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## INTERNATIONAL NEWS

### **Covid Outbreak at China Port Stymies Global Trade**

The logistics sector has faced a spring season filled with stumbling blocks, from massive port delays to rampant container shortages. Now, Covid outbreaks in southern China stand to further derail the recovery of global trade.

In late May, residents of Guangzhou province, north of Hong Kong, were hit hard by a resurgence of the coronavirus. Since then, operations at the Yiantian port in Shenzhen have been hobbled, leading to a massive backlog of goods awaiting transport out of one of China's busiest shipping hubs. Worse than the Suez

The Yiantian port is responsible for transporting about one-quarter of China's total export volume, according to Brian Whitlock, senior director and research analyst for Gartner's logistics and fulfillment arm. The viral outbreak that the region has faced in recent weeks represents "a big, big deal" for companies shipping cargo all across the globe, he said—both in terms of shipment delays and astronomical price increases from freight forwarders.

"One of the problems that we're facing today is that we can't get stuff out of Yiantian," he said, "and it's tying up all of these containers, and causing shortages in capacity." This comes amid already unprecedented backlogs that have seen 20 to 40-foot metal crates stacking up at ports across the globe throughout 2021.

Whitlock said China's current conundrum stands to have an even greater impact on trade than the Suez Canal debacle in March, which saw a 1,312-foot container ship trapped in the too-narrow waterway for nearly a week. "That locked up hundreds of thousands of containers over six days," he said, reducing the overall global supply and driving up prices for ocean freight through the late spring.

"Yiantian is locking up something like 25,000 containers, now for three weeks," he added. The event poses "a much bigger problem than the Suez, because of the length of time and the number of containers that continue to be impacted to this day."

After weeks of operating well below normal levels, the port upped its labor capacity to 40 percent on Monday, Whitlock said, doubling productivity from recent weeks. But it could be more than a month before Yiantian's operations return to full speed, he opined. In the meantime, containers stuck there remain out of commission, and many ships are canceling their sailings to Yiantian for the rest of the month—some into early July. “If they go there, they’re going to be anchored for days trying to get in,” Whitlock said.

In a desperate bid to find shippers, some brands are trucking their goods to alternate ports in Hong Kong, or even Shanghai, some 370 miles to the north. Whitlock said that added ground transport expense is currently running companies up to \$4,000 per container.

“I mean, [Yiantian is] one of the busiest ports in the world,” added Brian Glick, founder and CEO of supply chain tracking platform Chain.io. “The total disruption from the Ever Given being stuck in the Suez is smaller than this,” he agreed, noting that while that catastrophe was “more photogenic,” China's recent Covid outbreaks have the potential to stymie brands' shipments for months to come—potentially dampening the spring 2022 selling season.

“What I'm hearing from customers is that they're trying to book space [on ships] now two and three months out,” Glick said, up from just days or weeks in advance. “The congestion is going push all the way through into peak season”—which runs from mid-August through the end of October—and “it's already starting to ramp up.”

In addition to fretting over delays, pricing pressures have become prohibitive for brands looking to ship items from China, even if they can manage to find the space on vessels. “The timing is one thing, but the pricing is a bigger issue when you have containers at \$15,000 to \$25,000,” he said, representing rates 5 to 10 times higher than typical prices. “When you're shipping a container full of T-shirts, that's your margin. Either prices on those goods are going to go up, or people aren't going to ship them at all.”

The lack of availability on vessels has created a bidding war atmosphere where companies are “scrambling to get whatever they can” in terms of container space. There will always be a party willing to pay more, Glick said, and the freight forwarding market has turned into “the Wild West, in terms of pricing.”

The conditions are especially devastating for smaller brands that simply can't pony up the cash to ship at heightened rates. Not only will they miss seasonal sales, he said, but they risk souring relationships with retailers that are waiting on goods to stock their shelves. "I think the second biggest problem is visibility into supply chains—people don't even know what commitments they can make, because they don't know where anything is, or when it's going to get on a vessel," he added. "They can't plan; they can't react; they can't take action."

Ander Shulze, vice president and global head of ocean freight at logistics and customs brokerage company Flexport, told Sourcing Journal that the company has noted a 70-ship-strong backlog at Yantian. "And, due to labor shortages from Covid, vessels that do go into port are taking an average of twice as long to load cargo," he said. The situation is not only sure to cause pervasive delays—it will also put pressure on other regional ports, like Xiamen and Hong Kong, as companies attempt to divert cargo to shipping venues unencumbered by these issues.

While Yantian is not China's largest port (that distinction belongs to the ports at Ningbo and Shanghai), most of Flexport's clients shipping from Asia stand to be impacted by delays, Shulze said. Many ocean freight services count Yantian as a "part of their string," and are now making contingency plans to skip stopping there, lest they risk becoming stuck.

Shulze estimated that in late May, when port officials closed down certain areas and operations at Yantian for disinfection, Flexport clients saw \$400 million an hour in goods—" \$5.1 billion a day going eastbound, and \$4.5 billion a day going westbound," blocked from reaching their destinations.

The port has since ramped up production to modest levels. But amid this spring's existing challenges to global trade, "any disruption right now is very hard to quickly recover from," Shulze said. "This is akin to an accident on an already packed highway. Those sorts of events are felt for long after the incident clears."

### **Global logistical impacts**

The aftershocks of these recent outbreaks will continue to reverberate outward—first, forcing China's manufacturers to rethink their production plans. In neighboring Guangdong, suppliers are likely to see a reduction in orders from international partners who are taking a "wait-and-see"

approach,” according to Mirko Woitzik, senior manager of intelligence solutions for supply chain risk management firm Everstream Analytics.

“Export orders are expected to slow in the second half of the year due to the spike in cargo costs as well as shipping delays,” he said. Woitzik also noted that these restrictions are likely to exacerbate operational challenges in the Nansha district of Guangzhou, leading to a domino effect of business interruptions in industries located in neighboring provinces like Guangxi, Yunnan, Guizhou, Sichuan, Hunan, Hubei, and Jiangxi.

Once Yiantian’s pileups are resolved and cargo starts to flow more freely, it could cause an unhelpful deluge of containers at destinations across the globe, Gartner’s Whitlock opined. “It’s going to flow heavily into Rotterdam and Los Angeles-Long Beach, and other ports around the world,” he added. “These ports are already trying to dig themselves out of backlog.”

“The situation in Yantian will create a surge of containers as all the delayed shipments will arrive at U.S. ports at around the same time,” Nimesh Modi, CEO of tech-enabled shipping and freight-forwarding platform Book Your Cargo, echoed. Meanwhile, drayage providers, which move goods short distances using ground freight, face a finite availability of chassis, which are used to haul the containers once they arrive at the ports.

“Every container that comes inbound needs to be hauled on chassis, and with the present labor shortage to empty those containers, chassis turnaround time at these ports will increase,” he explained. Even if a carrier is ready and willing, they may not have a chassis to use when the time comes. “The more imported containers that get stuck at ports just increases the port congestion and results in huge importer fees for demurrage at port,” Modi said.

“This is a situation that the port is monitoring very closely,” Phillip Sanfield, a spokesperson for the Port of Los Angeles, told Sourcing Journal of Yiantian’s recent challenges. About one-third of the Port of L.A.’s service string emanates from southern China and the Yiantian area in particular, he said. “A lot of our cargo is tied to that region.”

While the port hasn’t yet felt any sluggishness in imports from Asia, Sanfield said it is tracking changes in volume, having noted the interruptions to productivity and output at Yiantian. He hopes that any eventual fluctuations in cargo coming into L.A. will ultimately be more akin to a small swell than the tsunami that the port faced earlier this year, which saw dozens of

container ships lined up waiting to berth. The Port of L.A. processed a record 1,012,048 twenty-foot equivalent unit (TEU) containers this May—making for the busiest month the facility has seen in its 114-year history.

“We’re hearing that [Yiantian has] seen the worst of it, and that they’re moving toward an upward trajectory,” Sanfield said. “If data is accurate, if the workers are truly getting back to work, and the production facilities are up and the ports are running, it will probably have a minimal impact” on the Port of L.A., he said.

### **A look forward**

“I’m not predicting things get back to normal until after Chinese New Year in February of 2022,” Gartner’s Whitlock projected, given the likelihood that Covid infection rates will continue to surge at significant shipping locales across the globe this fall.

Players in the fashion space need to start taking a hard look at the products they plan to ship from China and diligently plan ahead for forthcoming shipments, he said. They should empower their suppliers to get a jump on spring product now, he argued, or risk getting caught up in gridlock later this fall.

“They need to prioritize what gets into a container and what gets shipped, and really work closely with their planning teams and third-party logistics providers,” he asserted. “If all else fails, they may have to pay the premium fees to get in capacity where they need it, and even shift over to air freight if it’s absolutely necessary.”

Moreover, in the long term, brands must work to mitigate risk across their supply chains. Gartner’s research shows that brands can strategically avoid disruptions that are likely to impact trade by tracking regional issues, from public health crises like Covid to political challenges like Brexit, along with natural disasters and civil unrest, shaping their supply chains to avoid getting caught up in circumstances that could complicate the on-time production and shipment of goods.

“It’s no longer good enough to put together contingency plans to respond to challenges, because if you look at disruptions over time, they just continue to increase year over year,” he said.

Chain.io's Glick described the concept of "sure-shoring," or sourcing from disparate hubs across the globe, as the only insurance policy against the issues stuck brands are currently facing in Yiantian. "As a brand, I need to be able to have sourcing from Latin America, sourcing from Southeast Asia and elsewhere, so that I'm not just concentrated in one spot," he said. "That is really the trick to getting out of this in the long haul."

While the idea of supply chain diversification isn't novel, Glick said it's taking Chain.io's clients—especially larger organizations—some time to make game-changing decisions. "A lot of that ties back to their IT systems," he argued. "It's one thing to say, 'We want to buy from somewhere else,' but when you've got these systems connected to your suppliers and your freight forwarders, you have to go through the change management" to make it happen, he said.

It's a worthwhile pursuit, he argued, as the sector's trials continue to mount. "Companies need to do the work to make sure that they are agile and nimble enough to be able to adjust to unknown changes in the future," Glick said. "I think the only thing we can promise at this point is that it's never going to go back to the very stable supply chain we had in 2010."

Source: [sourcingjournal.com](http://sourcingjournal.com)— June 19, 2021

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## **Myanmar's garment exports decline by 20%**

The garment export value of Myanmar declined by 20 per cent from October 1, 2020 to May 28, 2021 to reach \$2.193 billion, according to Ministry of Commerce.

As per CCF Group report, Myanmar mainly exports CMP garments to the European markets along with Japan, the Republic of Korea, and the US. Its garment industry has been facing challenges such as cancellation of orders amid the pandemic.

In 2010, Myanmar exported garments worth \$337 million. Since 2014, its exports have been supported by the EU GSP duty-free system and investments in the sector have increased.

However, the current political conditions have dragged down the sector with Myanmar's PMI production index hitting a new low in March. New orders in the production industry have also fallen dramatically due to the pandemic and political unrest.

Source: fashionatingworld.com – June 19, 2021

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## **Cotton Prices to Rise Due to the Textile Industry's Demand Booming Over the Supply**

IndexBox has just published a new report: 'World – Cotton Lint – Market Analysis, Forecast, Size, Trends and Insights'. Here is a summary of the report's key findings.

After stagnating during the pandemic, the textile industry has begun to strongly recover and the demand for cotton has risen. It is expected that consumption in 2021 will grow faster than the supply. This will lead to a reduction in global cotton stocks and higher prices. The issues of sustainability and ethical background become increasingly important in the transformation of cotton supply chains.

### ***Key Trends and Insights***

With increased demand from the textile industry, global cotton stocks fell to a three-year low. Although cotton production is projected to increase by 5% in 2021, the demand will outpace supply which will raise prices further. In the medium term, the main driver of growth in the cotton market will be the demand for textiles from the growing global population.

According to a recent report by the World Bank, the average price for raw cotton in the first quarter of 2021 was \$1.64 per kg, which is 3% higher than the average price in 2020. In the fourth quarter of 2021, prices are projected to rise to \$1.72 per kg.

Despite the positive dynamics, cotton production in 2021 will not return to the record levels of 2019. High cotton yields are projected in the U.S. (+523K tonnes), Brazil (+436K tonnes) and Australia (+239K tonnes), Pakistan (+174K tonnes) due to favorable weather conditions and the increasing harvested area. China, on the other hand, will lower cotton production and give way to India as the main producer with a 24% share of the world total.

The highest growth rates for the industry and demand for cotton are expected in Pakistan, India, Bangladesh, Vietnam, Turkey and China. The first four countries mentioned are becoming center points for the global textile industry due to cheap labor. In China and Turkey, the populations' rising incomes will make production less competitive. It is assumed that domestic production will not be able to fully meet the demand of the industry in China, and the country will have to increase its imports.

Strong competition from other natural and functionally similar materials such as hemp or flax as well as synthetic textile materials will hold back market growth. Hemp is more convenient to grow than cotton as it consumes 5 times less water, while cotton production is considered “environmentally harmful” because it uses large amounts of insecticides. In some countries, forced labor is supposed to be used on cotton plantations. The environmental issues and labor rights violations lead to increased consumer attention to the ethical side of the cotton market. This forces major apparel companies to shift supply chains toward cotton suppliers with a proven and traceable environmental and ethical background.

The issue of creating a cost-effective recycling technology for cotton to be sustainable is now becoming increasingly important. The production of cotton fibers involves a huge amount of water consumption, and cotton recycling will significantly reduce these volumes and maintain the stability of natural water resources.

### ***Cotton Exports by Country***

In 2020, shipments abroad of cotton lint decreased by -9.2% to 8.1M tonnes for the first time since 2016, thus ending a three-year rising trend. In value terms, cotton lint exports shrank sharply to \$13.1B (IndexBox estimates) in 2020.

In 2020, the U.S. (3.8M tonnes) was the key exporter of cotton lint, comprising 47% of total exports. It was distantly followed by India (965K tonnes) and Brazil (865K tonnes), together achieving a 23% share of total exports. The following exporters – Benin (292K tonnes), Greece (289K tonnes), Cote d’Ivoire (230K tonnes), Burkina Faso (217K tonnes), Nigeria (212K tonnes), Australia (170K tonnes) and Uzbekistan (137K tonnes) – together made up 19% of total exports.

In value terms, the U.S. (\$6B) remains the largest cotton lint supplier worldwide, comprising 46% of global exports. The second position in the ranking was occupied by India (\$1.4B), with a 11% share of global exports. It was followed by Brazil, with a 11% share.

In 2020, the average cotton lint export price amounted to \$1,616 per tonne, shrinking by -6.9% against the previous year. Average prices varied somewhat amongst the major exporting countries. In 2020, major exporting countries recorded the following prices: in Nigeria (\$2,222 per

tonne) and Uzbekistan (\$1,823 per tonne), while India (\$1,501 per tonne) and Greece (\$1,558 per tonne) were amongst the lowest.

#### Cotton Imports by Country

In 2020, after three years of growth, there was significant decline in supplies from abroad of cotton lint, when their volume decreased by -16.8% to 7.1M tonnes. In value terms, cotton lint imports contracted sharply to \$12.2B in 2020.

In 2020, China (1.9M tonnes), distantly followed by Viet Nam (945K tonnes), Pakistan (819K tonnes), Bangladesh (726K tonnes), Turkey (655K tonnes) and Indonesia (627K tonnes) represented the largest importers of cotton lint, together generating 79% of total imports. The following importers – Malaysia (247K tonnes), India (174K tonnes) and South Korea (115K tonnes) – together made up 7.5% of total imports.

In value terms, China (\$3.6B) constitutes the largest market for imported cotton lint worldwide, comprising 29% of global imports. The second position in the ranking was occupied by Viet Nam (\$1.4B), with a 12% share of global imports. It was followed by Pakistan, with a 11% share.

The average cotton lint import price stood at \$1,706 per tonne in 2020, shrinking by -5.3% against the previous year. Average prices varied somewhat amongst the major importing countries. In 2020, major importing countries recorded the following prices: in India (\$1,979 per tonne) and China (\$1,929 per tonne), while Viet Nam (\$1,486 per tonne) and Turkey (\$1,519 per tonne) were amongst the lowest.

Source: globaltrademag.com – June 18, 2021

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## **Sri Lanka: Deficit in trade account during January- April widened to \$ 2.94 billion**

The cumulative deficit in the trade account during January – April widened to \$ 2.94 billion from \$ 2.69 billion recorded over the same period in 2020.

Central Bank said both exports and imports were significantly higher in April, compared to the lockdown period in April 2020, although both were lower compared to March. Cumulatively, exports were up 29.6% to \$ 3.8 billion in the first four months of 2021, whilst imports were up 20% to \$ 6.7 billion of which non-fuel imports were up 17.6% to \$ 5.35 billion.

Central Bank said the major contributory factors for this outcome were sharp rise in value of fuel imports, machinery and equipment, textiles and textile articles, chemical products and plastics and articles thereof. Recording the highest ever value for a month of April, earnings from merchandise exports in April increased by 189.8% to \$ 818 million, from a significantly low value of \$ 282 million recorded in April 2020 amidst the island wide lockdown measures due to the first wave of the COVID-19 pandemic. Earnings from exports in April, however, were 25.2% lower than the export earnings of \$ 1,094 million recorded in March, reflecting the impact of the beginning of the third wave of the pandemic and the festive holiday-related developments in April.

Earnings from all subsectors of industrial goods exports improved substantially by 302.5% to \$ 647 million in April, YOY. On a month-on-month basis, earnings from industrial exports declined by 22.0%, except for the subsector of petroleum products; leather, travel goods and footwear (mainly footwear); animal fodder (mainly dog/cat food); and printing industry products (mainly currency notes). Earnings from textiles and garments; rubber products; machinery and mechanical appliances; and gems, diamonds and jewellery mainly recorded declines compared to March.

Meanwhile, earnings from the export of petroleum products improved in April over the preceding month due to higher exports of naphtha, while earnings from bunker and aviation fuel declined with the significant reduction in volumes of aviation fuel and bunkering fuel supplied to aircraft and ship arrivals, despite the increase in the average prices of these export products.

Export earnings from all subsectors related to agricultural goods increased by 37.7% to \$ 165.6 million in April, compared to a year ago, though contracted by 35.6% compared to March. Despite higher export prices, export earnings from tea declined substantially compared to the previous month due to lower export volumes.

In addition, export earnings from spices (mainly cinnamon, pepper and cloves), coconut (both kernel and non-kernel products), seafood and minor agricultural products declined notably in April over March. Earnings from all subsectors under mineral exports were also higher in April (by 332.9%) than export earnings in April 2020, but lower (by 10.3%) than export earnings in March.

The decline in April over March reflected lower earnings from subsectors of earths and stone (mainly quartz), and ores, slag and ash (mainly titanium ores). The export volume index and the unit value index increased by 182.0% and 2.8%, respectively, on a YOY basis, in April. This indicates that the increase in export earnings was due to the combined impact of higher export volumes and prices.

Expenditure on merchandise imports in April increased by 52.1% to \$ 1.7 billion from low import expenditure of \$ 1.12 billion in April 2020, when the effects of the first wave of the pandemic and low global petroleum prices were present. The YOY increase in the import expenditure was driven by the increase in imports of intermediate and investment goods. However, import expenditure in April was considerably lower (by 11.4%) compared to March (\$ 1.92 billion), although import values in both March and April were higher than pre-pandemic levels.

With declines recorded in both food and beverages and non-food consumer good categories, expenditure on the importation of consumer goods in April declined by 7.9%, compared to April 2020 and by 26.6% compared to March.

Source: island.lk – June 19, 2021

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## **Vietnam: Garment-textile exports hit 15.2 billion USD in five months: VITAS**

Export revenue of the garment and textile sector surged 21.2 percent year on year in the first five months of 2021 to about 15.2 billion USD, according to the Vietnam Textile and Apparel Association (VITAS).

The association reported that fibre and yarn exports during January-May soared by 60.1 percent year-on-year to 2.1 billion USD, while that of fabrics also increased 26.4 percent to 947 million USD.

In the period, Vietnam spent more than 10.2 billion USD on importing materials for the garment and textile industry, representing a 33.4 percent increase over the same period in 2020.

The Ministry of Industry and Trade attributed the growth to positive signals from the country's major export markets as well as domestic businesses' effective utilisation of opportunities from free trade agreements (FTAs) which have been signed and put in place.

The United States remained the largest importer of Vietnam's garment and textile products with a value of 6.02 billion USD, up 24.4 percent from the same period in 2020 and accounting for 49.2 percent of the sector's total revenue.

Japan was the second largest customer with 1.31 billion USD (down 6.3 percent), followed by the European Union with 1.21 billion USD (up 14.7 percent) and the Republic of Korea at 1.07 billion USD (up 4.2 percent).

Source: en.vietnamplus.vn – June 21, 2021

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## **More than 75% of S Korean exporters to China hit by pandemic: survey**

A survey of 540 South Korean exporting firms by the Korea International Trade Association (KITA) revealed 75.7 per cent of those exporting to China have suffered damage from the coronavirus pandemic.

Nearly 38 per cent replied they have suffered severe damage, while about 7 per cent said their Chinese businesses have benefited from the pandemic.

About 74 per cent of the respondents cited business trips as the biggest hardship in conducting business with Chinese companies. Finding buyers came next with 39.3 per cent, disruptions to marketing activities (39.1 per cent) followed, and then customs clearance and logistics (30.4 per cent).

Nearly 78 per cent of those polled expected their exports to China to bounce back next year, with some 20 per cent anticipating a recovery this year, a news agency reported.

The survey also showed about 62 per cent of the exporting firms plan to expand their Chinese business down the road, despite the fallout from the pandemic.

In May, South Korea's exports to China rose by 22.7 per cent on-year, compared with a 45.6 per cent surge in overall overseas shipments, according to government data.

Source: fibre2fashion.com – June 19, 2021

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## **Vietnamese textile-garment firms invest in raw material production**

Despite the COVID-19 pandemic resulting in a fall in demand for textiles and garments, Vietnamese enterprises have invested in improving production capacity, completing the supply chain and taking advantage of new-generation free trade agreements (FTAs) like the European Union-Vietnam Free Trade Agreement (EVFTA) and the United Kingdom-Vietnam FTA.

The Century Synthetic Fibre Corporation (CSF) recently approved a \$120-million investment plan for the Unitex synthetic fibre factory project in the Tay Ninh province. With a capacity of 60,000 tonnes, the project focuses on recycled yarn and high-quality fibre. CSF will become the second-largest fibre producer in the country once the factory becomes operational, with a total capacity of 120,000 tonnes per year.

The Viet Tien Garment Corporation also plans to invest \$13 million this year in several projects. That includes \$4.3 million in setting up the Viet Thai Tech Co. Ltd to secure raw material resources.

Similarly, the Thanh Cong Textile Garment Investment Trading Joint Stock Company (TCM) announced starting construction of its Vinh Long 2 factory this year. With an investment of \$10 million, the factory can manufacture 9 million items a year, according to a report in a news agency report.

According to TCM, investment in the production of raw materials was essential to boost overall capacity. With this new project, it is expected to increase revenue in the segment by 22 per cent in 2022 and 27 per cent in 2023.

New investment projects, especially in the production of raw materials such as yarn and fabric, will resolve shortages of input materials in the industry. As the production capacity of enterprises rises, these will benefit from having more resources increasing the percentage of origin as stipulated in FTAs.

Along with benefits from tariff eliminations, the EVFTA will also help promote the formation of a closed production chain, increasing added value for the industry and gradually reducing dependence on the importation of raw materials.

Source: fibre2fashion.com– June 21, 2021

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## **Bangladesh losing opportunity to grab US apparel market**

The Covid-19 situation in the US has somewhat come under control following mass vaccinations. Many restrictions have been relaxed. People have increased shopping too. As a result, export of readymade garments has risen to the US from various countries.

The US still has been reporting more than 12,000 new cases of coronavirus with 300 to 400 deaths daily.

Buyers and brands in the US imported apparel products worth \$21.26 billion (2,126 crore) from various countries in the first four months (January-April) of 2020. Imports rose by 8 per cent to \$23.07 billion (2,307 crore) in same period of 2021.

Exports from China and Vietnam have increased during this span of time whereas Bangladesh couldn't take advantage of the situation. On the contrary, its exports have declined.

The US Department of Commerce's Office of Textiles and Apparel (OTEXA) released the latest data. The US import of apparel products dropped by 23.43 per cent to \$64.07 billion (6,407 crore) in 2020.

According to OTEXA, Bangladesh exported apparel products worth about \$2 billion (199.79 crore) or Tk 169.82 billion (16,982 crore) to the US in the first four months of 2021, that is a 3.71 per cent fall comparing to the corresponding period of the previous year.

Bangladesh is the third largest apparel exporter to the US after China and Vietnam.

China's export to the US, however, rose significantly. Its export of ready-made garments rose by 19.86 per cent year-on-year to \$4.66 billion (466 crore) in January-April of 2021.

On the other hand, Vietnam exported apparel worth about \$4.55 billion (455 crore) to the US in January-April of 2021, which is 8.91 per cent higher than the export earnings of \$4.18 billion (418 crore) in the corresponding period of the previous year.

Vietnam shares 19.65 per cent of the US ready-made garment market while Bangladesh shares only 7.82 per cent.

According to the OTEXA, like Bangladesh, export of ready-made garments by India and Indonesia also declined.

India's export of apparel to the US dropped by 1.10 per cent year-on-year to \$1.34 billion (134 crore) in the first four months of 2021. India is the fourth largest apparel exporter to the US.

Besides, Indonesia exported apparel worth \$1.27 billion (127 crore) to the US in January-April of 2021, which is 11.18 per cent less comparing to the corresponding period of the previous year.

Vice president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Mohamamd Hatem told Prothom Alo, "Exports dropped a little last May because of Ramadan and Eid.

But we expect exports will increase from July-August. Because a good number of work orders are coming but not like that of regular times. Several work orders of the US buyers and brands have been diverted from China, Vietnam, and Cambodia to our country."

Mohamamd Hatem further said buyers are offering lower prices despite the work orders. Yet the price of cotton has increased. In many case, the situation gets so complex since buyers don't want to offer prices closes to the manufacturing cost. For this reason entrepreneurs have been forced to decline many work orders.

A portion of the work orders started coming to Bangladesh in the aftermath of the US-China trade war in 2019. Bangladesh's export of apparel to the US reached a seven-year high of \$5.93 billion (593 crore) that year.

Source: fibre2fashion.com– June 21, 2021

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## **Pakistan: Textile, clothing exports soar to \$13.7bn**

Pakistan's exports of textile and clothing sectors posted nearly 19 per cent growth in the 11 months of current fiscal year (11MFY21) compared to the same period a year ago, data released by the Pakistan Bureau of Statistics showed on Saturday.

Total exports of textile and clothing were up 18.85pc to \$13.748 billion between July and May this year against \$11.567bn over the corresponding period in FY20.

On a monthly basis, export proceeds posted a growth of 41.14pc on a year-on-year basis to \$1.06bn in May 2021.

Exports of ready-made garments were up by 14.35pc to \$2.706bn in 11MFY21 against \$2.367bn over the corresponding months of last year. Knitwear exports were up 32.70pc to \$3.414bn against \$2.572bn over the corresponding months of last year. Exports of bedwear increased by 24.60pc to \$2.472bn this year against 1.984bn in FY20.

Similarly, in the value-added leather sector, exports of leather garments up by 9.92pc, leather gloves 19.08pc respectively. Exports of raw leather declined by over 17pc during these months.

In the non-value added sector, exports of cotton cloth posted a paltry growth of 0.97pc in 11MFY21 from a year ago. Similarly, exports of cotton yarn declined by 1.60pc and raw cotton 96.51pc. It clearly indicates that these raw materials were consumed mostly by the value-added sector as the government allowed duty-free import of these products.

Exports of cotton carded were up by 3.17pc and yarn other than cotton yarn by 20.24pc during the period under review.

Source: profit.pakistantoday.com – June 20, 2021

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## NATIONAL NEWS

### **Cotton MSP has not breached WTO cap, argues India**

Australia asks India to explain the variation in figure for 'eligible production' used to calculate MSP

India has stated that its price support for cotton has not exceeded the de-minimis subsidy limits determined by the WTO. The clarification was in response to queries on the country's total cotton production and support posed by Australia at a recent Committee on Agriculture meet, a Geneva,-based official has said.

Australia, however, demanded that India provide all relevant data on the value of cotton production to confirm that de-minimis limits (subsidy limit fixed at 10 per cent of production value) were not being breached and also explain why there was a variation in the figure of eligible production (cotton eligible for MSP).

"India also received questions on its reported domestic support for rice, public stockholding, and other support measures as well as on alleged inadequate information provided on its quantitative import restrictions on pulses and its public stockpiling," the official added.

#### **Australia's contention**

On the issue of support for cotton, Australia noted that from 2017-18 to 2019-20, eligible production under the MSP programme for cotton in India increased from 0.07 million tonnes (mt) to 1.79 mt. India's support for cotton thus increased steeply from \$14.83 million to \$ 184.83 million, it pointed out, adding that the applied administered price also increased by \$270 per tonne.

It also brought to the notice of the CoA that the US had issued a counter notification on November 9, 2018 indicating that India had provided market price support for cotton in excess of its de minimis limits.

Australia, therefore, said that India should shed light on the value of cotton production and explain the reasons for variations in eligible production and confirm that ceiling limits were not breached, the official added.

It is important to stay within de-minimis levels as breaching it could lead to penalty. India can use a 'peace clause' to avoid such action, but it is subject to a number of complicated requirements and prone to challenge. Indian officials had earlier explained that for calculating support prices India took stock only of the amount that was being procured by the government at administered prices and not the total production.

“Countries like the US and Australia have been insisting that the value of price support should be based on the entire crop as technically it was all eligible for support. But India’s argument is that only the amount that was procured mattered as price support was extended only to that portion. This needs to be thrashed out at the WTO as it could lead to more trouble for India in the future,” the official said.

Because of this difference in consideration of eligible production for calculating MSP, some countries such as the US allege that New Delhi has not just breached the de-minimis levels for rice (as duly notified by the country) but also for other farm products such as wheat and cotton.

India believes that it is unfair to calculate MSP support based on quantities that have not been procured by the government as farmers did not get any support price for such produce.

As part of a permanent solution on public stockholdings, India wants the WTO to exclude MSP from de-minimis limits or change the methodology of its calculations to make it more realistic and supportive towards poor farmers.

### **Import curbs**

On import restrictions on pulses, the EU and Canada joined the US and Australia in criticising the lack of information provided by India in its answers overall.

The EU, Canada and the US had asked India to explain how it decides on imposing or removing quantitative restrictions on import of pulses.

Source: business-standard.com – June 18, 2021

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## Commerce ministry to seek duty relief for SEZs

The commerce ministry may float a proposal to allow units in special economic zones (SEZs) to sell goods in the domestic market, at least temporarily, at the lowest tariffs at which India imports from its free-trade partners. This will help the SEZs cope with the havoc wrought by the Covid-19 pandemic, sources said.

Currently, SEZ units are mandated to pay the regular customs duty on a product if they sell it in the domestic tariff area (DTA). This is because an SEZ is a specifically delineated duty-free enclave and is a deemed foreign territory for the purpose of trade operations, duties and tariffs. Such units, therefore, have access to duty-free imports of goods, which manufacturers in the DTA are not entitled to.

“The proposal is already before the commerce ministry. The pandemic has hit SEZs hard and hurt their liquidity flow. So, there is a need to implement this proposal, at least temporarily, to help them. This can be done after the revenue department’s approval,” a source told FE.

As such, SEZs in India have somewhat lost their appeal, especially after the government last year adopted a sunset clause for granting a phased income-tax holiday for 15 years, according to senior industry executives. So, only those SEZ units which started production on or before June 30, 2020, will now get a 100% I-T exemption on export income for first five years, 50% for the next five years and 50% of the ploughed-back export profit for five years thereafter.

Moreover, the corporation tax has been trimmed to as low as 15% for setting up new manufacturing units anywhere. So, without fresh incentives, SEZs won’t be able to draw many companies now, they say.

Interestingly, a similar proposal made by the commerce department in 2015-16 was rejected by the finance ministry. Revenue department officials had then argued that permitting SEZs to sell goods in the DTA at zero duty (the rate at which many products are imported from India’s FTA partners) would provide an unfair tax advantage to SEZ units vis-à-vis domestic manufacturers outside such duty-free enclaves. Also, any such move could potentially cause revenue losses to the exchequer, they reckoned.

However, commerce ministry officials have been arguing that the country also loses customs revenue when it imports from its FTA partners.

On the claim of injury to domestic manufacturers outside the SEZs, the officials have been highlighting that they are, in any case, at a disadvantageous position vis-à-vis manufacturers in India's FTA partners.

So, it's better to give the same FTA benefits to SEZs and create more domestic employment, according to the officials. Such a move would help SEZ units utilise idle capacities and save foreign exchanges for the country by lowering imports to that extent.

Data collated by the Export Promotion Council for EoUs and SEZs show outbound shipments of manufactured products and trading services from SEZs crashed by 21% from a year before to Rs 2.46 lakh crore in FY21, while the country's overall merchandise exports dropped by only 3% to Rs 21.54 lakh crore.

Of course, services units, the dominant segment in SEZs, seemed to have coped with the pandemic impact better. Still, overall exports from SEZs recorded a 4% decline in FY21, against a 1.5% drop in the country's total exports (in rupee terms).

Source: [financialexpress.com](http://financialexpress.com)– June 21, 2021

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## **RBI plan to boost forex tailwind for trade**

However, RBI said this will still cover less than 15 months of projected imports, against Switzerland's 39 months, Japan's 22 months, Russia's 20 months, and China's 16 months

The frenetic accumulation of foreign exchange may check the strengthening of the local currency and fuel Indian exports in the short term, experts said, with the central bank hinting that current reserves of \$600 billion are sufficient to cover imports for a shorter duration than many other large economies.

The Reserve Bank of India's (RBI's) 16 June monthly bulletin said forex reserves crossed \$600 billion, making India the world's fifth-largest reserve holding country. However, RBI said this will still cover less than 15 months of projected imports, against Switzerland's 39 months, Japan's 22 months, Russia's 20 months, and China's 16 months. Since the publication of the bulletin, the reserves rose further to \$608.08 billion as on 11 June.

"There is an intrinsic bias towards accumulation, which will have a residual impact on the rupee. There is a chance that the rupee will mostly underperform compared to emerging market peers even with healthy emerging markets flows," Madhavi Arora, lead economist at Emkay Global Financial Services, said over the phone.

The shorter import cover warrants a pragmatic assessment of reserve adequacy on forex reserves, including exposure to valuation changes and market risk in a world of heightened global uncertainty, the bulletin noted. The rupee closed at 73.86 per dollar on 18 June, strengthening after eight straight sessions of decline.

Arora of Emkay Global added that policymakers are trying to achieve export competitiveness using the nominal exchange rate route, as productivity dynamics cannot be improved immediately.

"The least that they could do is allow the currency to depreciate. Honestly, in the medium term, it is not your nominal exchange rate that will matter but your real exchange rate," she said.

However, experts cautioned that while a weaker rupee may aid in increasing exports, rising inflation could play spoilsport. For now, the monetary policy committee (MPC) is expected to be in a wait-and-watch mode and look through the surprise surge in retail inflation in May. Inflation measured by the Consumer Price Index (CPI) came in at 6.3% in May, above the Reserve Bank's target band of 2-6%.

"Keeping your exchange rate undervalued helps your external sector at the expense of the domestic sector. It is basically trying to shift consumption away from the households to the external sector," said Anindya Banerjee, deputy vice-president (currency derivatives and interest rate derivatives) at Kotak Securities.

Banerjee explained that when the currency is strong, domestic consumption gets a boost, but when it is weak, it incentivizes exporters.

India's exports expanded in May this year when compared with May 2019 in sectors such as engineering goods, petroleum products, iron ore, cotton textiles and drugs and pharmaceuticals.

The Reserve Bank added that engineering goods, accounting for nearly a fourth of the total exports, were massively affected due to demand and supply disruptions caused by the pandemic. However, this segment has bounced back, staging a smart recovery in recent months, surpassing pre-pandemic levels.

RBI governor Shaktikanta Das also alluded to a strengthening of the external environment and said it augurs well for India's export sector. This comes at a time when urban demand has weakened following the second wave.

"Global demand conditions are expected to improve further, buoyed by fiscal stimulus packages and the fast progress of vaccination in advanced economies. India's exports in March, April and May 2021 have launched into an upswing," Das said on 4 June.

Source: [livemint.com](http://livemint.com) – June 21, 2021

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## **India's subsidy policy under lens again; Australia seeks clarity on agri infra fund, cotton subsidies**

India's Agriculture Infrastructure Fund (AIF) and cotton subsidies have come under scrutiny at the World Trade Organization (WTO), with Australia seeking clarity on the scope of the fund and confirmation that New Delhi has not exceeded its 10% ceiling support, called de minimis in trade parlance, for the natural textile fibre.

Australia has asked India to provide the overall value of cotton production in the country and confirm that New Delhi has not exceeded the ceiling. The issue came up on June 17-18 at the meeting of the WTO Committee on Agriculture.

"India affirmed that its cotton support has not exceeded its de minimis spending limit," said a Geneva-based official.

Subsidy ceilings for India and other developing countries are fixed at 10% of the value of food production. The queries come at a time when India has invoked the peace clause for exceeding the subsidies for rice two years in a row.

On the AIF, Canberra sought details of how financing will be provided for the projects, including the crops that fall within the definition of 'export clusters'. The AIF is a medium-long-term debt financing facility for investment projects for post-harvest management infrastructure and community farming assets, such as providing supply chain infrastructure for clusters of crops including export clusters.

Australia also wanted to know which fruits, vegetables and other commodities are included in the export clusters, according to the official.

At the meeting, Canada, the EU, Russia, Ukraine and the US again questioned India on continued restrictions concerning imports of pulses, public stockpiling, export subsidies for skim milk powder, and its export prohibition on onions.

The EU, Brazil, Japan, Paraguay and Russia expressed concerns about the lack of transparency or missing information concerning India's rice purchases and subsidies, and public stockholding data, and said that the

information was crucial as New Delhi is a key proponent of a permanent solution on public stockholding for food security.

On its part, India asked the EU, the US and Canada for their pending notifications on domestic support, and questioned Canada on its plans to spend \$101 million over two years on a programme for the wine sector.

Source: [economictimes.com](http://economictimes.com)– June 21, 2021

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## **Govt open to more measures to boost economy: CEA**

The government is open to coming out with more measures to boost the economy which has been hit by the second wave of the coronavirus pandemic, says Chief Economic Advisor (CEA) K V Subramanian. He, however, added that the demand for a fresh stimulus package has to be considered against the backdrop of a host of initiatives taken by Finance Minister Nirmala Sitharaman in her budget for 2021-22 presented in February.

The Chief Economic Advisor was responding to a suggestion made by some industry bodies that the government needed to come out with a Rs 3 lakh crore stimulus package to boost the economy which was badly hit by the second wave of the coronavirus pandemic in April-May.

According to an assessment by the Reserve Bank, the second wave has cost the nation about Rs 2 lakh crore in terms of output lost.

“Like last year, we do remain very open to coming up with more measures as well...but I think it is really important to take into account the big differences between last year and this year when we talk about stimulus,” he told PTI in an interview.

Elaborating his point, the CEA said that unlike the previous budget which was framed before the pandemic, the 2021 budget was presented amid the pandemic and had already incorporated significant fiscal expansion.

The focus is particularly on infrastructure spending which leads to construction activity and subsequently creation of jobs in the informal sector and demand generation, he said. It was witnessed during the January-March quarter of the last financial year, he added.

The significant capital spending by the government led to a 15 per cent increase in the construction sector in the fourth quarter and the gross fixed capital formation to GDP surged to 34 per cent, the highest in the last six years.

Emphasising that the final objective is to ensure that the economic recovery gathers pace, he said, the government will do whatever is necessary to ensure that.

With regard to food security for the poor, he said, the government has already extended the free food programme for 80 crore population till November. The extension of PM Garib Kalayan Yojana would cost about Rs 70,000 crore, he said, adding free vaccination for all is another important economic measure.

“Vaccine as you would appreciate is by far the most important from the perspective to get back into the path of economic recovery,” he said.

On the effect of the second wave on growth, Subramanian said, there will be some impact but it is not likely to be very large.

The Economic Survey 2020-21 released in January this year had projected GDP growth of 11 per cent during the current financial year ending March 2022.

India’s economy contracted by less-than-expected 7.3 per cent in the fiscal year ended in March 2021 after growth rate picked up in the fourth quarter, just before the world’s worst outbreak of coronavirus infections hit the country.

The GDP print was better than expected contraction of 8 per cent for 2020-21 as projected by the Economic Survey

Source: [financialexpress.com](http://financialexpress.com)– June 20, 2021

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## **MSMEs with EM-II, UAM registrations now have time till 2021 end to migrate to Udyam Registration portal**

Entrepreneur Memorandum – II or Udyog Aadhaar Memorandum (UAM) registrations obtained by MSMEs before June 30, 2020, and valid till March 31, 2021, have been given extension till this year-end. EM-II and UAM were replaced by the new registration portal Udyam Registration in July last year following the revised definition of MSME by the government.

The Reserve Bank of India (RBI) had clarified last year that existing EMs II and/or UAMs of MSMEs obtained before June 30, 2020, will continue to remain valid till March 31, 2021, even as MSMEs had to register on the Udyam Registration portal before March this year.

“Ministry of Micro, Small and Medium Enterprises has issued an amendment to the original notification No. S.O. 2119 (E) dated 26.06.2020 vide 2347(E) dated 16.06.2021, extending the validity of EM Part-II and UAMs from 31.03.2021 to 31.12.2021. This would facilitate the holders of EM Part-II and UAMs to avail benefits of the provisions under various existing schemes and incentives including Priority Sector Lending benefits of MSME,” MSME Ministry said in a statement.

Small scale industrial units used to register with the District Industries Centres (DICs) before the MSME Development Act, 2006, came into effect. Later under the provisions of the act, entrepreneurs had to file EM-I at DICs before setting up the MSME and EM-II after beginning the production work. Between 2007-2015, 21,96,902 EM-II filings were recorded, and between September 2015 and June 30 2020 1,02,32,451 (1.02 crore) UAM registrations were recorded, according to the MSME Ministry’s annual report 2020-21.

33,55,940 lakh MSMEs were registered on the new portal Udyam registration, according to the available data by the MSME Ministry, at the time of filing this report. “It is expected that existing EM Part-II and UAM holders would be able to migrate to the new system of Udyam Registration, which was launched on 1st July 2020, and would avail the benefits of government schemes, thereby paving the way for strengthening MSMEs and leading to their faster recovery, boost to their economic activity and creation of jobs,” the ministry added. MSMEs would be able to register on the portal free of cost and without any documents except PAN and Aadhaar card.

Source: [economictimes.com](http://economictimes.com)– June 18, 2021

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## **No intention of delaying fixing minimum wages and national floor wages: Labour Ministry**

The government has no intention to delay fixing minimum wages and national floor wages, the labour ministry said on Saturday. The clarification comes amid reports that forming an expert group on the issue with a three-year term is an attempt to delay fixing minimum wages and national floor wages.

Earlier this month, the Centre constituted an expert group under the chairmanship of economist Ajit Mishra to provide technical inputs and recommendations on fixing these wages. The tenure of the group is three years.

The provision of minimum wages provided in the labour code on wages was passed in 2019. Currently, the provisions of the Minimum Wages Act apply to workers in scheduled employments, including mining, plantations and services. The wage code is meant to ensure the “right to sustenance” for every worker and extends the legislative protection of minimum wage to 100% of the country’s 50-crore workforce from the current 40%.

In an official statement issued Saturday, the labour ministry said, “The tenure of the expert group is three years. It has come to notice that certain sections of the press and some stakeholders have opined this as an attempt to delay the fixation of minimum wages and national floor wages by the government.

It is clarified that the government does not have any such intention and the expert group will submit its recommendations to the government as early as possible,” the statement added, but did not mention any timeline for implementation of the provision.

The government, however, stated that the tenure of the panel has been kept as three years so that even after the fixation of minimum wages and national floor wages, the government may seek technical inputs or advice from the expert group on subjects related to minimum wages and national floor wages, as and when required. “First meeting of this group was held on June 14 and the second meeting is scheduled for June 29,” it said.



After the labour ministry announced the constitution of the panel, Rashtriya Swayamsevak Sangh (RSS)-affiliated Bharatiya Mazdoor Sangh (BMS), the country's largest trade union, flayed the move.

“Workers across the country are feeling cheated today as the government has not been able to bring about a change in minimum wages in the last seven years and another three years for completion of this report would mean an end of the incumbent government's current tenure as well,” wrote BMS general secretary Binoy Kumar Sinha to Union labour minister Santosh Kumar Gangwar on June 5. Other trade unions also criticised the government for delaying the implementation of the provision.

Source: [financialexpress.com](http://financialexpress.com)– June 20, 2021

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## **Net addition to EPF at 12.8 lakh in April**

Even as Covid-19 took an ugly turn in April, the Employees Provident Fund Organisation (EPFO) saw net addition of 12.76 lakh subscribers in the month, up 13.7% from the net addition in the previous month.

Data released by the retirement fund body showed that during April, the number of exits declined by 87,821 and case of re-joining increased by 92,864 as compared to March, 2021. The EPFO subscription numbers are often subject to big revisions; a clearer picture of a period emerges after such changes.

“Of the 12.76 lakh net subscribers added during the month, around 6.89 lakh new members have come into the social security coverage of EPFO for the first time,” an official statement said.

Around 5.86 lakh subscribers exited and then re-joined EPFO in April upon changing their jobs within the establishments covered by EPFO and choose to retain membership through transfer of funds rather than opting for final settlement, it said.

Age-wise comparison of payroll data shows that the age-group of 22-25 years has registered highest number of net enrolments with around 3.27 lakh additions in April, followed by age-group of 29-35 with around 2.72 lakh. The members of 18-25 age-group, usually first timers in the job market, have contributed around 43.35% of total net subscriber additions in April, 2021.

State-wise comparison of payroll figures shows that establishments registered with the states of Maharashtra, Haryana, Gujarat, Tamil Nadu and Karnataka remained in forefront by adding a combined 7.58 lakh subscribers during the month, which is around 59.41% of total net payroll addition across all age groups.

Gender-wise analysis indicates that the share of female’s enrolment is approximately 22% of total net subscribers addition during the month.

Month-on-month analysis reveals an increasing trend in net female subscribers by adding 2.81 lakh enrolments during April, 2021 which was 2.42 lakh during March, 2021. In addition to this, number of female

subscribers who have come under the ambit of EPFO for the first time, has also increased to 1.90 lakh in April, 2021 from 1.84 lakh in March, 2021.

Industry-wise payroll data indicates that ‘expert services’ category (consisting of manpower agencies, private security agencies and small contractors etc.) constitutes 45% of total subscribers addition during the month.

The payroll data is provisional since the data generation is a continuous exercise as updation of employee record is a continuous process. The previous data hence gets updated every month. Since April, 2018 EPFO has been releasing payroll data covering the period September 2017 onwards.

Source: [financialexpress.com](http://financialexpress.com) – June 21, 2021

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## **Govt amends rules pertaining to Indian Accounting Standards**

Entities would have to disclose the nature and extent of risks to which they are exposed arising from financial instruments subject to interest rate benchmark reform, and how the entities manage these risks. The government has amended rules pertaining to various Indian Accounting Standards (Ind AS), including those related to interest rate benchmark reform. Ind AS are converged with the International Financial Reporting Standards (IFRS).

On Friday, the corporate affairs ministry notified the Companies (Indian Accounting Standards) Rules, 2021. The changes have been made after consultations with the National Financial Reporting Authority (NFRA). Sandip Khetan, Partner and National Leader, Financial Accounting Advisory Services (FAAS) at EY India, said the ministry has issued the second phase amendments to interest rate benchmark reform and "has consequently made amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116".

"Where the Phase 2 amendments introduce new areas of judgement, entities need to ensure they have appropriate accounting policies and governance in place. For the additional disclosures, entities must ensure they can gather and present compliant information," he noted.

Under the revised rules, entities are required to make additional disclosures related to interest rate benchmark reform. These disclosures are to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

Entities would have to disclose the nature and extent of risks to which they are exposed arising from financial instruments subject to interest rate benchmark reform, and how the entities manage these risks. Among others, there are changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform.

Prateek Agarwal, Partner at Nangia & Co LLP, said the disclosures will enable users of financial statements to understand the effect of these changes, including an entity's progress in completing the transition to alternative benchmark rates.

Source: [economictimes.com](http://economictimes.com)– June 19, 2021

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## **Handicraft export blooms in Uttar Pradesh, Haryana and Rajasthan as restrictions ease overseas**

Differences in countries dealing with and recovering from the COVID-19 pandemic have had a positive impact on one segment of the Indian economy. Export of certain goods based on handicrafts has picked up, with the US and Europe clawing back to normal.

When most industries in India are gasping in the second wave, shipping of the decorative and ornamental has started afresh.

Carpet exporters of Uttar Pradesh and Haryana, gems and jewellery merchants in Rajasthan and those involved with embroidery and wooden lacquerware in Punjab have seen figures rise after a slump last year. Textile exporters have also seen things improve, in parts like Rajasthan's Bhilwara.

Most of their buyers are in the US and Europe, where the pandemic was at its peak last year. Canada, Australia and the UAE are also among the popular destinations of these products.

The situation demanded exporters to plan differently. A majority of these businesses suffered deep losses in the domestic market since the virus spread and lockdown became the norm. This prompted some of these ventures to take the virtual route and display their ware to customers abroad. With restrictions gradually easing in those countries, these online expos became successful.

Export of handmade carpets from UP and Haryana went up by 17.76 per cent in 2020-21, from Rs 11,799 crore in 2019-2020 to Rs 13,824 crore. After shipping out coloured gemstones worth Rs 127.61 crore last year, exporters in Jaipur witnessed this figure rise to Rs 460.35 crore already in 2021.

Bhilwara's textile enterprise has also recorded a growth, while Punjab's handicrafts have staved off losses, clocking exports worth around Rs 3 crore in both years. The Carpet Export Promotion Council (CEPC, set up by the Union ministry of textiles) held four virtual international fairs, showcasing the most innovative products.

"It not only helped exports stay afloat after the jitters in April-May, 2020, but also helped eliminate the high cost of organising international carpet

expos physically in India or abroad," says outgoing CEPC president and UP-based carpet exporter Siddhnath Singh.

This business is based primarily in Mirzapur and Bhadohi in eastern UP and Panipat in Haryana. According to Singh, over 50 per cent of their market is in the US, 25-28 per cent in European nations and 20-22 per cent in South America, Asia Pacific and the Middle East.

"By June last year, the debilitating effect of the pandemic started declining, as the Panipat-based carpet units started meeting pending overseas orders. Though data of exports for this April and May is not yet tabulated, the industry is confident it has not been as badly hit in the second wave as in the first. The virtual platform has given us an opportunity," Singh asserts.

Things are literally glittering in Rajasthan's handicraft industry. Exports have picked up in a big way in recent months and they continue to provide jobs. In 2020, gems and jewellery exports amounted to Rs 372.95 crore. From March to May this year, the figure has risen to Rs 1,396.24 crore.

"Demand from the foreign markets is growing again. Besides that, with no national lockdown this year, the units in Jaipur, Mumbai and Surat could keep functioning. In April alone, the country exported gems and jewellery worth Rs 25,226.11 crore," informs Sabyasachi Roy, Director of Gems and Jewellery Export Promotion Council.

Handicraft exporters also confirmed that figures are going up. Between March and May in 2020, 4,277 containers worth Rs 410 crore were exported. In the same period this year, they have shipped 7,643 containers valued at Rs 730 crore from Jodhpur's handicraft sector.

Ismail Khan, handicraft exporter in Jodhpur, says markets were open in the UK, other parts of Europe and the US, resulting in increased demand this year. "I am happy that hundreds of artisans were able to feed their families during the tough times."

Although Punjab's handicraft dealers have seen sales plunge domestically, exports remaining the same has given them fresh hope.

Source: [newindianexpress.com](http://newindianexpress.com) – June 20, 2021

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