regarding the proposed scheme are: Pakistan Textile Exporters Association; Sialkot Chamber of Commerce and Industries; Pakistan Hosiery Manufacturing Association; All Pakistan Fruit and Vegetables Exporters Association and others.

Exporters told Business Recorder that the proposed scheme would have serious implications in granting the approval and security instruments.The audit has been proposed to be transferred to the Post Clearance Audit (PCA) without any consultation and recommendations of major stakeholders like exporters. The IOCO and PCA have only three offices across Pakistan, whereas the Islamabad office of the IOCO is still not operational.

The IOCO was created to assist on various technical and industrial issues relating to input/output wastage, determination of correct duty drawback in an institutionalized manner containing the sector specialists like engineers, cost accountants, and chemical examiners to do surveys in the fields on the basis of information provided by the applicant as well as by the Regulatory Collectorates.

Through the new scheme, the question arises why the IOCO has been given power of Regulatory Authorities and shifting its original domain of technical supporter of the custom wing.

An organization needs to give support as a helping and technical hand to regulatory authorities on huge amounts of remission, but it plans to get power from the regulatory authorities.

The IOCO should have to improve itself in international standards and on industrial grounds to provide technical support within an appropriate timeframe, exporters said.

Moreover, Pakistan Yarn Merchants Association (PYMA) has urged Prime Minister Imran Khan to remove additional customs duty (ACD) and regulatory duty (RD) on basic raw material synthetic yarns for making the textile industry competitive in international markets, and also requested to reduce turnover tax on yarn traders so that trade and industry can be restored to normal and exports can boost, which is already affected by Covid-19 pandemic.

In a meeting at the PYMA, Hanif Lakhany, vice president of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), senior vice chairman of Pakistan Yarn Merchants Association (PYMA), and Farhan Ashrafi, vice chairman of PYMA and convener FPCCI's central standing committee on yarn trading with members of managing committee, discussed the negative effects of Covid-19 pandemic on trade and industry.

Minister of State for Information and Broadcasting Farrukh Habib while addressing the members of Pakistan Textile Exporters Association said that the budget for the new financial year would be people friendly and in their favour.

Chairman PTEA Muhammad Ahmad, in his welcome address, commended Government's policies and Prime Minister Imran Khan's revolutionary steps to enhance exports. He said that confidence of the business community has been restored as a result of Government's prudent economic policies, which has accelerated the economic process in the country.

As a result of Government's growth-led initiatives especially market based flexible exchange rate, energy package for export sectors, timely refund payments and availability of LTFF and TERF at subsidized rates, textile export sector has come on track and our exports have witnessed positive growth, he said. Textile value chain has created 50000 new job opportunities; whereas 100 billion rupees investment is in pipeline which will further create 100000 more job opportunities.

Appreciating Governments exemplary initiative of liquidation of long outstanding refunds of exporters, PTEA's patron-in-chief Khurram Mukhtar said that this has released the financial stress for exporters.

Pakistan can become an economic giant by utilizing its trade andinvestment potential. By addressing the challenges faced by export sectors especially textile export industry, we can achieve much needed economic growth. He said that, we are the country having GSP+ status for preferential trade but have not used the opportunity very well.

Pakistan must actively exploit the openings of GSP+ status. Textile exporters stand ready to fulfill the Premier's vision of economic prosperity through enhanced exports as textile value chain has envisioned investing2 billion dollars to generate 200,000 new jobs and achieve sizable growth.

Naseem Usman told that in line with market expectations, the State Bankof Pakistan (SBP) maintained the status quo and left the benchmark interest rate unchanged at 7percent for the next two months.

All Pakistan Textile Mills Association has thanked Prime Minister Imran Khan for its industry friendly policies due to which GDP witnessed a growth of 3.94 percent and textile exports up by 17.4 percent and expected to reach 15.5 billion dollar in 2021 and will cross 20 billion dollar by 2022.

Cotton Cooperation of India has increased prices today by 200-500 Rs\Candy across all growths of all Zones for 2020-21 season and for 2019-20 season.

The Spot Rate remained unchanged at Rs 12300 per maund. The Polyester Fiber was available at Rs 200 per kg.

Source: brecorder.com– June 01, 2021

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Pakistan: PHMA submits budget proposals

Textile value added has proposed the revival of zero-rating regime for the five export-oriented sectors, changes in anti-dumping duties regime, and provide a fair level-playing field and a conducive environment to exporters in the coming budget (2021-22).

The Pakistan Hosiery Manufacturing Association (PHMA) has submitted its proposals to the government for budget 2021-22, which stated that the federal government rescinded SRO1125 and imposed 17 percent sales tax on erstwhile five zero-rated export sectors and exporters are required to apply for refund after export of consignment.

Number of exporters has been decreased as compared to last year due to imposition of 17 percent sales tax which blocks exporters' precious liquidity. It is observed that the exporters, who have filed their refund claims to date have received 35 percent of claims payment only, while 65 percent of the refund claims are stuck up with the government, which cumulate approximately 12 percent amount of exporter's running capital. Exporter can apply for refund only after export of consignment.

In this manner their liquidity is stuck.

Likewise, the exporters make purchases for production of export products at least six months in advance, which is consumed based on export orders causing financial hardships. It is imperative to revive SRO 1125 in its true spirit and reintroduce system of No Payment and No Refund of Sales Tax for the five export-oriented sectors.

Although the government has streamlined the FASTER system, nonetheless, the exporters are facing liquidity crunch amid condition of filing claims only after dispatch of shipment, which takes at least three months. Consequently, the liquidity is held-up causing financial pressure on exporters.

The government must consider to restore and revive Zero Rating under SRO 1125 in real spirit or consider reduction in rate of sales tax from current 17 percent to five percent to facilitate the exports ensuring availability of required/adequate liquidity and smooth cash flow, to boost the confidence of the exporters to enhance their exports and cement their business ties with the foreign counterparts to capture true business potential.

Currently, the taxpayers and filers, particularly, the industries are overburdened with multiplicity of taxes. Overburden of taxes on already registered taxpayers deprives a level-playing field and business viability against non-taxpayers.

It is proposed that all the entities engaged in business having commercial and industrial utility connections but are out of tax base should be brought to the tax net making them taxpayers and filers.

According to the NEPRA, the State of Industry Report 2020 and the FBR Tax Directory Data 2018, the number of commercial and industrial consumers are higher as compared to registered taxpayers with a huge difference who must be brought into the tax net as they are commercial and industrial entities but out of tax net.

It will ease down the burden of taxes over registered taxpayers and shall also broaden the tax base resulting to further documentation of economy.

Currently, the WHT is charged at various levels such as commercial knitting and dyeing and items such as import of raw material, registration of new vehicles etc, which is adjusted or refunded later. Exporters whose customs rebate claims, sales tax claims, and WHT claims are pending, face severe liquidity crunch which is causing them great hardship.

Exporters fall under final tax regime u/s 154(3B) and should be exempted from payment of the WHT. In case, exporters export volume is at par or increased from previous year then exemption certificate should not be required to obtain from the FBR.

In case, export volume is decreased then exporters may obtain an exemption certificate. This would also help our exporters in using the cash liquidity for enhancement of the exports of our nation.

This will greatly benefit them and also lower workload on the FBR, who are busy in a futile exercise. They will be getting more time to focus on broadening of tax base, which is a dire need of the time. The Withholding Tax should be reduced from one percent to 0.50 percent. This would also help our exporters in using the cash liquidity for enhancement of the exports of our nation.

The FBR should withdraw its SRO 747(I)/2019 dated 9th July, 2019, so that exporters operating under Export Oriented Units (EOUs) can procure input goods without taxes. Further, it is also proposed that industries, registered in EOUs and export 80 percent of their annual production, should be supplied utilities - gas and electricity, without sales tax at zero rate.

Stitching units' manufacturers-cum-exporters, who do not have composite units but get the work done outside through vendors, are not allowed facilitation under the DTRE scheme.

The facility of import of raw materials/yarn under the DTRE scheme only allowed to composite units. There is a clear discrimination within the country as composite units are allowed and manufacturers-cum-exporters, who do not have composite units, are not allowed.

Further, the FBR Department is disallowing the exporters to get their manufacturing-related work from subcontractors/outsource.

Application of import under the DTRE scheme should be processed within 24 hours, (the current processing time is 15 to 30 days). Also goods imported under the DTRE scheme should be allowed for export within 24 months, instead of the current 12 months' period.

The facility will encourage and boost the confidence of the exporters to enhance their exports and cement their business ties with the foreign counterparts to capture true business potential. On demand of value-added textile sector, the government abolished five percent regulatory duty on import of yarn till 30th June.

Recently, the government also removed customs duty of five percent on import of cotton yarn but only for the period till 30th June 2021.

It is proposed that for manufacturer-cum-exporters, duties on import of raw materials and intermediate goods for re-exports must be zero percent.

The cost of manufacturing of export-oriented industries is still higher as compared to the regional competitors and the exporters are struggling hard to manage their exports in this strict cut-throat competing environment.

Source: brecorder.com– June 01, 2021

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NATIONAL NEWS

India-EU talks to boost textile exports: TEXPROCIL

'Resuming long pending negotiations will benefit bilateral trade between India and the EU'

The renewal of trade talks with the European Union would lead to a substantial boost in exports in the coming days, anticipate textile companies.

Manoj Patodia, Chairman of the Cotton Textiles Export Promotion Council said resuming the long pending negotiations will benefit the bilateral trade between India and the European Union as it is the single largest region importing textile and clothing products in the world, accounting for $131 billion last year.

Of the overall imports by Europe, India accounted for just 4 per cent while Bangladesh, which enjoys zero duty tariff, accounted for about 11 per cent.

Duty-free tariff

If duty-free tariff advantage is extended to India under the proposed broad-based Trade and Investment Agreement, it will go a long way in increasing the export of textile and clothing from India to the European Union trading block, he added.

India is unable to increase its market share over the years mainly over duty disadvantage compared to competing countries such as Pakistan, Sri Lanka and Vietnam, said Patodia.

The average tariff applied on imports from India into the EU was about 9.6 per cent for textile and clothing products, he added. Most of the importers in Europe are compelled to buy from other competing countries due to the big duty gap, he added.

Source: thehindubusinessline.com– May 31, 2021

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India GDP Highlights: Data shows demand revival in 2nd half of FY21, says CEA Subramanian; GDP grows 1.6% in Q4

India's economy continued to accelerate in the January-March quarter, growing 1.6%. For the full financial year 2020-21, India's economy contracted 7.3%.

The Q4 GDP figures were ahead of the 1% median projections made by economists polled by Reuters.

India has now reported two consecutive quarters of GDP expansion, after having witnessed two consecutive quarters of contraction earlier in the financial year when India entered a technical recession.

The continued GDP growth indicates that India's economy was treading on the road to recovery before the second wave of the covid-19 hit.

"GDP at Constant (2011-12) Prices in Q4 of 2020-21 is estimated at Rs 38.96 lakh crore, as against Rs 38.33 lakh crore in Q4 of 2019-20, showing a growth of 1.6%," the official release said.

Source: financialexpress.com– May 31, 2021

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Production-linked incentive: What is Modi govt's pet PLI scheme, who is eligible, which sectors have it?

Finance Minister Nirmala Sitharaman had announced an outlay of Rs 1.97 lakh crore for the Production-Linked Incentive (PLI) scheme for 13 identified sectors in her 2021-22 budget speech.

The scheme, which aimed to boost domestic manufacturing under the government's Atmanirbhar Bharat initiative, was introduced in March last year and is expected to result in a minimum production worth more than $500 billion in five years, according to Commerce Ministry. Till early April, the PLI scheme for nine sectors was approved by the Cabinet.

What is the Production-Linked Incentive scheme and why it is needed?

As the name suggests, the scheme provides incentives to companies for enhancing their domestic manufacturing apart from focusing on reducing import bills and improving the cost competitiveness of local goods. PLI scheme offers incentives on incremental sales for products manufactured in India.

The first three PLI schemes were approved in March last year followed by 10 new schemes which were notified in November of which six were approved later.

The scheme for respective sectors has to be implemented by the concerned ministries and departments. According to a Cabinet statement in November last year, savings, if any, from one PLI scheme of an approved sector can be utilised to fund the scheme for another approved sector.

"PLI will help MSMEs but in the second wave of the pandemic, we need to do more for MSMEs. They require help as they will be the engine of revival. There is also a secular realization that the economy is quite shallow and we need to deepen it.

Once we do it, we will be able to expand units, get more industries, not just MSMEs, in the heartland of India," Shashank Tripathi, Leader, Government Strategy, Transformation, and Aerospace and Defense, PwC India told Financial Express Online.

Which sectors are currently supported under the scheme?

The nine sectors for which the scheme has already been approved included electronic or technology products (Rs 5,000 crore outlay for 5 years), pharmaceuticals drugs (Rs 15,000 crore), telecom & networking products (Rs 12,195 crore), food Products (Rs 10,900 crore), high-efficiency solar PV modules (Rs 4,500 crore), etc.

The other four sectors under PLI awaiting Cabinet approval were automobiles & auto components, advance chemistry cell (ACC) battery, textiles, and specialty steel. 16 applications worth Rs 35,541 crore by electronics and technology product enterprises under the scheme were approved till early April vis-à-vis 14 applications involving Rs 873.93 crore by manufacturers of medical devices. Applications have to be submitted to the respective ministry or department online which is followed by the disbursement process involving verification of the claim, approval of the disbursement, and final disbursement.

"The PLI scheme is the textbook example of successful government enablement of a laggard sector. PLI 1 was aimed at mobile handset assembly. In 2014, 50 million handsets were made in India representing 19 per cent of our national demand.

In 2020, 260 million handsets were made in India representing 96 per cent of national demand. Not only has the PLI scheme helped the industry grow explosively, it has all but eliminated the import of mobile handsets," Omer Basith, Co-founder & CEO, Virtual Forest told Financial Express Online. Virtual Forest helps reduce carbon emissions of home appliances through machine solutions.

Who is eligible for the scheme?

Eligibility criteria for businesses under the PLI scheme vary based on the sector approved under the scheme. For instance, the eligibility for telecom units is subject to the achievement of a minimum threshold of cumulative incremental investment and incremental sales of manufactured goods. The minimum investment threshold for MSME is Rs 10 crore and Rs 100 crores for others. Under food processing, SMEs and others must hold over 50 per cent of the stock of their subsidiaries, if any. The selection of SMEs is based on "their proposal, uniqueness of the product and the level of product development, etc.," according to the Ministry of Food Processing Industries.

On the other hand, for businesses under pharmaceuticals manufacturing, the project has to be a greenfield project while the net worth of the company should not be less than 30 per cent of the total committed investment. Moreover, the proposed Domestic Value Addition (DVA) of the company should be at least 90 per cent in the case of fermentation-based product and at least 70 per cent in the case of chemical synthesis-based product.

What are the incentives involved?

An incentive of 4-6 per cent was offered last year on mobile and electronic components manufacturing such as resistors, transistors, diodes, etc. Similarly, 10 per cent incentives were offered for six years (FY22-27) of the scheme for the food processing industry.

SMEs in the four areas such as ready to cook or ready to eat, processed fruits and vegetables, marine products, and mozzarella cheese will also be supported for manufacture innovative and organic products, according to the ministry. For white goods too, the incentive of 4-6 per cent on incremental sales of goods manufactured in India for a period of five years was offered to companies engaged in the manufacturing of air conditioners and LED lights.

During the first five months of the scheme, the companies in electronics manufacturing, which had applied for the scheme, produced goods worth around Rs 35,000 crore and invested around Rs 1,300 crore under the scheme, the Commerce Ministry had said citing the Quarterly Review Reports for the quarter ending December 2020. For companies in white goods, the PLI Scheme is expected to see an incremental investment of Rs 7,920 crore over five years along with incremental production worth Rs 1.68 lakh crore, exports worth Rs 64,400 crore, and direct and indirect revenues of Rs 49,300 crore.

“Supporting MSMEs is not merely a financial activity, it is an act wherein the person needs better supply chain, mentorship, etc. This is the point for us to think about ease of doing business 2.0 and take it to places where the PLI scheme is being instituted and not just in bigger cities,” added Tripathi.

Source: financialexpress.com– May 31, 2021

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GDP contracts by 7.3% during FY 21

According to the National Statistical Office, GDP in 2020-21 was at Rs 135.1 lakh cr as against a revised estimate of Rs 145.7 lakh cr

The Indian economy contracted by 7.3 per cent during FY 2020-21, latest data released by the National Statistical Office (NSO) said on Monday. Meanwhile, the April-June quarter showed growth, against expectations of a contraction.

“Real GDP or Gross Domestic Product (GDP) at Constant (2011-12) Prices in the year 2020-21 is now estimated to attain a level of ₹135.13 lakh crore, as against the First Revised Estimate of GDP for the year 2019-20 of ₹145.69 lakh crore,” the NSO statement said.

The growth in GDP during 2020-21 is estimated at -7.3 per cent as compared to 4 per cent in 2019-20.

For the January-March quarter, (Q4 of FY 21), GDP is estimated at ₹38.96 lakh crore, as against ₹38.33 lakh crore in Q4 of 2019-20, showing a growth of 1.6 per cent.

Source: thehindubusinessline.com– May 31, 2021

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PM Modi's 59-min MSME loan approval: Banks disburse 2.15 lakh applications; amount tops Rs 60k crore

The number of loans sanctioned by public and private sector banks and non-banking financial companies (NBFCs) to MSMEs under the 59-minute loan approval scheme as of April 30, 2021, stood at 2,31,425 involving Rs 76,670 crore. Of this, 2,15,836 loans amounting to Rs 62,722 crore were disbursed, according to the available data from the Ministry of MSME. This is up from 2,03,120 loans worth Rs 56,773 crores disbursed as of November 30, 2020, and 1,96,473 loans involving Rs 54,545 crores disbursed as of August 31, 2020. SBI, Punjab National Bank, Bank of Baroda, ICICI Bank, Kotak Mahindra Bank, Indian Bank, Central Bank of India, Yes Bank, and more are the partner banks for SIDBI's 59-minute loan approval scheme.

Launched in November 2018 by Prime Minister Narendra Modi, the scheme offers business loans including term loans and working capital loans, and Mudra loans to MSMEs for purchase of plant and machinery, technology upgrade, product expansion, purchase of raw materials, infrastructure development, etc. While in-principle approval is offered for term loans and working capital loans ranging between Rs 1 lakh and Rs 5 crore, the credit limit under Mudra loans is up to Rs 10 lakh. Mudra loans are extended under Shishu loans up to Rs 50,000, Kishore loans between above Rs 50,000 and up to Rs 5 lakh, and Tarun loans above Rs 5 lakh and up to Rs 10 lakh.

Importantly, Rs 62,722 crore loans disbursed to MSMEs under the 59-minute loan scheme as of April 30, 2021, were 4.7 per cent of the gross bank credit deployed to MSMEs in March 2021. According to the RBI's April bulletin, Rs 13,13,358 crore (Rs 11,07,236 crore to micro and small enterprises and Rs 2,06,122 crore to medium enterprises) was the gross bank credit to MSMEs as of March 26, 2021.

"Getting this much disbursed from banks is also quite significant for MSMEs. Most of these loans are under Rs 1 crore and the majority are concentrated around Rs 20 lakh or less. It is mostly first-time borrowers that are taking credit under this scheme. But if you would expect this 4.7 per cent share in total credit exposure to MSMEs to be, let's say, over 20 per cent, then that won't happen immediately," Govind Lele, General Secretary, Laghu Udyog Bharati told Financial Express Online.

Meanwhile, in order to support Covid-hit MSMEs further, the government had on Sunday had extended the Emergency Credit Line Guarantee (ECLGS) scheme by three months 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 and included the civil aviation sector under ECLGS 3.0 scheme.

Source: financialexpress.com– May 31, 2021

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Centre, states may lock horns over GST compensation beyond FY22

The rate for computing states' protected revenue and how long the compensation should continue has to be discussed

The Centre and states are set for intense negotiations over extending compensation to states for goods and services tax (GST) revenue shortfall beyond June 2022 , said three state government officials, seeking anonymity.

A special session of the GST Council is expected to be held to address the issue as it would require an amendment to the GST (Compensation to States) Act, 2017. Differences between the Centre and states already exist on the economic-growth- related assumptions behind GST compensation, they added.

"The rate for computing states' protected revenue and how long the compensation should continue has to be discussed," said one of the three officials. He added that many states were facing large deficits in GST receipts.

The existing practice for calculating states' protected revenue takes into account a 14% annual increase over the base year of 2015-16. At a meeting in 2019, fifteenth finance commission chairman N.K. Singh had said that this benchmark for protecting states' revenue was set when the nominal gross domestic product (GDP) growth was around 12.6%.

This was not too difficult for the Centre to accommodate back then, but sluggish economic activity and inflation containment measures in subsequent years had put a burden on the GST system for protecting states' revenues at the same level, Singh had said, according to the minutes of the meeting available with the Council.

"At the moment, we are focused on GST compensation for this financial year. Terms of extended GST compensation (beyond 2022) is open ended as of now," said another state government official.

Gujarat, Haryana, Kerala, Karnataka, Maharashtra, Punjab, Tamil Nadu, Uttar Pradesh and Delhi were the highest recipients of GST compensation financed by way of debt in FY21, shows finance ministry data. Continuing

the compensation beyond FY22 will be key to states' fiscal stability. The gap between protected revenue and the GST amount collected by states grew from 23% in FY20 to over 36% in FY21, said a third official privy to the discussions at the Council.

Several states have reached out to the Centre emphasising the need for generous fiscal support in view of the mounting healthcare expenses amid the second wave of the covid-19 pandemic.

On Monday, Kerala chief minister Pinarayi Vijayan wrote to 11 non-BJP ruled states asking them to jointly appeal to the Centre to procure all covid-19 vaccines and supply them to states for free. Vijayan said in a social media post that he has reached out to CMs of Tamil Nadu, Andhra Pradesh, Telangana, Chhattisgarh, Odisha, West Bengal, Jharkhand, Delhi, Punjab, Rajasthan and Maharashtra in this regard.

Odisha chief minister Naveen Patnaik wrote to Union finance minister Nirmala Sitharaman earlier this month saying that lack of finances should not affect any state, Mint reported on 6 May. Punjab finance minister Manpreet Singh Badal in a communique to Sitharaman said the state had taken a grave risk by allowing its purchase tax to be subsumed into GST, and is facing a high revenue shortfall now.

Source: livemint.com– June 01, 2021

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Monthly GST return filing deadline extended till June 26

The government on Monday said the deadline for filing monthly GST sales returns for May has been extended by 15 days till June 26.

The GST Council, chaired by the Union Finance Minister and comprising state counterparts, on May 28 had decided to extend certain compliance relaxations on account of COVID-19. The Central Board of Indirect Taxes and Customs (CBIC) in a series of tweets listed out the various relaxations extended by the Council.

The due date for furnishing details of outward supplies in Form GSTR-1 for the month of May 2021 is extended by 15 days. The extended due date is June 26, CBIC said.

Businesses file GSTR-1, giving details of supplies made during the month, by the 11th day of the subsequent month. For payment of Goods and Services Tax (GST), Form GSTR-3B is filed by businesses in a staggered manner between 20th-24th day of the succeeding month.

The GST Council also approved extending by three months till July 31 the due date for filing annual returns for fiscal 2020-21 by composition dealers.

“Due date for furnishing annual return in Form GSTR-4 for FY 2020-21 to be extended to July 31, 2021,” CBIC said, adding relevant notifications to give effect to these relaxations would be issued in due course.

Also, taxpayers who are registered under the Companies Act have been permitted to furnish GST returns by using Electronic Verification Code (EVC) instead of Digital Signature Certificate (DSC) till August 31, 2021.

Source: financialexpress.com– May 31, 2021

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Orders are back! H&M and Zara dialling Noida's apparel exporters again

Noida's apparel exporters are seeing lost orders from the US and Europe trickle in again with the western nations slowly opening up after bringing the pandemic under control and international buyers gaining confidence with some restrictions easing in India as well.

"Multinational clothing retailers such as Sweden's H&M, Britain's Marks & Spencer, Spain's Zara and a lot of US apparel importers have placed orders again. International buyers had moved 10-15% of the orders to other countries. Now, orders are coming back," said Noida Apparel Exporters Cluster president (NAEC) Lalit Thukral.

Noida, which has around 3,000 apparel manufacturing units, is one of the most prominent apparel centres in the country with the tag of 'town of export excellence' given to it by the Centre. Of the over Rs 1.13 lakh crore garments exported from India, Noida accounted for about Rs 25,000 crore pre-pandemic.

"Europe and the US have opened to an extent now. Their citizens are getting vaccinated, and sales are going up. So, they need stocks. Besides, with things improving in India, too, the buyers are also confident that we can meet the order targets," said Thukral.

Europe and the US are India's biggest markets for India's garment exports. The pandemic swallowed up several jobs in the multi-million dollar garment manufacturing industry, which employs at least 12 million people, as several factories fell silent last year.

Unlike other apparel export hubs like Tamil Nadu and Karnataka, factories were allowed to function in Uttar Pradesh (of which Noida is a part of). But NAEC had flagged that they were facing a labour shortage because many workers had gone back to their villages due to the Covid crisis and a local panchayat election.

This also meant that buyers from the US and Europe were shifting orders from India to Bangladesh and Vietnam over concern that Indian units won't be able to meet targets.

"Now, some of the workers have started returning and we are ready to complete orders and supply to our buyers. There are still some hassles in sourcing accessories, but that should improve in another 10 days or so, too," said Thukral.

Although India doesn't offer the cheapest labour compared to Bangladesh, Vietnam or China, we still have a competitive edge in terms of embroideries, fabrics and a lot of different prints, he added. "Besides, we have our own textile and yarn manufacturing hubs here. Other exporters buy fabrics from other countries to make their garments," said Thukral.

He said the cluster was working with Apollo, Metro, Kailash and Fortis hospitals to organise Covid vaccination for its workers.

The industry, which is largely made up of MSMEs, has been one of the worst hit due to the pandemic. Industry insiders say they have got no benefits in the Rs 24.35 lakh crore stimulus package announced by the government last year to revive the economy.

Source: businesstoday.in– May 31, 2021

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Centre amends EPFO scheme to allow second advance withdrawal

The subscribers can avail of a second non-refundable Covid 19 advance to meet the financial needs.

The Centre has amended the Employees Provident Funds Scheme of 1952 by allowing its subscribers for special withdrawal to meet the financial needs during the pandemic. This will help the subscribers avail themselves of a second non-refundable Covid 19 advance, the Union Labour Ministry said here on Monday.

The Ministry has added sub-para (3) under paragraph 68L of the scheme and has notified the amendments. "Under this provision, non-refundable withdrawal to the extent of the basic wages and dearness allowances for three months or up to 75 per cent of the amount standing to member's credit in the EPF account, whichever is less, is provided. Members can apply for lesser amount also," the Government release said.

Settlement of 7.6 million advance claims

The EPFO, according to the release, has settled more than 76.31 lakh Covid-19 advance claims and disbursed ₹18,698.15 crore so far. "Members who have already availed the first Covid 19 advance can now opt for a second advance also. The provision and process for withdrawal of second Covid 19 advance is same as in the case of first advance," the Ministry release said.

The EPFO will also accord top priority to Covid-19 claims. "Auto-mode of settlement enables EPFO to reduce the claim settlement cycle to just three days as against the statutory requirement to settle the claims within 20 days," the statement added.

Source: thehindubusinessline.com– May 31, 2021

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India-Bangladesh JV to invest $2.95 mn in garment accessories unit

Khyaati Leather Innovation Bd Limited, an India-Bangladesh joint venture (JV), will set up a garment accessories and bags manufacturing unit in Bangladesh at an investment of $2.95 million. The company has signed an agreement with the Bangladesh Export Processing Zones Authority (BEPZA) to establish the factory in Ishwardi Export Processing Zone (EPZ).

The new unit will produce over 40-50 million pieces of back patches using paper, PU and leather, heat seal labels, silicon labels, belts, printed fabrics (coated and uncoated), hanging accessories, fabric label, hang tags/stickers, laces, shoe sole, shoe upper, bags and more, said the country's media reports.

It will also produce buttons, rivets, metal and plastic IDs, metal and plastic eyelets, lock-pin, all types of fashionable tapes, taffeta labels, woven labels and knitted and fabric belts among other things.

The manufacturing unit is expected to create over 116 jobs in Bangladesh.

The agreement for the factory was signed between Md. Mahmudul Hossain Khan, member (investment promotion) of BEPZA and Pravin Satyapal Uppal, chairman of Khyaati Leather in Dhaka.

Source: fibre2fashion.com– May 31, 2021

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