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IBTEX No. 110 of 2021 June 7, 2021

US 72.92| EUR 88.99| GBP 103.13| JPY 0.67

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INTERNATIONAL NEWS

China takes spot of UK top import source

China has replaced Germany to become Britain's biggest source of imports for the first time since modern records began in 1997.

The United Kingdom's goods imports from China reached 16.9 billion pounds ($24 billion) in the first quarter of this year, data from the British Office for National Statistics showed. Its imports from Germany fell to 12.5 billion pounds in the same period, which is believed to have resulted from disrupted UK-EU trade after Brexit.

Figures from the UK's Revenue and Customs showed China registered the second-largest value increase month-on-month in March and the largest value increase in year-on-year terms in the same month. That is up to 455 million pounds and 3.142 billion pounds respectively.

The customs data also revealed China accounted for 13 percent of the total value of goods the UK has imported. This was an increase from 5.5 percent in March 2020. With the pandemic and Brexit, economists say it's hard to tell if the trend will persist.

"It's hard to make definite conclusions from a year during which the UK has experienced not only Brexit, but also the worst experience with the pandemic in Europe in terms of deaths per capita. So we would need to watch the trends for another year at least to find 'normal' patterns," said Gayle Allard, a professor of economics at IE University in Spain.

She added: "Initially, it looks like Brexit and the supply constraints coming from the pandemic have been very favorable for Chinese exports. Remember that after Brexit, EU products lost some of their cost advantage in the UK."

Chris Rowley, a business professor at the University of Oxford, said UK-China trade relations have been tense in the light of strained diplomatic relations, but trade will continue.

"Nevertheless, there are trade opportunities, moving beyond more traditional ones, such as foods and drinks, to sectors ranging from pharmaceuticals and aerospace to green energy," said Rowley, who is also a professor at the Graduate School of Education of Tohoku University in Japan.

Analysts say Brexit should create more opportunities for UK-oriented Chinese exporters.

“The pound has fallen since the (Brexit) vote, making EU goods more expensive, and some EU inputs for products manufactured in the UK will also be too expensive. Supply chains will be broken for many products and will need to be remade,” Allard said.

In a separate report, Office for National Statistics data showed the UK imported more goods from China than from any other country since the second quarter of 2020.

Rare growth

The ONS said that out of the UK’s top five import partners, China is the only one from which imports grew between the first quarter of 2018 and the first quarter of 2021.

Imports of goods from China accounted for 16.1 percent of UK goods imports in the first quarter of 2021, having increased by 65.6 percent compared with the first quarter of 2018, exhibiting a larger increase than exports, the report said. “Goods imports from China had continued to show an upward trend throughout 2020.”

The increase in imports from China in 2020 was boosted by textile fabrics for face masks and personal protective equipment. The ONS added increasing demand for commodities produced by China such as electronic goods “likely explains the increasing imports seen in 2020”.

“The pandemic has had an impact here as China has come back earlier and stronger economically than other countries. So, there may be some catch-up from others post-pandemic. Nevertheless, the faster growing economies and markets remain in Asia,” Rowley said.

Source: hellenicshippingnews.com– June 07, 2021

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Major shipping firms warn of worsening congestion at China's Yantian port

Major shipping companies have warned clients of worsening congestion at Shenzen's Yantian port in southern China following the discovery of several asymptomatic cases of COVID-19 in the city.

Yantian International Container Terminal (YICT), one of China's busiest container ports with an annual handling volume of more than 13 million twenty-foot equivalent units (TEU), has imposed stringent disinfection and quarantine measures since May 21 when the virus was discovered among port staff.

More than 40 container ships were anchored in open water outside the terminal, Refinitiv ship tracking data showed on Thursday.

Top international container lines said they would be skipping some port calls to Yantian to ease the pressure, while shipping sources added that some vessels may be re-routed to other destinations.

"The overall operation productivity at YICT has been adversely impacted, and we expect the current vessel berthing delays and port congestion situation will likely continue for at least a week," the world's no. 2 line MSC said in a customer advisory on Wednesday.

Global container shipping rates have climbed to record highs in recent months due to bottlenecks caused by a surge in demand for consumer goods.

Even before the disruption at Yantian, global supply chains were struggling to clear container backlogs, a knock-on effect from the week-long blockage of a major trade route through the Suez Canal in March.

Container freight rates from China to Europe touched a record high of $10,627 (per 40-foot container unit) this week.

Yantian port in late May temporarily suspended the acceptance of export laden container ships, leading to a heavy backlog in the container yard and congestion outside the port.

By the time Yantian partly resumed processing on Monday, more than 23,000 containers were waiting to be exported.

The world's leading container line Maersk warned in a letter on Thursday that congestion and delays could last 12 days, longer than its previous expectation of 7-8 days.

Maersk estimated operations in the eastern area of the Yantian terminal, where larger vessels mainly berth, would remain at around 30% of their normal level.

Other major shipping firms including COSCO Shipping , Hapag-Lloyd and ONE also alerted their customers to the growing delays and congestion and the possibility of not calling at Yantian.

"The local government is paying great attention to the disinfection measures at Yantian, as right now is the busiest season for exports and Yantian is one of the biggest transportation hubs for European and American lines," saida person close to Yantian port, who is not authorised to talk to media.

Shipping companies and Chinese authorities have advised vessels to divert to nearby ports, including Shenzen's west port and Guangzhou's Nansha port, which are operating normally despite sporadic cases of the coronavirus in the region.

"There are not as many (virus) cases in Yantian as the nearby cities. But more rounds of nucleic acid testing will need to be done. Thus it will take some time until the port resumes full operations," said the person close to the port.

Yantian port did not immediately respond to a Reuters request for comment.

Recently expanded YICT has become a critical gateway into China with around 100 vessels calling weekly, 60% of which operate on European and U.S. routes, according to a recent note from the regional Shenzen government.

Source: economictimes.com– June 04, 2021

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Chinese media call for boycott of H&M, Nike and other western brands

A boycott of consumers in China against swedish clothing brand H&M has been extended to Nike and other international companies after Chinese state media called on consumers and celebrities to stop using dozens of Western brands.

According to CNN, the wave of contempt against H&M It began earlier this week, when Chinese social media was inundated with comments about sourcing the cotton the company uses to produce its clothes through forced labor in the region of Xinjiang, to the north of China.

Chinese netizens appear to be responding to state media, which called for the boycott. While an H&M outdoor billboard was seen to have been dismantled in a shopping mall in the southwestern city of Chengdu China, netizens posted videos on social media about burning his shoes Nike to vent their anger, demanding that they should "get out of the Chinese market."

Products from H&M, which is the world's second-largest fashion retailer, also appear to have been removed from China's top online clothing stores, and several prominent celebrities in the country have cut ties with it.

Coordinated protests against H&M Y Nike They reflected Beijing's new strategy in response to increased sanctions by the United States, the European Union, Britain and Canada for human rights abuses in Xinjiang, which produces 87% of China's cotton each year.

How we report on The Truth News, on Monday the four entities announced joint sanctions against four Chinese officials responsible for cracking down on human rights in Xinjiang, following Washington's blanket ban on importing Xinjiang products, including cotton, textiles and tomatoes, in January this year. .

Allied nations and more than twenty countries denounced the use of forced labor related to a state-backed internment campaign for ethnic Uighurs in the region, which the United States and Canada have described as genocide by the government of China.

Source: marketresearchtelecast.com– June 06, 2021

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Turkey in 6th place among the destination countries of Greek products

For a decade, since 2009, the trade balance of the two countries has been in surplus in favor of Greece (with the exception of 2016). In 2020, the significant decrease in Greek petroleum exports (-56,14%), reversed the trade balance, creating a deficit for Greece of 213 million euros (-787%).

"The operation of the STAR refinery in Izmir, as well as corresponding investments that are being implemented rapidly in other parts of Turkey, are estimated to greatly replace Greek oil exports, further changing the current picture."

These are mentioned in the "Annual Report on the Turkish Economy and Bilateral Trade and Economic Relations, 2020" prepared by the Office of Economic and Commercial Affairs of our Embassy in Ankara, which was posted on the Foreign Ministry's export website.

The total volume of trade between the two countries in 2020 decreased, compared to the previous year, by 26,2% to 2,9 billion euros. Greek exports amounted to 1,34 billion euros, down 32,2%, placing Turkey in 6th place among the destination countries of Greek products (4th place in 2019). Respectively, Greek imports decreased by 20,2% to 1,5 billion euros, ranking Turkey in 13th place among our supplier countries (10th place in 2019). For Turkey, the same year Greece is the 23rd country-destination of Turkish exports and the 34th country-supplier.

According to the report, the aforementioned developments in Greek-Turkish trade relations can be attributed both to the competitiveness of Turkish products due to objective factors (domestic market size, lower labor and operating costs) and to the protectionism that characterizes Turkish trade policy.

Typical examples of the above are:

- the reduction of Greek copper pipe exports from 43 million euros in 2017 to 26,6 million euros in 2020 (-38,1%), after the imposition of Turkish anti-dumping duties,

- the increase of the imports of Turkish fish (cat. 0302) from 31,1 million euros in 2017 to 56,2 million euros in 2020 (+ 80%).

What do we export to Turkey?

The most important Greek products that we export to Turkey (excluding petroleum products which constitute 36% of the total value) are: cotton (14%), propylene polymers, data processing machines, aluminum products, rice, copper pipes, medicines, gold, insecticides, fertilizers, fabrics, waste paper, paints, cigars / cigarettes, stones, jewelry and boats.

Specifically in 2020, there is an impressive increase in Greek exports: silver (1.233%), medicines (608%), vegetable fat (333%), artificial leather (345%), boats (72%), insecticides (53%), textiles (53%) and cosmetics (53%). On the other hand, Greek exports decreased: mineral oils (-58%), cotton (-24%), and waste paper (-27,6%).

What we import from Turkey

The most important products we import from Turkey are: vehicles, petroleum products, iron / steel products, fish, textiles / clothing, electrical appliances (heaters, refrigerators, televisions), plastics, caps, cardboard, alcohol and electricity.

The increase in imports of textiles (2020%, 420 million euros) and clothing (11%, 1.057 million euros), including surgical masks and robes, was remarkable in 16,4. Also, the increase of acyclic hydrocarbons (79%) and trucks (31%) was significant. The majority of imports of other products decreased, with a more significant decrease in petroleum products (-59%).

Challenges and prospects of exporting specific products

(a) Agricultural products - food / beverages

The agricultural products and food sector is governed by a high level of protection against external competition, either through practices that hinder imports or through high tariffs. The above in combination with the competitive prices of Turkish products cause difficulties in the export of certain categories of food. However, positive prospects have foods such as: cocoa, chocolate, coffee, frozen-frozen dough, organic, ready-to-eat or ready-to-eat foods, gourmet, national products, healthy food products.

Click here for more details

Source: athina984.gr– June 06, 2021

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Sixty one per cent brands believe pandemic boosted sustainability demand: Survey

According to a recent US Cotton Trust Protocol survey, 61 per cent of brands and retailers believe that the pandemic has boosted demand for sustainable products. As companies work towards delivering more sustainable options to meet this growing consumer demand, findings also show 65 per cent of respondents agree that data is important to their future sustainability goals.

Around 63 per cent of brands and retailers stated that the pandemic has had a positive impact on their proactive investment in sustainability with 42 per cent focusing on sourcing sustainably produced raw materials.

The US Cotton Trust Protocol underpins and verifies U.S. cotton's sustainability progress through sophisticated data collection and independent third-party verification, enabling brands and retailers around the world to more confidently source U.S. cotton.

Over the past 35 years, U.S. cotton growers have put real work into the sustainability of their operations. During these years, they have used 79 per cent less water and 54 per cent less energy, reduced greenhouse gas emissions by 40 per cent, all while reducing land use by 42 per cent. Conservation growing practices have further improved soil health, reducing loss and erosion by 37 per cent and increasing soil carbon levels.

Source: fashionatingworld.com– June 05, 2021

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Walmart to close stores on Thanksgiving day

For the second consecutive year, Walmart will close its US stores on the Thanksgiving Day.

As per Economic Times, the nation's largest retailer and biggest private employer ants to give workers time off for all their hard work and dedication to the company.

It follows the decision by Target Corp., which announced back in January it would be closing its stores again on the annual late-November turkey feast.

The move shows the lasting effects of the pandemic on the retail industry's strategies, even as the health virus ebbs. For almost a decade, Black Friday store shopping had been kicked off with big crowds on the Thursday of Thanksgiving and expanded into Friday. However, last year, given safety concerns, most stores were closed on Thanks giving.

Walmart, like other stores, successfully pushed more sales online to reduce crowds in its stores. But, even as safety protocols relax, the Bentonville, Arkansas-based retailer apparently believes that not having the Black Friday kickoff on Thanksgiving won't hurt its business.

Given the clout of Walmart and Target, other major retailers will likely follow their lead again this year.

Source: fashionatingworld.com– June 06, 2021

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Pakistan: 13 sectors' exports post double-digit growth

Growth in exports of value-added sectors contributed to an increase in overall exports from the sectors. One of the reasons for growth in these sectors is due to low-base of last year when export-oriented industries remained closed due to the Covid-19 lockdown and cancellation of orders from international buyers.

Exports of home textile products were up by 27pc to $3.642bn in 11MFY21 against $2.879bn over the last year, followed by a 16pc increase in men's garments to $3.505bn against $3.019bn last year. An increase of 33pc in women garments to $646.49m was noted against $486.52m over the corresponding months of last year.

Similarly, in the vale-added leather sector, exports of leather apparel posed a growth of 11pc to $584.02m in 11MFY21 against $528.02m over the corresponding months of last year, followed by an increase of 57pc in exports of jerseys, pullovers and cardigans to $530.14m against $337.39m in the same period in FY20.

Export proceeds of copper and articles thereof posted growth of 44pc to $463.17m between July to May 2021 against $321.95m over the last year, followed by 14pc in t-shirts to$453.4m against $398.79m last year, 15pc in made-up articles of textile materials to $432.47m against $377.24m of last year and 38pc in pantyhose, stockings, socks to $417.41m against $302.67m over the last year.

Pakistan is one of the main suppliers of global surgical instruments. However, these instruments are re-marketed from western countries with famous brands. As a result, the export value of these products remain very less. The export of surgical instruments posted a growth of 17pc to $398.88m in 11MFY21 against $341.51m over the last year, followed by 23pc in gloves to $285.13m against $232.44m over the last year.

The export of pharmaceutical products posted growth of 27pc to $240.04m against $188.47m last year and worn clothing by 33pc to $228.47m against $171.18m over the last year.

Source: dawn.com– June 05, 2021

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Pakistan: Cotton price hits 11-year high as farmers switch to other crops

Cotton traders and ginners are sure that the country would not achieve the target of 10.5 million bales set for this season which has just started. The previous season, which ended in March 2021, could hardly produce 5.6m bales against the target of 11m bales set by the government.

If the estimates of ginners and traders, who are in touch with the farmers, prove correct, the country would have to import cotton worth $2 billion to $3bn. This huge import would practically neutralise the impact of higher textile exports which have the support of the government and the State Bank.

“The reports reaching here from Punjab and Sindh show that the area of cultivation has been reduced by more than 20 per cent which means we can’t reach the production target of 10.5m bales this year,” chairman of the Pakistan Cotton Ginners Association Dr Jasomal told Dawn on Saturday.

He said the area under cultivation in Punjab had dropped to 3.2m acres against the target of 4m acres while in Sindh the area was not more than 1.2m acres against the target of 1.6m acres.

He said one-third of the ginning mills had remained closed during the previous years due to very low cotton production. Out of 1,300 ginning mills only 442 were fully or partially functional, Dr Jasomal added.

“The fear of shortage has already increased cotton prices in local market. The highest price — Rs14,000 per bale — was witnessed on Thursday which is 11-year high,” said Nasim Usman, chairman of the Karachi Cotton Brokers Forum.

Cotton has begun to arrive in market from Sindh while Punjab is still in sowing stage.

He said the local cotton prices were much higher than the international prices, creating space for more cotton import this year that would cost heavily to a country struggling to reduce trade deficit.

The recovery of Indian textile sector is visible from cotton import by India from the US. India has imported 42,300 bales of US cotton this year so far which means Pakistani textile exporters, who enjoyed free space in the absence of India due to Covid-19 and succeeded in booking large orders, would face tough competition in next few months.

Farmers in many areas of Punjab and Sindh have shifted or partially shifted to other crops, mostly to maize.

Dr Jasomal said that in many areas of the two provinces farmers had started sowing maize, sugarcane, rice and other crops instead of cotton.

“Since farmers can get three crops of maize in a single year, it is the most attractive crop for them as they earn much better income,” he said.

“If weather supports cotton cultivation this year, the production could reach around 7.5m bales despite low cultivation,” he said, adding that last year untimely heavy rain was the biggest reason for poor cotton production.

Source: dawn.com– June 06, 2021

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Bangladesh: BGMEA urges government to review some budget proposals

Hailing the proposed budget for the upcoming fiscal year 2021-22, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has urged the government to review some of its proposals including 10 per cent cash incentive for non-cotton-based garment exports.

The apparel apex body also demanded continuation of existing 0.5 per cent source tax for the next five years.

BGMEA, however, said the proposed budget didn't reflect some of the measures, it requested earlier, for the turnaround of the garment industry and creation of employments.

"Bangladesh has a huge opportunity for grabbing the global market of non-cotton based readymade garment (RMG) exports as the demands for such items have been increasing over the years," BGMEA president Faruque Hassan said while addressing a post-budget press conference held at its headquarters at Uttara in the city on Saturday.

BGMEA vice presidents and other office bearers were also present at the press conference.

The world consumption of non-cotton based textile items is 75 per cent and the demand is increasing by 3.0-4.0 per cent annually, he said, adding that on the other hand, the annual demand for cotton items is rising by 1.0-2.0 per cent.

In contrast, about 74 per cent of Bangladesh's RMG exports are cotton based, he said. "We want a win-win market share. We will be champion in cotton-based items while also raise exports of non-cotton items."

Bangladesh has already set up its capacity with the installation of machinery in non-cotton RMG items manufacturing while fabric is also available, the BGMEA chief said, adding that now the country needs to be competitive in this segment.

Government's support can help increase the competitiveness in such manmade textile manufacturing and raise the global market share.

"We have opportunity to create new employments, attract new investments and thus increase the overall RMG exports," he said, demanding a 10 per cent cash incentive on non-cotton garment exports.

The BGMEA president also welcomed the government's proposals to continue existing budgetary measures for the sector including additional 1.0 per cent cash incentive.

Praising many of the proposed fiscal measures, Mr Hassan termed the proposed budget business-friendly.

His other demands included withdrawal of 10 per cent tax on cash incentive, increasing incentive to 5.0 per cent from existing 4.0 per cent for exports to non-traditional markets and extension of the stimulus loan repayment duration.

BGMEA also urged the government to extend the SME loan limit up to $10 million from existing $5.0 million to help small and medium enterprises survive from the fallout of Covid-19.

Source: thefinancialexpress.com.bd– June 06, 2021

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Bangladesh's May exports skyrocket 112 pct as demand booms amid economic recovery

Driven by a rebound in foreign demand amid economic recovery from COVID-19 in parts of the world, Bangladesh's May exports grew at a record pace from a year earlier.

Exports in dollar terms skyrocketed 112.11 percent in May compared with a year earlier thanks to the rebound of readymade garment (RMG) shipment with the reopening of major world economies after months in doldrums.

With 3.11 billion U.S. dollars export income in May, Bangladesh's total exports in the first 11 months of the current 2020-21 fiscal year (July 2020-June 2021) reached 35.18 billion U.S. dollars, up 13.64 percent year on year, official data showed on Sunday.

According to the country's Export Promotion Bureau (EPB) data posted on its website, Bangladesh fetched 35,180.82 million U.S. dollars from exports in the first 11 months of the current fiscal year.

Export income from readymade garment, which usually contributes 84 percent in the national export in a year, surged by 11.1 percent to 28.56 billion U.S. dollars in the first 11 months of the current 2020-21 fiscal year.

Of the total earnings from garment in July-May period, 15.36 billion U.S. dollars came from knitwear shipment and 13.20 billion U.S. dollars from woven, registering 20.55 percent and 1.80 percent year-on-year growth respectively.

Apart from RMG, jute and jute goods export grew by 33.23 percent to 1.09 billion U.S. dollars, leather and leather goods by 14.43 percent to 846.08 million U.S. dollars.

Also frozen food and live fish export grew by 0.98 percent year-on-year to 430 million U.S. dollars, agricultural products rose by 16.13 percent to 905.99 million U.S. dollars and pharmaceuticals export grew by 18.99 percent to 145.44 million U.S. dollars.

Bangladesh set its export target in 2020-21 fiscal year at 41 billion U.S. dollars, including 33.79 billion U.S. dollars from ready-made garment products, the EPB data showed.

Bangladesh export earnings in the past financial year 2019-20 sank about 17 percent to 33.67 billion U.S. dollars, the lowest since the 2014-15 fiscal year, as earnings from garment items have been experienced severe slowdown for months due to the COVID-19 pandemic in home and abroad.

Source: xinhuanet.com– June 06, 2021

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Bangladesh: Continue 0.5pc source tax for 5yrs Garment exporters urge government

BUDGET REVIEW FY2021-22

Garment exporters yesterday demanded the continuation of the existing 0.5 per cent source tax for the next five years.

Apparel makers usually demand for source tax to be reduced to 0.25 per cent both before and after the budget is announced every year.

But this year they came up with the call to keep the tax the same for some time as Finance Minister AHM Mustafa Kamal in his budget speech on June 3 did not clearly mention any rate of source tax.

"The changes in source tax would hamper the business plan," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"So, we demanded the continuation of the existing rate of 0.5 per cent source tax as the same source tax is better for long-term business planning," he added.

Hassan was speaking at a press conference at the BGMEA's office in Uttara, Dhaka to express the association's budget reaction. The BGMEA chief also demanded 10 per cent cash incentive on export receipts of garments made from non-cotton fibre.

Globally, the fashion industry has been shifting to manmade fibre thanks to their environment-friendliness, functionality and durability.

However, Bangladesh is still very weak in the trade of manmade fibre and clothing items while competing countries have been making strides in this regard.

Manmade fibre garments occupies 78 per cent of the global business while cotton fibre holds the remaining 22 per cent.

However, some 74.14 per cent of Bangladesh's garment export earnings come from cotton made items.

So, Bangladesh is lagging behind in the mainstream business of manmade fibre garments, which is worth a few hundred billion dollars globally.

New investments will come and a lot of jobs will be created if the government gives 10 per cent cash incentive on export receipts of manmade garment items, Hassan said.

The manmade fibre garment manufacturers will also be able to create new job opportunities and bring back the workers who lost their jobs because of the severe fallouts of the Covid-19 pandemic, he added.

Hassan welcomed the proposed budget for continuing different facilities for the garment exporters and cutting the corporate tax and value-added tax.

He also said the garment sector has already reemployed the workers who became jobless after the Covid-19 outbreak.

However, he could not exactly say how many workers have lost their jobs and how many were re-employed with the opening up of the economy and global supply chain after a pause for lockdowns.

By October and November this year, the sector will witness a full recovery of business, the BGMEA chief said.

However, Hassan urged the government to take measures to remove bureaucratic tangles for the ease of doing business.

Currently, Bangladesh is the global leader in green garment factories and the country's production system has improved to a great extent since the Rana Plaza disaster in 2013, he said.

Of the 100 global Leadership in Energy and Environment Design (LEED) certified garment factories, about 39 are in Bangladesh.

Bangladesh has 143 LEED certified buildings and 40 of them are platinum rated factories.

Ten years ago, the amount of apparel shipments to new markets stood at $700 million, which was 6.88 per cent of Bangladesh's total apparel shipments per year.

Now the rate has increased to 17 per cent to over $6 billion a year.

So, it is indicating that the government's four per cent stimulus for the new markets worked well.

During the 2008-09 fiscal year, the government gave four per cent incentives on export to new markets. Bangladesh considers all the markets as new ones except the EU, US and Canada.

Hassan also said the EU should extend its generalised system of preferences (GSP) to Bangladesh for more than 10 years.

After 10 years, the EU should grant Bangladesh the GSP plus as the south Asian economy was hit hard by the pandemic, he added.

Source: thedailystar.net– June 06, 2021

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Bangladesh: Textile millers demand withdrawal of VAT, import duty on manmade fibre

Textile millers today demanded withdrawal of value added tax (VAT) and import duty on all kinds of manmade fibre for the potential growth of the non-cotton fashion industry to meet the global demand.

In the proposed budget, the government did not address this issue although the entrepreneurs of the country's primary textile sector have been demanding this before the budget, the textile millers said at a post-budget press conference at the office of Bangladesh Textile Mills Association (BTMA).

The government should consider the request as the demand for manmade fibre garment is higher than the cotton-made fibre globally, the textile millers said. For instance, manmade fibre occupies 78 per cent of the global fashion industry and the rest 22 per cent by cotton fibre.

But in Bangladesh, the scenario is reversed. Of the total garment export from Bangladesh in a year, 74 per cent is made from cotton fibre while 26 per cent from man-made fibre, they said. "If we want to grab more of the global market share, we will have to choose the manmade fibre as the demand is rising for those garment items," said BTMA President Mohammad Ali Khokon.

The BTMA chief welcomed the proposed budget, but he wants some facilities for the textile sector for attracting further investment and for generating more employment.

Khokon also demanded the government for fixing Tk 3 as VAT on sales per kg of all kinds of yarn in the local markets.

Currently, the NBR collects Tk 3 as VAT on the sales of per kilogram (kg) of yarn made from cotton and Tk 6 per kg on the sales of yarn made from manmade fibre.

So the VAT rate should be uniform for all kinds of yarn sale, he said.

Source: thedailystar.net– June 06, 2021

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NATIONAL NEWS

How has the second wave of Covid hit trade?

India's exports in April 2021 were recorded at $30.63 billion, as compared to $10.36 billion in April 2020, exhibiting a growth of 195.72%.

When the second wave of Covid hit, the country braced for economic disaster, anticipating worse than what happened last year. So far, that hasn't happened, and judging by all evidence, it seems unlikely that trade and economy will take as much of a beating this year as it did in 2020. There are definitely green shoots of hope on the economic front. So, what went right this time?

Localized lockdowns

One of the biggest reasons why the second wave didn't bring economic destruction in its wake is probably the lack of a national lockdown. Last year, the central government declared a stringent lockdown, leading to loss of livelihoods and severe disruption of the supply chain. This year, rather than a blanket nationwide lockdown, localized, targeted lockdowns were imposed.

Experts seem to agree that localized lockdowns may be doing better than a national one. "It is less disruptive of supply chains since it is adapted to local conditions and need not go all the way to a full lockdown," Ashima Goyal, member of the RBI Monetary Policy Committee, is reported to have said. In fact, even from the healthcare perspective, some doctors say it is better for states to decide on lockdowns.

More important, states recognized the need to let businesses function as close to normal as possible even while maintaining Covid protocols. While there have been some disruptions caused by some states imposing night curfews, by and large, factories have been allowed to function, albeit with a few restrictions.

Having said that, while local supply chains have been impacted by localized lockdowns, various state governments have implemented measures to ensure that the movement of goods is not unduly hampered. Logistics have been kept out of the lockdown purview, which means the free flow of goods hasn't been affected too badly.

The problem that many businesses face, like last year, is that of manpower. But where last year, the crisis was because of the large-scale migration of workers, this time around, it's because Covid is leaving few families unscathed.

Workers are testing positive, or are away from work because of positive cases in their families. That said, there's a silver lining here too, as reports show that businesses are hiring temporary staff to tide them over this crisis.

Exporters face trouble

While manufacturers have had a somewhat better time this year compared with last year, exporters haven't been so lucky. International freight costs have been rising; reports estimate that there's been at least a 100% increase in freight costs for Europe and the US trade routes.

Exporters add there has been a shortage of containers, which did notbother them too much last year as global demand had not been strong. Now, however, with demand picking up, exporters are finding it impossible to transport goods on time. Even transporting goods from factory to port within India has become expensive due to the steep rise in fuel prices.

Another growing problem is that of Indian sailors being denied entry into several countries on covid fears.

Singapore and Fujairah have prohibited the entry of sailors who have traveled from India, while Zhoushan in China has banned the entryofships or crew that have visited India or Bangladesh in the past three months. India is one of the world's largest sources of sea crew members, and the sudden loss of sailors could damage the freight industry globally.

These factors are unlikely to abate in the near future. Exporters are trying to counter the high prices by bunching up orders to save on transport and freight costs. However, this may impact their delivery schedules.

The good news (and there is good news) is that UN data show that India is among the few countries that have fared better than major economies in imports and exports in the first quarter of 2021.

Import of goods grew 45% in the first quarter over last year, while exports grew by 26%.

Signs of growth?

The numbers that are coming out now seem encouraging. India's exports in April 2021 were recorded at $30.63 billion, as compared to $10.36 billion in April 2020, exhibiting a growth of 195.72%.

The Purchasing Managers Index or PMI, which measures the direction of economic trends in manufacturing, shows that "economic conditions in India's manufacturing sector remained favorable in April, as companies scaled up production in line with a further improvement in demand."

Even as she warned about headwinds largely caused by Covid, Pollyanna De Lima, Economics Associate Director at IHS Markit which brings out the PMI for India, said: "New export orders surged to the fastest since last October and buying levels expanded at one of the sharpest rates seen for nine years. Also, the downturn in employment eased and business confidence towards the one-year outlook strengthened."

It cannot be said too often, however, that a lot of this positive sentiment will depend on how the country tackles future waves of Covid or any other disaster. For the moment, though, things are not as dark as they seem.

Source: economictimes.com– June 06, 2021

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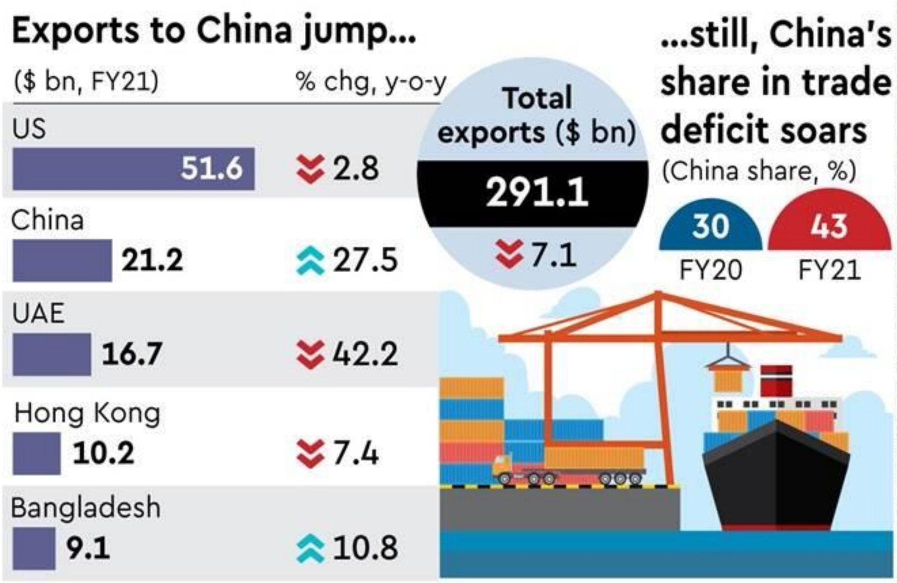
China is now second-largest export destination, behind only US

China overtook the UAE to emerge as India's second-largest export destination in FY21, behind only the US, for the first time in recent memory, despite the onslaught of the Covid-19 pandemic and a deadly border clash.



Official data showed exports to China jumped an impressive 28% in FY21 from a year before to over $21 billion, while those to the UAE plunged by 42% to nearly $17 billion.

While China's massive infrastructure push prompted it to import iron ore and steel in large volumes from India, the UAE, hurt by a plunge in oil prices, cut back purchases in a pandemic year. India's total merchandise exports shrank by just over 7% last fiscal to $291 billion.

Nevertheless, the exports to China were still less than a half of those to the US ($21 billion vs $52 billion in FY21) even though the outbound shipment to the world's largest economy faltered by almost 3%.

More importantly, India's exports to China would need to grow at a rapid pace on a sustained basis for years before the massive trade imbalance is somewhat corrected.

Including Hong Kong, considered a close proxy for Beijing, India's effective trade deficit with China dropped to $49 billion in FY21 from almost $55 billion in the previous year. With China alone, the trade deficit declined to $44 billion last fiscal from nearly $49 billion in FY20.

Despite this obvious drop in absolute term, China's share in India's total goods trade deficit still zoomed to 43% in FY21 from 30% a year before. This is because the country's imports from China were in excess of $65 billion last fiscal, almost the same as in FY20, even though its total inbound shipments faltered by 17% from a year earlier.

Importantly, as government officials have often pointed out, it's difficult to gauge the exact quantum of trade deficit with China, as Beijing can divert supplies through other nations in the region, especially the Asean members.

Still, it's an encouraging sign that China is beginning to perhaps unshackle a bit its market to its regional rival after fiercely guarding it for years.

Analysts, however, caution against reading too much into the FY21 data, saying "one swallow doesn't make a summer". As such, the pandemic year isn't the ideal time to forecast a trend on its basis.

Moreover, for the latest acceleration to sustain, Beijing has to buy a wider portfolio of products from New Delhi, and not just raw materials (iron ore and cotton) and low value-added goods (certain steel products and other base metals). China's extremely self-centred trade policies and denial of key market access by stealth (by erecting non-tariff barriers) have been the biggest hindrances to India's interest, they reckon.

Interestingly, as reported by FE earlier, despite the Galwan clash on June 15 and the pandemic-induced supply chain disruptions, India's merchandise exports to China didn't abate.

However, after an impressive 33% year-on-year jump in the April-June period, growth in shipments to the neighbour slowed down considerably to 20% in the September quarter and to just over 2% in the December quarter. But in the March quarter again, exports to China more than doubled from a year before, keeping the annual growth at an impressive 28%.

In contrast, India's exports to its biggest market — the US — reversed a 39% slide witnessed in the three months through June to inch up by 3% in the September quarter, 5.5% in the December quarter. Between January and March, exports to the largest economy grew by 20%, limiting the annual contraction to just about 3%.

While the US remained the worst victim of Covid-19 last year, which battered its demand, China, despite being the epicentre of the pandemic, seems to have weathered the crisis better than most.

The US, however, buys a much wider portfolio of items from India, which boosts the potential for bilateral trade.

India was forced to put in place a stringent lockdown (from March 25 last year until it was gradually relaxed from June) that choked its supply chain, albeit temporarily, while both external and internal demand was battered by the pandemic, causing exports to crash.

Once the lockdown was lifted and supply disruptions eased considerably, exports made a fragile recovery (on a quarterly basis), especially to the US. Of course, monthly export growth still showed wide fluctuations.

While exports have remained somewhat unscathed from the havocwrought by the second pandemic wave, only a sustained, rapid expansion will help the country meet its ambitious target of $400 billion for FY22.

Source: financialexpress.com– June 07, 2021

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India and Australia In Talks to Revive Negotiations For A Free Trade Agreement

Seaking to Economic Times, O'Farrell said that the official-level discussions are presently on between the two countries to resume talks on the Comprehensive Economic Cooperation Agreement (CECA).

This gains significance as the talks on CECA have been suspended since 2015 due to disagreement over issues like market access in agriculture and daily products for Australia in India. The discussions had first begun in May 2011. Between May 2011 and September 2015, India and Australia held nine rounds of negotiations.

In the financial year 2021, India's exports to Australia were worth $4.04 billion, while imports were $8.24 billion. India mainly exported refined petroleum, medicaments, railway vehicles, including hovertrains, pearls and gems, jewellery, and made-up textile articles.

Major imports were coal, copper ores and concentrate, gold, vegetables, wool and other animal hair, fruits and nuts, lentils, and education-related services.

Source: swarajyamag.com– June 06, 2021

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MSME schemes 2020: What was announced, what was utilised, and what is needed in 2021

6.3 crore Micro, Small, and Medium Enterprises (MSMEs) of India employs around 11 crore people. However, they were, unfortunately, one of the worst-hit by the first wave of the pandemic that affected their access to markets, credit, and financial security. This prompted the Indian Government to announce a slew of measures aimed at shoring up their financial and transactional health.

As we grapple with an even deadlier second wave of the pandemic this year, it would be interesting to see how last year's schemes have fared so far, so that a useful indicator can be built of what worked and what didn't. This might help policymakers as they work the numbers for the inevitable announcements this year too.

Several announcements were made to provide relief to taxpayers including MSMEs from tax compliance norms and deadlines. The TDS rates to be deducted were slashed by 25 per cent for non-salary payments. Tax filing dates were extended by 30 to 90 days.

There was a reduction in the rate of interest on delayed payment of taxes, and an amnesty scheme (zero penalty) for service tax dues paid within December 2020 was also announced. The last date for filing of GSTR 3B was pushed back, and there was also a small concession on the late filing fee.

Simple things like the GST structure and filing calendar do not agree with the definition of an MSME (small taxpayer) vis-a-vis large taxpayer. A micro-enterprise (turnover up to Rs 5 crores) is expected to file returns once a quarter, but the frequency is monthly for a larger company.

That is why if such a micro-enterprise is a vendor, supplier, or contractor for a larger company, then the larger client often withholds the tax payment of the invoice or maybe the entire invoice till the time that enterprise declares the relevant returns. This is something that could be worked on.

Creating local demand

Because of their smaller scale and scope, MSMEs often find it difficult to fairly compete with larger corporations in the domestic market. Additionally, the opening up of business boundaries has also made the threat of multinational or foreign companies very real. This threat gets compounded in difficult times like the current pandemic. The Aatmanirbhar Bharat package announcements for MSMEs in 2020 also included one which barred global bidders for government tenders of up to Rs 200 crores, including consultancy services and turnkey projects.

While it is impossible to specifically pinpoint how many MSMEs won contracts from June 2020 onwards as a result of this ruling, but like the changes in GST rules, this initiative also needed a few more reforms in the procurement process to be really useful to MSMEs. For instance, bigger firms with more experience are better able to tackle the short application windows and high earnest money amounts. Also, some changes to the experience criteria for MSMEs could have helped them gain the confidence to bid for projects.

Technology upgrades

The Credit Linked Capital Subsidy Scheme (CLCSS) was introduced several years ago to encourage investment in technology upgrades. As per this scheme, any institutional finance (up to a maximum of Rs 1 crore) availed by small-scale units to incorporate the latest technologies in their workflow would be immediately given a 15 per cent capital subsidy upfront. Initially, an outlay of Rs 2,900 crore was allotted for the scheme but recently the scheme was changed to a demand-driven one without any upper limit on the overall annual limit.

This has led to a doubling of MSMEs which benefited from this scheme from 7,779 in FY20 to 15,188 in FY21. The total subsidy also doubled to Rs 1,100 crore from Rs 540 crore. While it is heartening to see this uptick in investment into technology, major gaps still remain. For instance, the scheme is limited to certain notified sectors and only applicable to existing borrowers. The benefits are concentrated around a few states like Gujarat, Maharashtra, and Punjab with Gujarat accounting for more than 42 per cent of the benefits. It would be a good idea to spread awareness and encourage MSMEs in other states to take better advantage of this scheme in FY22.

Faster payment cycles

Larger corporations can use their deeper pockets to meet the working capital requirements even if the payments for past work have not yet been received. But for micro and small enterprises, the smaller order book and modest cash reserves usually cripple them if payments are delayed too much. An MSME can, therefore, do better if their accounts receivables are settled faster. The Government acted on those over which it had control. All Central Public Sector Enterprises (CPSEs) were instructed to release their outstanding payments within 45 days. The CPSEs responded admirably. As the chart below shows, an average of Rs 3,000 crores was paid every month by CPSEs against dues outstanding for MSMEs for the first seven months after the announcement.

The same MSME Ministry statement from which the chart is taken also goes on to inform that orders placed to MSMEs by CPSEs also went up in this same period. To continue this good work, government agencies and CPSEs must be encouraged to keep a similarly prompt payment cycle at all times, not just during the pandemic.

Production-linked incentive scheme

This scheme was announced in early 2020 with an initial outlay of Rs 2 lakh crore aimed to boost manufacturing investment in India. The scheme provided financial incentives from 4 per cent to 6 per cent of incremental sales with FY20 considered as the base year to manufacturing units under certain key sectors.

Due to the high capital investment thresholds and production targets, over the last year, most businesses that benefited from this scheme were large MNCs or corporate firms. While there was an indirect push from the government to source from local businesses expanding the supply chain in the country, the scheme has not had a direct impact on MSMEs. Several industry bodies have requested for a new MSME targeted PLI scheme or widening of the existing scheme to help small businesses reap the benefits of it.

Funding support

One of the important measures taken by the government to tackle the pandemic and its effect on MSMEs includes a slew of financing support to local businesses. Some of the measures taken in 2020 were:

A six-month moratorium on loan repayments (classified by banks as ‘standard’ at the time of announcement) by MSMEs was announced by the Reserve Bank of India for the March to August 2020 period. More than 30 per cent of MSMEs benefited from the RBI moratorium as it was availed by almost a third of MSMEs with current loans outstanding. But the moratorium functioned only like a temporary fix for the ailing MSME, and it did not guarantee complete recovery. Also, measures to strengthen the demand side were less visible, making repayment of loans plus the interest accrued during the moratorium difficult. Adding to the woes, localized lockdowns due to the second wave and non-extension of the moratorium this time has put MSMEs in a severe cash crunch. It remains to be seen if these MSMEs can emerge from it in a healthy manner.

Additional subordinate debt facility of a total of Rs 20,000 crores was operationalised through the Credit Guarantee Fund Trust for MSEs (CGTMSE) and the loan disbursal limit was increased from Rs 1 crore to Rs 2 crore. Disbursements with credit guarantees of more than Rs 30,000 crores happened in FY21 under the CGTMSE scheme. While this is the second-highest amount in the last nine years, it still is a 30 per cent drop from last year.

Support was provided for working capital needs, operational liabilities, and business restart expenses to the extent of Rs 3 lakh crores under the Emergency Credit Line Guarantee Scheme (ECLGS) scheme. Around 60 lakh MSMEs availed of the ECLGS scheme, with around two-thirds of the sanctioned amount disbursed in the first nine months of the financial year. While the scheme was in the right direction there were several issues pointed out by MSMEs like inequitable distribution of funds, benefitting only existing borrowers and not the first-time borrowers, tedious documentation, and hefty registration fee and stamp duty.

A Fund of Funds of Rs 50,000 crores was set up for equity infusion into MSMEs to encourage them to augment their capacity and get themselves listed on the stock exchanges. Rs 10,000 crore would come from the government and the remaining Rs 40,000 crore was expected to come from VC and PE firms to fund innovative MSMEs and drive them towards growth and eventual listing on the SME or Startup stock exchange. As of now, there is no information on how much of this was mobilized and given out to startups and MSMEs.

Final thoughts

The measures announced last year were well-intentioned. The dipsticks mentioned above showed that some of them did work reasonably well in certain pockets, while some others had a lukewarm effect on the MSME sector. In summary, there are two takeaways that should be kept in mind for the second wave. First, there are several fundamental roadblocks in the way our MSMEs work. Despite several well-intentioned announcements, the fact remains that there are a disproportionate number of compliance and regulatory burdens every MSME faces compared to larger businesses. The government needs to completely shift its mindset to a facilitator from a regulator.

Second, financial and regulatory sops, while helpful, do not close the loop for MSMEs. More structural changes which help recharge the demand side and improve MSME operational efficiencies through technology and skilled labour would be the long-term strategy to reach the goal of raising MSME contribution to 50 per cent of India's GDP.

Source: financialexpress.com– June 06, 2021

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RBI's liquidity support to help Covid-hit MSMEs get back on recovery path, tide over cash crunch: Experts

Representatives of India's vast MSME sector — welcoming the liquidity support measures announced by the Reserve Bank of India on Friday — have said that the latest incentives would put small enterprises back on the recovery path with immediate relief from the working capital crisis. On Friday, the central bank had announced Rs 16,000 crore of special liquidity support to SIDBI for on-lending or refinancing for up to one year to cater to MSMEs particularly in credit-deficient and aspirational districts.

The RBI had also enhanced the maximum aggregate exposure threshold from Rs 25 crore to Rs 50 crore for MSMEs, small businesses, and individual loans to enable more borrowers with debt restructuring under the Resolution Framework 2.0. Moreover, a separate liquidity support of Rs 15,000 crore with tenure up to three years was announced for contact-intensive sectors such as hospitality and ancillary services along with beauty and personal care segments till March 31, 2022.

"RBI's move on extending Rs 15,000 crore liquidity window for contact intensive sectors comes as a huge relief to MSMEs…While the lockdown-like restrictions will continue to impact the hospitality industry, the travel industry, and the beauty and salon segment for the coming months as well, merchants will continue to face revenue pressures. This move will help these sectors tide over the cash crunch and working capital issues," said Manish Patel, Founder and CEO, Mswipe.

The RBI had in early May announced Resolution Framework 2.0 to allow individuals, small businesses, and MSMEs — with loans up to Rs 25 crore and who have not availed restructuring under Resolution Framework 1.0 and others and were classified as 'Standard' as on March 31, 2021 — avail one-time restructuring under the proposed framework till September 30, 2021. However, for those who had availed restructuring under Resolution Framework 1.0, Governor Shaktikanta Das had allowed banks to modify their plans to increase the period of the moratorium and/or extend the residual tenor up to a total of two years.

"RBI has decided to extend a special liquidity facility of Rs 16,000 crore to SIDBI for on-lending/ refinancing through novel models and structures. The impact will be visible in ensuring sustained credit flow in the real economy. Further expanding the Resolution framework 2.0 to Rs 50 crore will extend the credit coverage to a higher number of individuals and businesses…The relief measures will catalyze MSME recovery and further stimulate financial stability in the economy," Shachindra Nath, Executive Chairman and Managing Director, U GRO Capital.

Ever since the second wave of the pandemic struck post-mid-February this year, MSMEs, particularly in retail including the hospitality sector, have been demanding immediate credit support to tide over business losses due to lockdowns across the country. The second wave had pulled down the recovery efforts of small businesses nearing the pre-Covid level in business growth.

"The RBI Governor's statement continued the cautionary, calibrated, and need-of-the-hour stance of the RBI. Given the clear impact of COVID-19's second wave on non-urban areas, the focus on the wider local economy, especially the MSME and the mom and pop shops which are still vital to the overall fabric of India, has been a major focus of the proposed measures.

Having addressed the creation and supply of liquidity, the RBI has consciously considered the need to ensure equal distribution of credit and liquidity to the particularly affected sectors," said Anish Mashruwala, Partner, J Sagar Associates.

The central bank had categorically cited in its statement on Friday that hotels and restaurants, travel agents, tour operators, and adventure/heritage facilities, aviation ancillary services such as ground handling and supply chain, and other services that include private bus operators, car repair services, rent-a-car service providers, event/conference organisers, spa clinics, and beauty parlours or saloons are the contact-intensive sectors for which the separate Rs 15,000 liquidity window has been opened. While the industry body Federation of Hotel & Restaurant Associations of India (FHRAI) welcomed the move, it requested the RBI to extend the tenure from three years to five years.

"Infusing liquidity will provide the much-needed liquidity support to cash-strapped hospitality businesses without which the industry couldn't have survived. However, we request the RBI to extend the tenure for at least five years. A duration of three years is just not sufficient to recover from the financial turbulence that the industry is going through…The Hospitality sector was at the brink of collapse with revenues dwindling to below 10 per cent of pre-COVID levels. The announcement has offered the industry a lifeline in its efforts to survive," said Gurbaxish Singh Kohli, Vice President, FHRAI.

Source: financialexpress.com– June 06, 2021

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GST mop-up dips in May, but 65% higher on-year

India's goods and services tax (GST) revenue in May amounted to Rs 1,02,709 crore as several states imposed curbs due to the second wave of the pandemic, down from April's record Rs 1.41 lakh crore.

It was 65% higher than Rs 62,009 crore in the year earlier, when the lockdown was in place. May revenue exceeded Rs 1 lakh crore for the eighth month in a row. Some experts said the numbers were higher than expected and pointed to the economy getting back on track.

The finance ministry on Saturday said the figure for May included GST collections from domestic transactions until June 4. It expects collections to improve once the entire tax for the month comes in as some deadlines have been extended. "The actual revenues for the month of May 2021 thus would be higher and would be known when all the extended dates expire," the ministry said in a statement.

Taxpayers with turnover above Rs 5 crore have been allowed to file returns by June 4, instead of May 20. Smaller taxpayers, with turnover below Rs 5 crore, have until the first week of July to file returns without late fees and interest. Experts said the moderation in revenue was on expected lines as e-way bills had seen a sequential decline in April and May from March.

E-way Bill Generation Falls to 58.7 million in April

E-way bills are required for the transport of goods more than Rs 50,000 in value and a key indicator of business activity. "With the extension and widening of restrictions by various states in May 2021, e-way bills have declined further, which will further dampen GST collections in June 2021," said Aditi Nayar, principal economist at ratings agency ICRA.

E-way bill generation fell to 58.7 million in April and then to 38.2 million in May, the lowest in almost a year from a record 71.2 million in March.

Not So Harsh

The data signals that the effect of the curbs hasn't been as harsh as estimated. "Collections above Rs 1 lakh crore pertaining to the transactions in April 2021 indicate that the economic impact of the lockdowns has been much lower than expected," said MS Mani, senior director, Deloitte India.

The numbers for May will increase as smaller businesses file their returns in the extended period, said Rajat Bose, partner at Shardul Amarchand Mangaldas & Co. “Though most of the businesses were not functioning in April due to the lockdown, the numbers come as a pleasant surprise,” he said.

Mani urged a close watch on collections over the next few months to determine the extent of the impact of the pandemic on GST collections in FY22.

Of the gross GST revenue collected in May 2021, central GST (CGST) was Rs 17,592 crore, state GST (SGST) was Rs 22,653, integrated GST was Rs 53,199 crore (including Rs 26,002 crore on import of goods) and that from cess was Rs 9,265 crore (including Rs 868 crore collected on import of goods).

During the month, Rs 15,014 crore of CGST and Rs 11,653 crore of SGST were paid out from IGST as part of the regular settlement, the government said. Revenue from import of goods was 56% higher, while that from domestic transactions, including import of services, was 69% up from the year earlier, the ministry added.

Source: economictimes.com– June 06, 2021

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PF liability for companies to rise on implementation of new labour codes

Under the new code, allowances are capped at 50 per cent

The four labour codes are likely to see the light of day in a couple of months as the Centre is now keen to go ahead with the implementation of these laws, which among others will result in reduction in take-home pay of employees and higher provident fund liability of companies.

Once the wages code comes into force, there will be significant changes in the way basic pay and provident fund of employees are calculated.

The Labour Ministry had envisaged implementing the four codes on industrial relations, wages, social security and occupational health safety & working conditions from April 1, 2021. These four labour codes will rationalise 44 central labour laws.

The ministry had even finalised the rules under the four codes. But these could not be implemented because many states were not in a position to notify rules under these codes in their jurisdiction.

Labour is a concurrent subject under the Constitution of India and therefore both the Centre and states have to notify rules under these four codes to make them the laws of the land in their respective jurisdictions.

"Many major states have not finalised the rules under four codes. Some states are in the process of finalising rules for the implementation of these laws. Central government cannot wait forever for states to firm up rules under these codes.

Therefore it is planning to implement these codes in a couple of months as some time would have to be given to establishments or firms to align with new laws," a source said,

According to the source, some states had already circulated the draft rules. These states are Uttar Pradesh, Bihar, Madhya Pradesh, Haryana, Odisha, Punjab, Gujarat, Karnataka and Uttarakhand.

New code

Under the new wages code, allowances are capped at 50 per cent. This means half of the gross pay of an employee would be basic wages. Provident fund contribution is calculated as a percentage of basic wage, which includes basic pay and dearness allowance.

The employers have been splitting wages into numerous allowances to keep basic wages low to reduce provident fund and income tax outgo. The new wages code provides for provident fund contribution as a prescribed proportion of 50 per cent of gross pay.

After the implementation of new codes, the take-home pay of employees would reduce while provident fund liability of employers would increase in many cases.

Once implemented, employers would have to restructure salaries of their employees as per the new code on wages.

Besides, the new industrial relation code would also improve ease of doing business by allowing firms with up to 300 workers to go ahead for lay-offs, retrenchment and closure without government permission.

At present all firms with up to 100 employees are exempted from government permission for lay-off, retrenchment and closure.

Source: thehindubusinessline.com– June 06, 2021

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Cotton on to this

In the future: Growing cotton in space

Where is cotton grown? Well, in countries like India, Pakistan, Bangladesh, China, and... in space!

No kidding. NASA is carrying out an experiment on the International Space Station, which is circling 400 km above the earth, to see how cotton grows in the absence of gravity.

Cotton is an indispensable cash crop, and the world grows about 25 million tonnes of it every year. The experiment, which will be conducted by NASA's Expedition65 to the ISS, is designed to investigate to what extent the root system architecture influences stress resilience, water-use efficiency and carbon sequestration. These properties are believed to be linked to an enhanced root system that explores the soil wider and deeper for water and nutrients. Such exploration patterns are strongly linked to gravity.

Well, then, what happens if there is no gravity? Which environmental factors or genes are at play in the development of the root system? NASA will tell us after October, when Expedition65 ends.

The investigation has been sponsored by the US retail store Target. No wonder, then, that the programme is called 'Targeting Improved Cotton Through On-orbit Cultivation'.

Source: thehindubusinessline.com– June 07, 2021

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Indian ready-made garments industry to grow 15-20% in FY22: Report

India's ready-made garments industry is expected to grow by 15-20 percent this financial year, according to a report by Crisil Research

"We see India's ready-made garments (RMG) sector growing at 15-20 per cent in this fiscal, almost half the 28-33 per cent expected earlier," the report stated.

The sharp decline in growth projection is due to the downward pressure on domestic demand as a result of the business and retail restrictions imposed in the wake of Covid-19 , it stated.

The report noted that domestic demand — accounting for 74 per cent of overall demand — had started recovering in the second half of last fiscal after lockdowns and other restrictions, which crimped first-half revenue.

However, since the fierce second wave landed in the first quarter of this fiscal, curbs have been re-imposed, slowing the demand recovery, it added.

"The first quarter of this fiscal will be a near-washout, with most domestic brick-and-mortar stores shut, and sales through e-commerce channels curbed. The second wave has also hit the hinterland, affecting sales of 'value' or affordable garments, which is the fastest-growing segment," PTI quoted Crisil Research Director Hetal Gandhi as saying.

Source: indiaretailing.com– June 06, 2021

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A.P. identifies goods for 'one district, one product' scheme

Govt. to set up industrial hubs, tap export potential

The Andhra Pradesh government has recently identified one product each from 13 districts under the 'One District One Product' (ODOP) programme that aims at developing traditional industrial hubs at the district level. It is also preparing action plans to realise the export potential of the respective products.

The district-wise products are: readymade garments (Anantapur), pen Kalamkari (Chittoor), coir and coir products (East Godavari), red chillies (Guntur), barium and barytes (Kadapa), Kondapalli toys (Krishna), stone carving (Kurnool), wooden cutlery (Nellore), granite polishing (Prakasam), Ponduru cotton (Srikakulam), Etikoppaka toys (Visakhapatnam), mango jelly (Vizianagaram) and crochet lace (West Godavari).

According to official sources, the products have been catalogued and steps are being taken to bridge the gaps in infrastructure, supply chain and skillsets. Emphasis will be laid on exploring the markets overseas, which is the purpose for the integration of the ODOP with the 'districts as export hubs' initiative being jointly implemented by the Directorate General of Foreign Trade and the Department for Promotion of Industry and Internal Trade.

The State government has partnered with leading e-commerce companies such as Amazon, Flipkart and Myntra and some of the products are being received well by the customers. Besides, the government is lending financial and logistical support such as common facility centres for scaling up the manufacturing of the selected products. The products will be ultimately considered for geo-tagging which can give them a distinct advantage over other products in the global markets.

The AP-Economic Development Board and Industries and the other departments concerned are striving to create the ecosystem required to make the products of exportable standard, and sort out issues hampering the efforts being made to upgrade the products into export items that can fetch sizeable revenue for the exchequer.

The Ministry of Food Processing Industries has separately approved one food product each in the 13 districts under the ODOP scheme. The objective of the programme is to achieve the goal of 'Atma Nirbhar Bharat'.

Source: thehindu.com– June 04, 2021

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Liaison office has to pay GST: AAR

The GST Authority for Advance Rulings (AAR - Maharashtra bench) has held a liaison office, in Mumbai, of the Dubai Chamber of Commerce and Industry (DCCI) to be an 'intermediary', which is providing services.

The AAR concluded that the liaison office is liable to register under the Goods and Services Tax (GST). The supply of services by it will come within the ambit of this tax.

The ruling points out that the liaison office connects business in India, with business partners in Dubai, which is nothing but a supply of services. "By connecting businesses in India, with business partners in Dubai, the applicant is actually arranging or facilitating the supply of goods or services or both, or securities, between two or more persons," the AAR pointed out in its order. It further stated that as a liaison office the entity in Mumbai is acting on behalf of its head office.

The website of the head office indicates that they accept fees for providing various kinds of services, which include credit rating services and creditworthiness background checks. This shows that DCCI is not a non-profit entity, hence the liaison office also cannot be treated as such, observed the AAR. The AAR also noted that it received consideration from its head office over and above the actual expenses incurred by it.

Given these facts, the AAR held that the liaison office will have to register under GST regulations, its services will be treated as supply and will be subject to GST. The place of supply will be the location of the application (which is Maharashtra).

Applicants impacted by a GST ruling can file an appeal. Further, while rulings do not set a judicial precedent, they do have a persuasive impact in assessing similar cases.

Source: timesofindia.com– June 05, 2021

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Ramprasad Sridharan appointed CEO & MD of Benetton India

Apparel retailer Benetton India on Friday announced the appointment of Ramprasad Sridharan as the retailer's new chief executive officer and managing director for the country.

Sridharan is set to succeed Sundeep Chugh who is moving out of the company. He will take on the new role on 7 June. In his last role Sridharan was president, South-East Asia, Australia and New Zealand at footwear retailer Clarks.

"He has significant experience in the fashion retail sector, having worked for Reebok India Co., Lerros Fashions India Ltd., Clarks Future Footwear Ltd. India, C&J Clarks International UK and finally for C&J Clarks International Singapore, where he held the position of President Southeast Asia, Australia & New Zealand," the company said in a statement.

Sridharan is an alumnus of the Indian Institute of Management, Ahmedabad.

"Sundeep has successfully led the company during his tenure, a period during which the brand has evolved and maintained its market leadership position through a multi-channel approach, an effective product offering and a high-impact communication strategy," Benetton Group said in its statement.

The Italian causal wear retailer has been present in India since 1992. India continues to be a key market for the Group, which remains focussed on e-commerce activities, the introduction of new product categories such as watches, thanks to the recent collaboration with Timex and product development that also focuses on footwear and loungewear, the company said.

The retailer has a network of over 850 points of sale across the country. This year the retailer opened 12 stores with plans to open another 3040 by end of the year.

Source: livemint.com– June 05, 2021

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Textile mills seek permission to operate

The South India Spinners Association has appealed to the State government to permit the textile mills to operate from Monday.

In a memorandum to the State government, the association said the State enforced complete lockdown since May 10. It has created a large number of oxygen beds and organising vaccination camps for workers.

However, for nearly a month, the mills remain closed and have kept the workers on the premises. It has thrown open several difficulties for the mills apart from financial losses. The textile mills will follow all standard operating procedures, if permitted to operate. Hence, the State government should permit the mills to reopen, it said.

Meanwhile, Communist Party of India (Marxist) Tiruppur district secretary S. Muthukannan said the State government should not permit the exporting units to operate now with 10 % workforce. Permitting the units to operate increases the risk of more workers getting the disease.

The number of cases in Tiruppur district increased when there was partial lockdown. Considering the health risk of the workers, the government should not permit the units to operate now, he said.

Source: thehindu.com– June 06, 2021

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