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INTERNATIONAL NEWS

UK negotiates with 11 countries to join CPTPP

In its bid to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), United Kingdom recently launched negotiations with of its 11 member countries. The partnership will give UK exporters and services firms better access to these markets. It will increase UK exports to these countries by £37 billionby 2030.

Joining the free trade area would boost growth and support British jobs. These benefits would increase over time, with the Philippines, Thailand, Taiwan and the Republic of Korea all having expressed interest in joining.

UK negotiating teams will be working over the coming months to ensure a good deal for businesses, producers and consumers across Great Britain and Northern Ireland.

Membership would lower tariffs on key British exports like cars and whisky in industries employing hundreds of thousands of people and shouldmean tariff-free trade for 99.9 per cent of UK exports.

The deal should also benefit British farmers. With CPTPP countries set to account for 25 per cent of global import demand for meat by the end of the decade, joining would support farmers selling high-quality produce like beef and lamb into fast-growing markets like Mexico, the release said.

Source: fashionatingworld.com– June 26, 2021

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FDI in Africa fell by 16% in 2020, to marginally rise in 2021: UNCTAD

Foreign direct investment (FDI) flows to Africa declined by 16 per cent in 2020 to $40 billion—a level last seen 15 years ago—as the pandemic continued to have a persistent and multi-faceted negative impact on cross-border investment globally and regionally, according to the World Investment Report 2021 by the United Nations Conference on Trade and Development (UNCTAD).

Greenfield project announcements, key to industrialisation prospects in the African region, dropped by 62 per cent to $29 billion, while international project finance plummeted by 74 per cent to $32 billion. Cross-border mergers and acquisitions (M&As) fell by 45 per cent to $3.2 billion.

The FDI downturn was most severe in resource-dependent economies because of both low prices of and dampened demand for energy commodities.

UNCTAD projects that FDI in Africa will increase in 2021, but only marginally. An expected rise in demand for commodities, the approval of key projects and the impending finalisation of the African Continental Free Trade Area (AfCFTA) agreement's Sustainable Investment Protocol could lead to investment picking up greater momentum beyond 2022.

FDI inflows to North Africa contracted by 25 per cent to $10 billion, down from $14 billion in 2019, with major declines in most countries. Egypt remained the largest recipient in Africa, although inflows fell by 35 per cent to $5.9 billion in 2020.

Inflows to sub-Saharan Africa decreased by 12 per cent to $30 billion. Despite a slight increase in inflows to Nigeria from $2.3 billion in 2019 to $2.4 billion, FDI to West Africa decreased by 18 per cent to $9.8 billion in 2020.

Central Africa was the only region in Africa to register a stable FDI in 2020, with inflows of $9.2 billion compared with $8.9 billion in 2019. Increasing inflows in the Republic of Congo (by 19 per cent to $4 billion) helped prevent a decline.

FDI to East Africa dropped to $6.5 billion, a 16 per cent decline from 2019. Ethiopia, which accounts for more than a third of foreign investment to East Africa, registered a 6 per cent reduction in inflows to $2.4 billion.

FDI to Southern Africa decreased by 16 per cent to $4.3 billion even as the repatriation of capital by multinational corporations in Angola slowed down. Mozambique and South Africa accounted for most inflows in Southern Africa.

Foreign investment in Africa directed towards sectors related to the Sustainable Development Goals (SDGs) fell considerably in 2020. Renewable energy was an outlier, with international project finance deals increasing by 28 per cent to $11 billion.

Amid the slow roll-out of vaccines and the emergence of new COVID-19 strains, significant downside risks persist for foreign investment to Africa, and the prospects for an immediate substantial recovery are bleak.

Source: fibre2fashion.com– June 28, 2021

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US secondhand market may double in 5 yrs, reach $77 bn: study

The US secondhand market share is expected to grow by 9 points over the next 10 years, more than any other sector, and that market is projected to double in the next five years, reaching $77 billion, according to a comprehensive study conducted by retail analytics firm GlobalData and released by ThredUp Inc., a US-based online resale platform for women's and kids' apparel, shoes and accessories.

The US resale sector grew during the pandemic and is projected to accelerate in the recovery. Secondhand is now a $36-billion market in the country and resale, an emerging growth channel for apparel retailers, is expected to grow 11 times faster than retail clothing over the next five years. Secondhand is displacing fast fashion, new clothing purchases and harmful production as consumers switch to thrift, the study found.

The study behind the 2021 Resale Report surveyed 3,500 consumers and reveals new insights on tailwinds propelling resale in the pandemic recovery and the role of government in accelerating the adoption of circular fashion.

"We are in the early stages of a radical transformation in retail. Consumers are prioritising sustainability, retailers are starting to embrace resale, and policymakers are getting on board with the circular economy. Pollutive industries have the power to transform when technological innovation collides with the motivations of consumers, businesses and government. We've seen it with electric cars and solar energy, and we believe circular fashion is next," James Reinhart, co-founder and chief executive officer of thredUP, said in a press release.

In 2020, 33 million consumers bought secondhand apparel for the first time, and 76 per cent of those first-time buyers plan to increase their spend on secondhand in the next five years. Consumers and retailers want the government to step in to incentivize resale.

Fifty eight per cent of retail executives say they would be more likely to test apparel resale if there were financial incentives for doing so. Forty four per cent of consumers think the government should help promote sustainable fashion, while 47 per cent say they would be more inclined to purchase secondhand clothing if there was no sales tax or they received a tax credit.

Sixty two per cent of retail executives say their customers are already participating in resale, and 42 per cent of retail executives say resale will be an important part of their business in the next five years.

Forty three per cent of consumers say they are more likely to shop with a brand that lets them trade in old clothes for brand credit, and 34 per cent say they are more likely to shop with a brand that offers secondhand clothing alongside new.

Resale is expected to be more than twice bigger than fast fashion by 2030, with 2 in 5 thrifters saying they're replacing fast fashion purchases with secondhand clothing.

In the past decade, 6.65 billion items of apparel have been recirculated via the secondhand market. Consumers have saved $390 billion by buying secondhand.

Source: fibre2fashion.com– June 26, 2021

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US apparel firm Nike's FY21 sales rises 19% to $44.5 bn

Nike, a US-based designer of authentic athletic footwear, apparel and accessories, reported 19 per cent revenues growth to $44.5 billion in its fiscal 2021 ended on May 31, 2021, compared to the revenues of $37.4 billion in the previous fiscal. The company's net income for the quarter escalated 126 per cent to $5.7 billion (FY20: $2.5 million).

"Nike's strong results full fiscal year demonstrate Nike's unique competitive advantage and deep connection with consumers all over the world," John Donahoe, president and CEO at Nike, said in a press release. "FY21 was a pivotal year for Nike as we brought our consumer direct acceleration strategy to life across the marketplace. Fuelled by our momentum, we continue to invest in innovation and our digital leadership to set the foundation for Nike's long-term growth."

Gross profit for FY21 grew 23 per cent to $19.9 billion ($16.2 billion), while selling and administrative expenses were $13.0 million ($13.1 billion).

Revenues from Nike brand during the year surged 19 per cent to $42.3 billion ($35.6 billion), whereas Converse brand revenues grew 19 per cent to $2.2 billion ($1.8 million). Nike brand's digital sales jumped 59 per cent during the reported period.

North America regions recorded revenues rise of 19 per cent to $17.2 billion ($14.5 billion), while Europe, Middle East and Africa's revenues were up 23 per cent to $11.4 billion ($9.3 billion). Moreover, revenues from Asia Pacific & Latin America's grew 6 per cent in FY21 to $5.3 billion ($5.0 billion), and revenues in Greater China were up 24 per cent to $8.3 billion ($6.6 billion).

"Nike's brand momentum is a testament to our authentic consumer connections, digital strength and continued operational execution," Matt Friend, executive vice president and chief financial officer at Nike said. "As we advance our consumer-led digital transformation, we are building a new financial model that will continue to fuel long-term sustainable, profitable growth for Nike."

Source: fibre2fashion.com– June 26, 2021

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Philippines: 'Export action plan needed to prepare for RCEP'

The government needs to undertake a massive development program for the export industry in preparation for the implementation of the Regional Comprehensive Economic Partnership (RCEP) so the country does not lose out to competitors.

Foreign Buyers Association of the Philippines president Robert Young, who also serves as Philippine Exporters Confederation Inc. trustee for the textile sector, said in an email the government, with the private sector, should draw up an action plan to develop the industry as the country is not ready to compete and take advantage of opportunities the RCEP would open for members.

"We have to do a massive program for the development of the export industry whether it is mango, whether garments, whether hard goods, handicraft or car parts...In my mind, I always compare it to joining a basketball tournament and you are not ready with your players," he said.

Signed by the Association of Southeast Asian Nations (ASEAN) members such as the Philippines, Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Singapore, Thailand and Vietnam, and trade partners Australia, China, Japan, South Korea, and New Zealand in November last year, the RCEP is the world's largest free trade deal accounting for about 30 percent of the global gross domestic product and population.

The deal goes beyond trade in goods, services, investment, economic and technical cooperation, as it also covers electronic commerce, intellectual property, government procurement and competition.

The RCEP is being promoted by the Department of Trade and Industry (DTI) as a deal that would benefit the country through improved market access for auto parts, electronics, aerospace, chemicals, construction, garments, furniture, agriculture products, and information technology - business process management.

For the garments sector, Young said it would be hard to compete as the country's exports are costlier than those produced by competitors, with local manufacturers having to procure textiles overseas.

"How can we compete when they are actually our competitors? How can we sell them jeans which are actually $2 more than what they price?" he said.

The DTI also sees the RCEP as a deal that would help the country attract investments from non-member countries looking to set up manufacturing operations to sell products to RCEP members.

Young said compared to our ASEAN neighbors however, the country is not competitive given higher labor, electricity and power costs.

To prepare the export industry, he said the action plan should identify steps and priority tasks with deadlines, identified resources, complete with monitoring and evaluation.

He also suggested the grant of subsidies to address the high cost of doing business.

He said a massive information drive regarding the trade deal should be undertaken, as well as training programs to address skills gaps and workshops on the latest modern machinery, state of the art equipment, production processes and on the latest trends on technical materials.

RCEP would enter into effect 60 days after being ratified by at least six ASEAN countries and three non-ASEAN members.

Countries that have deposited their instruments for the ratification of the RCEP to the ASEAN Secretariat are Singapore, China and Japan.

Trade assistant secretary Allan Gepty earlier said the Philippines aims to complete the ratification process for the RCEP within the year.

Source: philstar.com– June 28, 2021

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Bangladesh: It's time to talk about cotton

Cotton is the lifeblood of the Bangladesh RMG industry, with our country among the world's four largest users of this miracle fibre. The other three are China, India and Pakistan, the latter two of which also have large home textile markets.

In Bangladesh, cotton is the main feedstock of the garment export industry. Despite the slowdown caused by the global pandemic, the latest statistics from the US show that Bangladesh has increased its cotton import forecast for marketing year (MY) 2021/22 to 7.6 million bales as a result of higher demand for locally spun yarn.

The domestic consumption of cotton in MY 2021/22 is forecasted at 7.9 million bales, which is approximately the same consumption levels of MY 2020/21, due to sustained demand for yarn, fabric, apparel, and garments as the world economy slowly recovers from the pandemic.

I believe it's time for Bangladesh to make better use of this precious resource while also giving greater consideration to the opportunities afforded by recycled cotton. We take cotton for granted at our peril given our huge dependence on it as a raw material. Did you know, for instance, that in 2020 Bangladesh became the largest denim exporter to the US last year, giving our country a market share in the US of around 20 percent. Bangladesh is also the leading denim exporter to the European Union, and all of these denim products are made, of course, with cotton.

The first issue to consider here is cotton waste. It was reported recently that in 2019, Bangladesh produced approximately 577,000 tonnes of waste just from the RMG and fabrics mills of which almost half (250 thousand tonnes) was 100 percent pure cotton waste.

This subject was recently discussed at a meeting led by the BGMEA, which is now looking seriously at the issue of recycling due to growing demand for recycled garments from fashion brands and retailers.

Last year, more than 50 brands, manufacturers and textile recyclers signed up to a programme which aims to grow the textile recycling industry in Bangladesh by capturing and directing post-production cotton waste back into the production of new fashion products. The work is also looking to

boost circular commercial collaborations between textile and garment manufacturers, recyclers and fashion brands operating in Bangladesh.

I have been banging the drum for textile recycling for many years. On my travels, I have seen more and more sophisticated recycling technologies are now entering the market and, as one of the world's leading cotton users, it is vital that Bangladesh is at the forefront of the next generation of cotton recycling.

Bangladesh has an advantage here with our focus on cotton fibres—also known as cellulosic fibres—which are traditionally easier to recycle than synthetic garments.

The other issue is that our customers, brands and retailers, are now calling for recycled cotton in their collections. Virtually every major fashion brand has a recycled collection these days. Thus, as well as reducing waste, embracing cotton recycling solutions represent another opportunity for Bangladeshi suppliers to meet the future requirements of brands.

Just recently, for example, Primark introduced a new sustainable loungewear collection in an effort to source more recycled materials. The new collection has been certified by circular fashion business Recover (which is one of the partners in the circular partnership mentioned above).

Primark has created an eight-piece collection partially made from recycled cotton, with each item made from between 15 percent and 25 percent recycled cotton. It is surely not beyond the skills of our RMG factories to cater for this need for recycled items—which often retail at a premium.

The other issue to consider around cotton is long-term. A recent study found that the current six highest cotton-producing countries—India, USA, China, Brazil, Pakistan and Turkey—will likely be exposed to increased climate risk, particularly from wildfire, drought and extreme rainfall in the next 20 years.

In fact, experts reckon that 40 percent of global cotton growing regions are projected to experience a decrease in growing season as temperatures increase beyond the optimum temperature range for cotton growing.

Water scarcity and extremes in rainfall, from insufficient in some regions to extreme and more intense in others, will present increased risk for the world's most productive cotton growing regions, the study claims.

Consider what this might mean for Bangladesh and its supply of raw cotton. The report above is based on forecasts up until 2040—a sobering thought indeed for our industry, which is so heavily dependent on cotton.

Bangladesh RMG exports are forecast to grow in the next few years. That is certainly the aim as far as public policy is concerned as more exports equal increased job creation and rising wealth. But it will be a major logistical challenge for our production and output to continue increasing while there is growing pressure on our key raw material. Also consider that, at the current time, we are seeing high and rising prices for cotton, for a variety of reasons, one of them being that many brands no longer want to use cotton from Xinjiang, China, in their collections. Supply is being squeezed globally and this is causing prices to rise.

With all the above in mind, I believe we need to give more consideration than ever to how we manage this raw material and seriously look to take a lead in cotton recycling and related technologies in coming years.

There is no time—or cotton—to waste.

Source: thedailystar.net– June 28, 2021

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Pakistan: Weekly Cotton Report: Local market witnesses mixed trends

Mixed trend was witnessed in the rate of cotton. The rate of cotton in Punjab; dropped by Rs 400 per maund. The rate of cotton increased in the international cotton markets.

The efforts of Pakistan Cotton Ginners Association to abolish taxes are commendable, but it is a pity that government is continuously ignoring the cotton. Due to low cotton production, the textile mills started importing cotton from abroad. There are rumours that some ginners are mixing waste in cotton. Pakistan Cotton Ginners Association and All Pakistan Textile Mills Association should immediately take notice on this issue.

Mixed trend was seen in the rate of cotton during the last week after the fluctuation in the rate due to the interest of textile and spinning mills in buying. The rate of cotton in Sindh; remained stable. The rate of cotton in Punjab witnessed a significant decline of Rs 400 per maund. With the increase in the arrival of new Phutti ginning factories has started their operations. According to the estimates one lac new bales of cotton will be prepared till June which is more as compared to last year.

The arrival of Phutti from Lower Sindh is significantly increasing. 15 ginning factories of Sindh and 10 ginning factories of Punjab are partially running on the cotton coming from lower areas of Sindh. The arrival of Phutti has started partially from some areas of Punjab, and is continuously increasing day by day.

Different views are coming regarding production of cotton in the country. Majority of them are of the view that if the weather conditions remains favorable then it is expected that 75 lac to 80 lac bales will be produced in the country. Although, people relating to textile sector are saying that this year new textile machinery is being imported. Import agreements of for the import of more than 20 lac spindles have been signed due to which the demand of cotton will increase.

The country is facing an alarming decline in the cotton producing for the last few years due to which cotton will have to be imported from abroad in very large number. This year in the beginning of the season the rate of cotton is approximately more than Rs 1500 to Rs 2000 per maund as compared to

international market. Keeping in mind the high rates of local cotton big textile groups are singing agreements for the import of cotton from abroad.

Up till now agreements for the import of more than three lac bales from abroad were signed. If the production capacity of local textile mills will be increased then we will have to import more cotton from abroad by spending foreign exchange of worth billions of dollars.

The government is continuously ignoring cotton crop while giving incentives on other crops. This year in the budget no positive step is witnessed for increasing the production of cotton but cotton was not cultivated on the land fix for cotton cultivation.

In Punjab government had announced to cultivate cotton on 40 lac acres but sowing was completed on 34 lac acres. In the same way governmenthad announced to cultivate cotton on 17 lac acres, but sowing was completedon 14 lac acres to 15 lac acres.

On the other hand instead of giving incentives to the cotton farmers government had increased the ratio of sales tax on cotton from 10% to 17% while they had imposed 17% sales tax on Phutti.

President Pakistan Cotton Ginners Association Dr Jasu Mal Limani is continuously holding meetings with the ministers. On Friday Finance Minister Shaukat Tarin changed the ratio of some taxes imposed in budget but up till now nothing decided regarding taxes on cotton and Phutti. Allthe stake holders related to cotton business especially there is uncertainty among Pakistan Cotton Ginners Association. They are saying that government had ignored ginners so badly that they are now involved in mixing waste in cotton.

According to PCGA sources if the government had not accepted their demands they have no option except to stop the operations of theirfactories.

The rate of cotton in Sindh during the week after fluctuation was inbetween Rs 12,900 to Rs 13,200 per maund. The rate of Phutti is in betweenRs5,700 to Rs 5,900 per 40 kg. The rate of Banola is in between Rs 1,800 to Rs2,000 per maund.

The rate of cotton in Punjab is in between Rs 13,600 to Rs 13,700 per maund. The rate of Phutti is in between Rs 5,600 to Rs 6,200 per 40 kg while the rate of Banola is in between Rs 2,000 to Rs 2,100 per maund.

The Spot Rate Committee of the Karachi Cotton Association has stabled the rate of cotton at Rs 12,600 per maund.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that overall bullish trends was witnessed in international cotton market. The Rate of Promise (Waday Ka Bhao) of New York Cotton was remained in between 86 American cents to 87 American cents. While according to USDA weekly export report the exports witnessed a decline of 33% as compared to last week. This week Pakistan was the biggest importer of American cotton during 2020-21 and 2021-2022. The start of import in the beginning of the season is a question mark on the quality and production of cotton in the country. The rate of New York Cotton remained stable due to the negative USDA weekly export and sale report and due to the rise in dollar index.

The sales of American cotton witnessed a decline of 33% in 2020-21 with more than 74,000 bales. The sales of American cotton witnessed an increase of 44% during 2021-22 with more than one lac bales.
During the last week American export also witnessed a decline of 32% with more than two lac bales. In the current report Pakistan was the biggest importer with more than one lac and thirty thousand bales.

According to the experts this is question mark on the production of cotton in Pakistan as in the beginning of the season mills are importing cotton in such a large volume. The arrival of new season of cotton has started in Brazil. The rates are stable there. Big cotton broker of Ahmedabad India and secretary Gujarat Traders Association Ajay Dalal that rate of cotton in India is increasing as Indian textile mills are taking interest in buying.

Chairman Pakistan Cotton Ginners Association Dr Jasu Mal Limani called on Chairman Pakistan People Party Bilawal Bhutto Zardari and briefed him about the problems faced by cotton ginners who includes proposal of imposition of 17% sales tax on Cotton Seed Oil and enhancing the tax ratio on cotton from 10% to 17%.

Meanwhile, Prime Minister Imran Khan was given a briefing on textile sector in context of its improvement as a result of the steps taken by the government. The meeting was attended by PM's Adviser on Trade and Investment Abdul Razzak Dawood, Special Assistant on Political Affairs Malik Amir Dogar, and the Members of National Assembly Asim Nazir, Raza Nasrullah Ghuman, Khurram Shehzad and industrialist Shahid Nazir.

MNA Asim Nazir briefed the Prime Minister on issues related to the textile sector and its role in exports. He also presented to the prime minister suggestions for further improvement and development of textile sector.

The meeting also discussed political situation in the country, relief to the people in the budget and measures to facilitate and develop industries.

Due to the steady increase in cotton imports in Pakistan, international cotton exporters are currently meeting with local textile mill owners to expand exports. Currently, repetitive of International Cotton Councilalong with shippers are meeting with local mills owners.

Source: brecorder.com– June 28, 2021

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Govt to set merchandising export target at $43b for FY22

The government is considering a target of $43 billion for the country's merchandising export with 11 per cent year-on-year growth for the upcoming financial year 2021-22.

Although the export earnings target drafted by the commerce ministry is $2 billion higher than the target of $41 billion for FY21, the amount is $2.5 billion lower than the target for FY20.

According to sources, the Export Promotion Bureau sent a draft to the commerce ministry proposing a $43-billion export earnings target for goods for FY22.

The export earnings target for readymade garment products is likely to be set at $34 billion with a 10-per cent growth from the performance in FY21, sources said.

The commerce ministry on June 22 held a stakeholder consultation to fix the export earnings targets for FY22.

The ministry officials said that they had prepared a primary draft of the export target for the next fiscal and it might be announced in the first week of July.

They said that the proposed target had been set considering the ongoing Covid situation and the trend of the global economy.

'Primarily, we have targeted export earnings of $50 billion for goods and services for the financial year 2021-22 and finally, the amount might be $51 billion,' commerce secretary Tapan Kanti Ghosh told New Age on Saturday.

He said that initially, export earnings from goods had been proposed to be more than $42.5 billion for the next fiscal.

'The export target for the next fiscal was supposed to be finalised and announced by the commerce ministry in the first week of July but it might be delayed due to the lockdown,' the commerce secretary said.

At the stakeholder consultation, the commerce ministry proposed 11 per cent export growth for knitwear and 9 per cent for woven garments for the FY22.

It also proposed 20 per cent growth for home textiles, jute and jute goods and engineering products, 12 per cent for leather and leather products and agricultural products and 15 per cent growth for pharmaceuticals and ceramic products.

Bangladesh Knitwear Manufacturers and Exporters Association director Fazle Ehsan Shamim said that they proposed 15 per cent growth from knitwear export in the next fiscal as demand for the item had started to increase in Europe.

He said that the economies of Europe and the United States had started to recover and the export orders would increase in the coming months.

The government had set the export earnings target for goods at $41 billion with a 21.76-per cent growth for the financial year 2020-21 after the dismal performance of exports due to the coronavirus outbreak in FY2019-20.

Against the target, export earnings in July-May of FY21 stood at $35.18 billion with 13.64 per cent growth.

The commerce ministry estimated that export earnings in the financialyear would stand at $38.39 billion with a 14.04-per cent growth.

Source: newagebd.net– June 27, 2021

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Pakistan: Textile exporters plan to shift industries to other countries

Form committee for due diligence in wake of gas crises

In a statement issued on Saturday, Pakistan Apparel Forum (PAF) Chairman Jawed Bilwani said that textile exporters have formed a committee for due diligence to shift industries in the wake of gas crises and unviable business environment.

During a meeting of prominent textile exporters of Pakistan, it was mentioned that since last 15 days (from June 11 2021) there was zero gas pressure, which has crippled industries and halted export production.

"During fiscal year 2020-21, some 99 days out of 320 working days, gas pressure was zero or low," he added.

Furthermore, textile exporters having RLNG connections and paying the amounts with great difficulty, to meet export orders at a rate of Rs1,533 per mmbtu, are not provided gas.

The exporters questioned how industries would work without the basic raw material. They voiced concerns that there is no chance that the textile export industries will get the required gas smoothly with adequate pressure in future.

Textile industry is one of the leading export industries of Pakistan, said a textile sector research analyst. Exports clocked-in at $13.8 billion in the first 11 months of the outgoing fiscal year 2020-21 alone.

"This is more than twice the International Monetary Fund (IMF) facility of $6 billion," the analyst said, adding that depriving the industry of gas will hurt exports of the country.

Similarly, non-export industries are also not getting gas as per their requirement. These industries also play a vital role in the manufacturing of value-added products for export industries, and also produce products for meeting local demand, said North Karachi Association of Trade and Industry (NKATI) President Faisal Moiz Khan.

"Therefore, non-export industries are as important as export industries and they should be ignored," he maintained.

Bilwani added that amid the continuous gas crisis in the country, especially in Karachi, and given contradictory moves by the government towards its business policies by depriving the exporters of a level-playing field and viable business environment, the textile exporters have constituted a committee for due diligence to shift textile export industries elsewhere, on the exporters demand, to correspond and negotiate with those countries which have much better business and export-friendly policies and are offering most attractive incentives to their foreign investors as well as their local industries.

Khan urged Prime Minister Imran Khan to restore Karachi's industries and save them from destruction so that production activities can resume as usual and workers can be saved from becoming unemployed.

Source: tribune.com.pk– June 27, 2021

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NATIONAL NEWS

Ind-Ra cuts GDP growth forecast to 9.6% in current fiscal

India Ratings & Research (Ind-Ra) on Friday lowered growth projection to 9.6 per cent from its previous forecast of 10.1 per cent for fiscal year 2021-22 (FY 22).

This is the base scenario and the agency clarified that this is contingent upon India vaccinating its entire adult population by 31 December 2021. Average daily vaccinations during 1-20 June 2021 was 3.2 million, which rose to 8.73 million on 21 June 2021. If the pace of vaccination is maintained close to the 21 June 2021 level, then India will be able to achieve the aforesaid target.

"In case the vaccination target gets delayed by three months either due to slow pace of vaccination or non-availability of vaccines, then the FY22 GDP growth will slip further down to 9.1 per cent," the agency said giving an alternative scenario beside the base one. Base forecast of 9.6 per cent is a notch above S&P's and RBI's estimate of 9.5 per cent. However, it is higher than Moody's forecast of 9.3 per cent and close to CRISIL's range of 8.2-9.8 per cent. Other agencies have also cut the forecast to a single digit.

PFCE growth

The agency said that the Indian economy was witnessing a consumption slowdown even before the Covid-19 pandemic hit it. Private final consumption expenditure (PFCE) growth had declined to 2 per cent in January-March quarter of fiscal year 2019-20 from 11.2 per cent in October-December quarter of 2016-17.

First phase of pandemic aggravated it as the lockdown had a telling impact on jobs, livelihoods and household budget. PFCE collapsed to negative 26.2 per cent in April-June quarter of FY21. "Since then it has recovered and was expected to gather pace this fiscal. However, it has received push back from Covid 2.0.

The push back to consumption demand is expected to be more pronounced in the rural areas as Covid 2.0 unlike Covid 1.0 has spread to the rural areas as well. Ind-Ra therefore expects PFCE growth to come in at 10.8 per cent (in alternate scenario: 9.8 per cent) in FY22, it said.

The agency expects agriculture to grow at 3 per cent, while industrial growth could bn 10.9 per cent (alternate scenario: 10.2 per cent) in FY22. "Services, especially in segments such as aviation, tourism, hotels sports, entertainment and hospitality are still weathering the storm, and are expected to grow at 10.4 per cent (alternate scenario: 9.6 per cent) in FY22, again chiefly due to the low base of last year," it said.

The agency noted worrying signs on account of high inflation. Wholesale and retail inflation in May 2021 came in at 12.5 per cent and 6.3 per cent. It is still too early to believe that the retail inflation will remain in excess of 6 per cent on a sustained basis, given the high base of last year.

"Ind-Ra therefore expects the average retail and wholesale inflation to come in at 5.5 per cent and 6.6 per cent (alternate scenario: 5.8 per cent, 6.7 per cent), respectively, in FY22.

Source: thehindubusinessline.com– June 25, 2021

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PM calls for strengthening of ties between India and Japan

The Indo-Japanese friendship and partnership during the COVID-19 crisis is more relevant for global stability and prosperity, Prime Minister Narendra Modi said on Sunday and called for further strengthening of the ties between the two countries.

The PM was speaking after virtually inaugurating a Japanese Zen garden and Kaizen Academy set up at the premises of the Ahmedabad Management Association (AMA) here. In his address via video conference, Modi said the opening of the Zen garden and the Kaizen Academy here "is a symbol of the spontaneity and modernity of relations between India and Japan".

"The current Prime Minister of Japan, Yoshihide Suga, is a very straight-forward person. PM Suga and I believe that during the time of this COVID-19 pandemic crisis, the Indo-Japanese friendship and our partnership has become even more relevant for global stability and prosperity. Today, when we are facing several global challenges, it is the need of the hour that our friendship and relationship get stronger day by day," Modi said.

He said efforts like setting up of the Kaizen Academy are a beautiful reflection of this relationship. "We also have a strong belief in centuries-old cultural ties, and a common vision for future. Based on this, we have been continuously strengthening our special strategic and global partnership over the years. For this, we have also made a special arrangement of 'Japan Plus' (team of officials to promote greater Japanese investments in India) in the PMO (Prime Minister's Office)," he said.

'Zen-Kaizen' at the AMA seeks to showcase several elements of Japanese art, culture, landscape and architecture. It is a joint endeavour of the Japan Information and Study Centre at AMA and the Indo-Japan Friendship Association (IJFA), Gujarat, supported by the Hyogo International Association (HIA), Japan, a release earlier said. Modi said this occasion of the launch of the Zen garden and Kaizen Academy is a "symbol of the spontaneity and modernity of India-Japan relations". The PM said he is confident that this will further strengthen the relationship between India and Japan, bringing citizens of the two countries closer.

"I would like the Kaizen Academy to spread the work culture of Japan in India, and increase business interaction between the two countries. We also have to give new energy to the efforts already going on in this direction. I

am sure our efforts will continue like this, and India and Japan will together reach new heights of development," he said. Talking about former Japanese prime minister Shinzo Abe, Modi said relations between the two countries gained a new impetus when Abe had visited Gujarat.

He was very excited when the work of the (Mumbai-Ahmedabad) bullet train project started, the PM said. "Even today, when I talk to him, he remembers his Gujarat tour," he said. Modi also said India and Japan have been devoted to external progress and prosperity, as much as the importance given to internal peace and progress by the two countries. He said the Japanese Zen garden is "a beautiful expression of this quest for peace, this simplicity." Modi said the peace, ease and simplicity that the people of India have learnt through yoga and spirituality for centuries, they will see a glimpse of the same here. "What is 'Zen' in Japan is 'dhyan' (meditation) in India," he said.

Source: millenniumpost.in– June 27, 2021

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Stakeholder talks begin on India-UK trade pact

Bangladesh has floated a tender to buy 50,000 tonnes of non-basmati rice from India, adding to the growing overseas demand for the commodity and raising hopes that this fiscal will be good for Indian rice exporters.

"The move augurs well for the country's non-basmati rice trade," Vinod Kaul, executive director of All India Rice Exporters Association (AIREA), told ET, adding that Bangladesh is likely to buy the 50,000 tonnes of rice through the National Agricultural Cooperative Marketing Federation of India (Nafed).

Kaul said demand from Africa and China for India's non-basmati rice is also strong, and that overall non-basmati rice exports could top last year's figures if the trend continues. India saw a surge in farm exports in FY21, a pandemic year. The surge was driven by record-high sales of rice—13.9 million tonnes of non-basmati rice and 4.6 million tonnes of basmati rice--and sales of 2.08 million tonnes of wheat, a six-year high.

Africa accounted for 54% of India's $4.796-billion worth of non-basmati rice shipments in 2020-21. "Even the demand from China continues to remain strong. If this trend continues, we will be able to achieve last year's non-basmati rice exports and may even cross it if demand from importing nations surges in the coming months," he said.

Indian non-basmati rice remains competitive in the world market, which is why the export demand is on the higher side. The price of Indian rice is in the $360-390 per tonne range compared with Thailand's $495 per tonne, Vietnam's $470 per tonne, and Pakistan's $440 per tonne.

Suraj Agarwal, CEO of Tirupati Agri Trade, said, "West Bengal is one of the major states from where non-basmati rice is exported to Bangladesh. The latest order from Bangladesh will uplift the price of non-basmati rice in the state, where the production of rice has remained higher."

According to the agriculture ministry's advance food grain estimates, total production of rice in 2021-22 is estimated at a record 121.46 million tonnes, higher than last year's 118 million tonnes and the last five-year's average production of 112.44 million tonnes.

Source: economictimes.com– June 28, 2021

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Surcharges threaten to rock exporters' boat

Shipping lines to levy up to $1,500/TEU

At a time when exports appear to be the only saving grace for the Indian economy, exporters are being forced to shell out more to ship goods to global destinations.

Shipping lines have announced surcharges due to the continued disruptions in global container trade following congestion at various ports. The proposed increase is between $500 and $1,500 per twenty-foot equivalent unit (TEU), depending on the destination.

Effective July 7, shipping rates from Nhava Sheva, Mundra, and Hazira ports to Mediterranean will see a rate increase of $500 per TEU, said an Hapag Lloyd advisory. At present, it costs $2,800 per TEU to Barcelona: a $500 surcharge would mean an 18 per cent increase in shipping cost.

The French shipping group CMA CGM will apply a peak season surcharge of $1,250 per TEU for dry cargo to East Coast Central America, the Caribbean and Mexico East Coast from India via Malta. Considering that it costs $5,500 per TEU to Buenos Aires from India, the surcharge adds to the shipping cost by 23 per cent.

The congestion was aggravated after the Suez Canal blockage and the recent suspension of activity at Yantian International Container Terminal (YICT), China.

Suez Canal blockage

Lars Jensen, an industry expert, in a social-media post, said that YICT operated at 30 per cent of capacity in the past month. It will take 82 days to clear the backlog there, said Jensen.

"Importers and exporters are facing huge challenges with port congestion and availability of vessels. We are having to pay three times the normal costs. This is a huge burden for exporters like us who have already contracted the prices with the customers," said Sanjay Lulla, Managing Partner at SM Lulla Industries Worldwide – a leather garment exporter.

An official with a shipping line said they are increasing freight rates to set off steep increase in vessel costs. There is also a serious equipment imbalance, he added.

Maersk, in a bulletin, said that Covid-19 compromised global plans and, in parallel, consumers began asking for more. The knock-on effects of this are widespread and the global trade lacks the resilience needed to cater to this added strain.

Source: thehindubusinessline.com– June 26, 2021

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GAME partners with SIDBI to help MSMEs revive biz amid pandemic

The Global Alliance for Mass Entrepreneurship (GAME) and the Small Industries Development Bank of India (SIDBI) have signed a pact to help micro, small and medium enterprises (MSMEs) address their challenges that were accentuated during the pandemic.

The broad themes covered under the partnership include expanding credit access, increasing formalisation, building competitive clusters, and improving the legal framework for ease of doing business, according to a statement released on Sunday.

The two organisations have committed that at least 25 per cent of the beneficiaries from the partnership would be women entrepreneurs, it added.

“SIDBI has been at the forefront of supporting and innovating MSMEs since its inception. The organisation also helps promote some of India’s largest MSME-focused platforms and schemes such as CGTMSE and TReDS (RXIL).

“This long-standing experience combined with the force of GAME’s over 80 diverse partner alliances should ease the access to credit and a range of new support services for MSMEs at a large scale,” GAME co-founder Mekin Maheshwari said.

Focus areas of the partnership will include scaling up Udyam Registration as a unique ID for a MSME to access schemes across the entire MSME universe; leveraging SIDBI’s financial schemes as a pull to further formalisation of enterprises and enhancing credit access to micro-enterprises, especially the ‘new to credit’ segment.

It will also co-create and support pilots that spur financing innovations for micro and small enterprises.

The two organisations will also collaborate on online and offline campaigns to align with Mission Swavalamban and Mass Entrepreneurship developmental projects of SIDBI, the statement said.

SIDBI Chairman and Managing Director Sivasubramanian Raman said, “We hope the power of the Alliance can be leveraged for nation building efforts such as formalising MSMEs, and substantially improving access to credit and non-financial services.”

Source: financialexpress.com– June 27, 2021

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Commerce Ministry wants SEZ doors to be opened for non-export manufacturing units

Revenue Department examining implications of the proposal

The Commerce & Industry Ministry is trying to convince the Revenue Department to allow non-export manufacturing units that produce only for the domestic market to operate within SEZs to take advantage of the infrastructure available in the zones.

"The Revenue Department is examining the details of the proposal for domestic manufacturing and is yet to give its consent. But the Commerce Ministry is consistently pushing for it as it believes it would not result in any revenue loss for the exchequer while helping manufacturers to improve their efficiency and the SEZs to utilise their excess capacities," an official tracking the matter told BusinessLine.

Tax benefits

According to the proposal, if manufacturing units for domestic sales are allowed to set up shop in SEZs, they will not be entitled to any of the tax benefits that SEZ units get, which includes zero rating of GST. On the taxation front, they will be treated as any other unit in the country outside the SEZ, and their sales in the domestic market will not attract customs duties.

"There are a number of manufacturing units that want to set up shop in SEZs not because of the tax benefits, but for the excellent infrastructure that is present there. The competitive infrastructure with integrated real estate, power and transportation facilities and smooth administrative processes are a big draw," said the official.

Moreover, most SEZs in the country are operating at low capacities, and allowing domestic manufacturing units will improve space utilisation, he added. With the pandemic-related slowdown hitting business, SEZ developers are keen on taking up more.

Baba Kalyani panel

The proposal was also reflected in the recommendations made by the Baba Kalyani-led committee constituted by the Ministry of Commerce and

Industry to study the existing SEZ policy of India. The objectives of the committee were to evaluate the SEZ policy and make it WTO-compatible, suggest measures for maximising utilisation of vacant land in SEZs, suggest changes in the SEZ policy based on international experience and merge the SEZ policy with other government schemes such as coastal economic zones, Delhi-Mumbai industrial corridor, national industrial manufacturing zones, and food and textile parks. The committee had submitted its recommendations in November 2018.

The Commerce Ministry is also considering a proposal made by SEZ developers and units to allow existing SEZ units to sell part of their produce in the domestic market at lower customs duties that are offered to Free Trade Agreement partners such as South Korea or Japan.

“Here, one needs to actually look at the items that are being imported from FTA partner countries and maybe extend the same terms to items from SEZ units. This proposal, too, is being discussed with the Revenue department,” said the official.

There are 265 operational SEZ units and 425 units that have been formally approved in India with a total investment of ₹6,07,679 crore as on December 31 2020, as per government figures. Exports from the SEZs in the April-December 2020-21 period declined 7 per cent to ₹5,53,396 crore (year-on-year).

Source: thehindubusinessline.com– June 28, 2021

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Many large e-comm firms have blatantly flouted laws of land: Goyal

All ecommerce companies should follow the law of the land and do not use muscle or money power to hurt Indian interests as many of these large online firms have come into India and "very" blatantly flouted the laws of the land, in more ways than one, Commerce and Industry Minister Piyush Goyal said on Saturday.

He said that many of the practices which these companies follow are against the interest of consumers and the government has recently come out with draft rules for e-commerce companies or marketplace models, which are applicable to all entities including Indian.

These rules are to protect consumer interest, he said at a webinar.

"The Indian market is big and we welcome all players to come and participate. But clearly we have to have them working within the rules and laws of the country. Unfortunately, many of these large e-commerce companies have come into India and very blatantly flouted the laws of the land, in more ways than one," the minister said.

"I have had several engagements with these large companies, particularly the American ones, I can see a little bit of arrogance of their being big and their ability to finance large amounts of money in the initial stages to try and capture the Indian market or larger part of the Indian market particularly certain products to the detriment of our mom and pop stores," he added.

Goyal said that it was "very" unfair that just because they are large and have large pools of low cost capital, they should be allowed to get away with hurting domestic interests or domestic consumer interests.

"So, I think it will be good that all companies follow the law of the land and do not use muscle power or money power to try and hurt Indian interests," he said.

Recalling one of his comments made on an announcement of an ecommerce giant investing USD 1 billion in India, Goyal said that the company was doing that funding because they had incurred losses in the previous two years.

In January 2020, the minister stated that Jeff Bezos's firm Amazon was not doing a favour to the country by doing investments and questioned how the online retailing major could incur such big losses but for its predatory pricing.

They have to invest it because the company used that money to do predatory pricing, to probably subsidise some products and capture a larger share of the market to the detriment of small mom and pop stores, he said.

"...and when questions about it keep fobbing off, they keep delaying giving the information and when people complain to CCI (Competition Commission of India) , they immediately start forum shopping in the law courts of India.

"If these companies have nothing to hide and if they are doing honest business practices, why do they not respond to CCI?" he questioned.

The fact that they are trying to evade that probably only justifies that they are probably indulging in predatory pricing, they are trying to influence market behaviour, their algorithms are trying to influence consumer choice and these are not permitted in India, he said.

"So very clearly, their irregular practices are the cause of their discomfort, if any, they should have submitted to the requirements of the Indian law," Goyal said.

He also said that several countries like the US are working on anti-trust laws for e-commerce and the UK's competition and market authority has opened investigations into big tech mainly US forms, "now clearly the world is waking up to the realities of these large tech and big ecommerce companies".

"We in India have about 60 million mom and pop stores spread across the country...Today it may not look threatening. One can say how these companies would impact the villages, how will they reach out everywhere, but the strength of money power, technology and their ability to sustain for long period of time, does pose risks to nearly 100 million people who are engaged in one form or the other through the small retail stores across the country," the minister said.

When these large companies talk about providing a million jobs or giving support to maybe 100,000 Indian small manufacturers, "I think very conveniently (they) forget to also say what will be the job losses because of their influence," he said.

Source: business-standard.com– June 27, 2021

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CAIT urges govt not to dilute draft e-commerce rules

Domestic traders' body CAIT on Sunday urged the government not to dilute the draft of e-commerce rules under any pressure of foreign-funded online firms. In a communication to Prime Minister Narendra Modi, the Confederation of All India Traders (CAIT) said it has been observed that voices of terming the rules as stringent is being created.

"In the wake of expected pressure tactics of foreign funded e-commerce companies against the draft of e-commerce rules…(we urged) him (prime minister) to ensure that no dilution is made in draft of e-commerce rules under any pressure," CAIT said in a statement. The draft rules after examining the suggestions and objections should be notified without any further delay, it added.

It alleged that unethical and law violating business practices of foreign funded e-commerce companies has forced closure of a large number of shops in the country. "Traders of India are not against e-commerce but are of the considered opinion that e-commerce is the most promising business avenue of the future, and traders should also adopt it as a stream of their business beside conducting business activities in their physical shops," it said.

Nangia Andersen LLP Partner Sandeep Jhunjhunwala said the proposed rules like appointment of a chief compliance officer, a nodal contact person and a resident grievance officer may go a long way in protecting consumer interests, but could create a "massive" compliance burden on corporations, especially those operating from outside India.

"Currently, the rules neither provide any threshold for applicability nor any timelines or validity for DPIIT (Department for Promotion of Industry and Internal Trade) registration, becoming onerous for emerging companies," he said. Appointing employees in India may also increase the exposure of creating a permanent establishment in India for foreign companies, he added.

"Mis-selling of goods and flash sales have been strictly prohibited. Although these terms have been defined under the rules, they are subjective and open to interpretation. "Therefore, each e-commerce entity will have to study the rules considering specific facts and circumstances to determine whether or not they are compliant with the law," Jhunjhunwala said.

Source: financialexpress.com– June 27, 2021

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The rural economy can jump-start a revival

The Government needs to reverse its neglect and policy missteps as key indicators show the sector has resilience

The second wave of the COVID-19 pandemic could be slowly receding with a decline in the official estimates of daily infections and deaths. The economy is also very gradually getting back to normal, with many States beginning to ease some of the restrictions imposed in their lockdowns. However, the challenge of an economic recovery is far more serious than the health pandemic despite official claims of there being an economic recovery.

Last month, the National Statistical Office (NSO) released the estimates of the Indian Gross Domestic Product (GDP) growth for the fiscal year 2020-21. The decline in GDP, at 7.3%, was slightly better than expectation, even though this is a gross underestimate of the reality given the methodological issue of underestimation of the economic distress in the unorganised sector.

Making things worse

But what makes economic recovery challenging is that this decline followed three years of sharp decline in GDP even before the novel coronavirus pandemic hit the country. Economic growth had already decelerated to 4% in 2019-20, less than half from the high of 8.3% in 2016-17. Since then, the slowdown in the economy has not only made things worse as far as economic recovery is concerned but also come at a huge cost for a majority of households which have lost jobs and incomes.

The pandemic has only worsened an already fragile economic situation. The sharp decline in GDP was partly a result of the trend of a slowdown in economic activity since 2016-17. But a large part of the economic outcome in the first year of the pandemic is also a result of a mishandling of the economic situation.

While a strict national lockdown certainly hit economic activity last year, what made matters worse was the less than adequate response from the Government in increasing fiscal support to revive demand in the economy. Many of the grand announcements remained largely on the monetary side without the enabling policy framework to help small and medium enterprises as well as the large unorganised sector which bore the brunt of the restrictions in economic activity.

Agriculture, a key driver

Despite the lack of fiscal support, an important contributor to the better-than-expected economic performance was the resilience of the rural economy, particularly the agricultural sector. While rural areas were the first point of refuge for a majority of migrants who walked back thousands of kilometres from urban metropolitan areas, agriculture was the only major sector (other than electricity, gas, water supply and other utility services) which reported an increase in Gross Value Added (GVA) in 2020-21. It not only provided jobs to returning migrants but also sustained the economy in the rural areas.

Agriculture has not only been the biggest saviour during the period of the pandemic but has consistently been an important driver of the economy throughout the last five years which has seen the economy slow down sharply. The average growth rate in agriculture GVA in the last five years, at 4.8%, is significantly higher than the GVA growth of the economy as a whole, at 3.6%, in the last five years.

But can the rural sector play saviour again? Unlikely, in the present context. And it will not be due to any natural calamity such as drought but a result of the neglect and policy missteps by the Government. Even though the lockdowns imposed by the State governments at the beginning of the second wave were less severe when compared to last year, they did impact the non-agricultural economy as is evident from the high frequency data for the last two months.

The expectation of positive growth in this fiscal year may suggest recovery. However, given that the economy has already suffered last year, any recovery will largely be a statistical artefact driven by the low base of last year rather than a real recovery. The fact that a majority of households have already suffered job losses and income decline which are yet to regain their pre-pandemic levels suggests caution in making any inference on an economic recovery.

However, even the aggregate data are unlikely to capture the actual extent of devastation in the rural areas. While this is true for even the basic estimates of death and the health catastrophe caused by the pandemic, it is even more severe in its economic impact. Similar to the official statistics which have underestimated deaths due to the pandemic in most States —as has been brought out recently in several newspapers — the economic distress in rural areas is also largely unreported and underestimated.

The second wave affected rural areas disproportionately, in terms of health but also in terms of livelihoods. Many households have lost an earning member and an equally large number have spent a large sum on private health care expenditure in dealing with the infection. It will not be surprising if rural areas now witness a sharp rise in indebtedness from non-institutional sources.

However, the response from the Government has not been commensurate with the scale of the pandemic in rural areas. Unlike last year, the Government has not increased the allocation this year for the National Rural Employment Guarantee Scheme (NREGS). For the country as a whole, despite an increase in employment demand in NREGS, the person-days generated in May 2021 was only 65% when compared to May 2020. While the free food-grain scheme has been extended this year as well, it does not include pulses as was provided last year. Similarly, there has not been any cash transfer to vulnerable groups, unlike last year.

Decline in jobs, income

The impact of declining incomes and job losses on demand is now visible even in rural areas. While real wages have continued to decline with the latest estimates of April 2021 showing a decline in rural non-agricultural wages by 0.9% per annum in the last two years, agricultural wages continue to stagnate. One indicator of declining demand is the decline in wholesale prices of most of the agricultural commodities.

Cereals and vegetables, which together account for more than half of crop output, have seen prices decline on a year-on-year basis for more than six months now. This is happening at a time when international agricultural prices are at an all-time high.

Some of this is reflected in the rise in inflation in pulses and oilseeds groups, both of which are largely imported. The net result is a peculiar situation where output prices for dominant agricultural commodities in the domestic market are declining while consumer prices of essentials such as edible and pulses are contributing to rising inflation.

Inflation threat

Rising inflation further threatens to reduce the purchasing power of the rural economy struggling with declining incomes and job losses. This is further compounded by the shift in terms of trade against agriculture which

has put agricultural incomes under strain. The rise in input prices for diesel has already contributed to rising input costs but the recent increase in fertilizer prices for most of the complex fertilizers have also added to the misery of farmers. Rising inflation in international commodity prices also threatens the rural non-farm economy. A majority of the rural non-farm sector already struggling from low demand has now seen its profit margins getting impacted due to the increase in the cost of raw material.

Despite these setbacks, the rural economy including the agricultural economy continues to remain crucial for any strategy of economic revival. But for that, it will require proactive intervention from the Government to protect the rural population by speeding up vaccination. Unfortunately, so far, the rural areas have been lagging behind in the overall rate of vaccination.

At the same time, rural areas will also need greater fiscal support, both in terms of direct income support to revive demand in the economy but also through various subsidies and protection from the rising inflation in input prices. This urgent intervention is not just necessary to support economic revival but also prevent another humanitarian crisis, this time as a result of economic mismanagement.

Source: thehindu.com– June 25, 2021

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China is now second largest export partner of India

China replaced the UAE as the second largest export destination for India in fiscal 2021, with outbound shipments to the neighbouring country rising 27.53% to $21.18 billion in the pandemic year.

The US remained the country's top export partner, according to government data, but shipments declined 2.78% to $51.63 billion in a year when India's merchandise trade — both exports and imports — fell amid global lockdowns and disruption to logistics due to the pandemic.

Iron ore, organic chemicals and petroleum were the top exports to China in the year ended March 31. Exports to China increased last fiscal year despite tensions between New Delhi and Beijing over border skirmishes. India's imports from China declined marginally, but its share of total imports increased. Hong Kong, Bangladesh and Singapore were the other top markets for India last fiscal year.

China's share in India's export basket rose to 7.29% in FY21 from 5.3% the year before. Farm products followed by pharmaceuticals drove exports last fiscal year. "There was a sharp spike in exports of rice, wheat, maize, other cereals, processed food products, fruits and vegetables in 2020-21 with new export markets being added.

We are seeing a pickup in organic and valueadded products such as processed vegetables and alcoholic beverages, led by high demand in the Middle East, Far East, the US and the UK," said M Angamuthu, chairman of the Agricultural and Processed Food Products Export Development Authority (Apeda).

India aims to post $400 billion of merchandise exports in the ongoing FY22. Exports in FY21 shrank 7.3% to $290.6 billion while imports fell 18% to $389.2 billion, leading to a trade deficit of $98.6 billion.

"In line with the contraction in global trade in 2020, India's exports also witnessed a similar fate but this was no mean feat considering national and local lockdowns, and disruption in logistics that affected manufacturing and trade," said Ajay Sahai, director-general of the Federation of Indian Export Organisations.

Meanwhile, the growth in India's pharmaceutical exports at 10% in 2016-20 has outpaced the 8% global growth of imports. As per the World Trade Organization, the volume of world merchandise trade is expected to increase 8% in calendar year 2021 after having fallen 5.3% in 2020.

Source: economictimes.com– June 25, 2021

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Government grants further extension in timelines of compliances

The Government has granted further extension of timelines of compliances under Income Tax Act. It has also announced tax exemption for expenditure on COVID-19 treatment and ex-gratia received on death due to COVID-19. The **details are as follows:**

A. Tax exemption

Many taxpayers have received financial help from their employers and well-wishers for meeting their expenses incurred for treatment of Covid-19. In order to ensure that no income tax liability arises on this account, it has been decided to provide income-tax exemption to the amount received by a taxpayer for medical treatment from employer or from any person for treatment of Covid-19 during FY 2019-20 and subsequent years.

Unfortunately, certain taxpayers have lost their life due to Covid-19. Employers and well-wishers of such taxpayers had extended financial assistance to their family members so that they could cope with the difficulties arisen due to the sudden loss of the earning member of their family.

In order to provide relief to the family members of such taxpayer, it has been decided to provide income-tax exemption to ex-gratia payment received by family members of a person from the employer of such person or from other person on the death of the person on account of Covid-19 during FY 2019-20 and subsequent years. The exemption shall be allowed without any limit for the amount received from the employer and the exemption shall be limited to Rs. 10 lakh in aggregate for the amount received from any other persons.

Necessary legislative amendments for the above decisions shall be proposed in due course of time.

B. Extension of Timelines

In view of the impact of the Covid-19 pandemic, taxpayers are facing inconvenience in meeting certain tax compliances and also in filing response to various notices. In order to ease compliances to be made by taxpayers during this difficult time, reliefs are being provided through Notifications nos. 74/2021 & 75/2021 dated 25th June, 2021 Circular no. 12/2021 dated 25th June, 2021. These reliefs are:

Objections to Dispute Resolution Panel (DRP) and Assessing Officer under **section 144C of the Income-tax Act, 1961** (hereinafter referred to as "the Act") for which the last date of filing under that section is 1st June, 2021 or thereafter, may be filed within the time provided in that section or by **31st August, 2021**, whichever is later.

The Statement of Deduction of Tax for the last quarter of the Financial Year 2020-21, required to be furnished on or before 31st May, 2021 under Rule 31A of the Income-tax Rules,1962 (hereinafter referred to as "the Rules"), as extended to 30th June, 2021 vide Circular No.9 of 2021, may be furnished **on or before 15th July, 2021**.

The Certificate of Tax Deducted at Source in **Form No.16**, required to be furnished to the employee by 15th June, 2021 under Rule 31 of the Rules, as extended to 15th July, 2021 vide Circular No.9 of 2021, may be furnished **on or before 31st July, 2021**.

The Statement of Income paid or credited by an investment fund to its unit holder in **Form No. 64D** for the Previous Year 2020-21, required to be furnished on or before 15th June, 2021 under Rule 12CB of the Rules, as extended to 30th June, 2021 vide Circular No.9 of 2021, may be furnished **on or before 15th July, 2021**.

The Statement of Income paid or credited by an investment fund to its unit holder in **Form No. 64C** for the Previous Year 2020-21, required to be furnished on or before 30th June, 2021 under Rule 12CB of the Rules, as extended to 15th July, 2021 vide Circular No.9 of 2021, may be furnished **on or before 31st July, 2021**.

The application **under Section 10(23C), 12AB, 35(1)(ii)/(iia)/(iii) and 80G** of the Act in **Form No. 10A/ Form No.10AB,** for registration/ provisional registration/ intimation/ approval/ provisional approval **of Trusts/ Institutions/ Research Associations etc.**, required to be made on or before 30th June, 2021, may be made on or before **31st August, 2021**.

The **compliances** to be made by the taxpayers such as investment, deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, for the purpose of **claiming any exemption under the provisions contained in Section 54 to 54GB** of the Act, for which the last date of such compliance falls between 1st April, 2021 to

29th September, 2021 (both days inclusive), may be completed on or before **30th September, 2021.**

The **Quarterly Statement in Form No. 15CC** to be furnished by authorized dealer in respect of remittances made for the quarter ending on 30th June, 2021, required to be furnished on or before 15th July, 2021 under Rule 37 BB of the Rules, may be furnished on or before **31st July, 2021**. The **Equalization Levy Statement in Form No. 1** for the **Financial Year 2020-21**, which is required to be filed on or before 30th June, 2021, may be furnished on or before **31st July, 2021**.

The **Annual Statement** required to be furnished under **sub-section (5) of section 9A of the Act by the eligible investment fund** in **Form No. 3CEK** for the Financial Year 2020-21, which is required to be filed on or before 29th June, 2021, may be furnished on or before **31st July, 2021.**

Uploading of the declarations received from recipients in **Form No. 15G/15H during the quarter ending 30th June, 2021**, which is required to be uploaded on or before 15th July, 2021, may be uploaded by **31st August,2021**.

Exercising of option to withdraw pending application (filed before the erstwhile Income Tax Settlement Commission) under **sub-section (1) of Section 245M** of the Act in **Form No. 34BB,** which is required to be exercised on or before 27th June, 2021, may be exercised on or before **31st July, 2021.**

Last date of linkage of Aadhaar with PAN under section 139AA of the Act, which was earlier extended to 30th June, 2021 is further extended to 30th September, 2021.

Last date of payment of amount under Vivad se Vishwas(without additional amount) which was earlier extended to 30th June, 2021 is further extended to 31st August, 2021.

Last date of payment of amount under Vivad se Vishwas (with additional amount) has been notified as 31st October, 2021.

Time Limit for passing assessment order which was earlier extended to 30th June, 2021 is further extended to 30th September, 2021.

Time Limit for passing penalty order which was earlier extended to 30th June, 2021 is further extended to 30th September, 2021.

Time Limit for processing Equalisation Levy returns which was earlier extended to 30th June, 2021 is further extended to 30th September, 2021.

Source: pib.gov.in– June 25, 2021

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MSMEs need to integrate with global value chains: Union minister

MSMEs need to understand the importance of integration with global value chains which are driving the trade currently, Union minister Pratap Chandra Sarangi said on Saturday.

The Minister of State for MSME said that at present lot of trade is happening in the form of global value chains and MSMEs should understand the importance of integration with those chains and upgrade themselves accordingly.

The integration of MSMEs is critical for the financial viability of global value chains as not only do they provide a low-cost way of operations but also with their geographical reach and innovation capabilities, MSMEs form the cornerstone for fostering global economic growth.

In the process of integration to the global value chain, MSMEs face many challenges, therefore efforts must be made to strengthen the sector locally to enable their penetration and reach globally, he said at the Assocham webinar.

The ministry has undertaken several initiatives to modernize the sector during the last year. These include putting in place financial support mechanisms through Fund of Funds, broadening definition of MSMEs, introducing IT based Champions platform to provide solutions to issues of MSMEs.

“The role and potential of Indian MSMEs along with the need to improve their efficiency, productivity and quality needs to be viewed in the context of a globally competitive landscape,” he added.

Source: financialexpress.com– June 26, 2021

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Centre-State tussle over port control

Draft law seen undermining coastal states

The draft Indian Ports Bill 2021 seeks to empower the Central government to make a port non-operational for three reasons — if it has been non-operational for ten years after notification; in national security interest; or if it is not in consonance with the national plan for the development of major (owned by the Centre) and non-major (owned by the states) ports.

The national plan will be finalised by the Maritime State Development Council (MSDC), comprising representatives from the Central and coastal state governments.

The new bill seeks to replace the Indian Ports Act 1908. It has drawn flak from the coastal states, which fear that the "Union Government would take over the powers currently exercised by state governments in the regulation and management of minor ports".

The Central government, according to the proposed law, will be empowered to notify a new port, any part of any navigable river or channel which leads to the new port and also alter the limits of a port.

The adjudicatory board constituted under the Major Port Authorities Act, 2021, shall act as the appellate tribunal.

The appellate tribunal will look into appeals against directions passed by the MSDC, and the direction or order of the state maritime boards; and adjudicate disputes between two or more ports where at least one port is not within the purview of the same state, between two or more state maritime boards, between one or more major port and one or more non-major port, and between two or more State governments.

The orders of the tribunal can be challenged only in the Supreme Court.

In the case of non-major ports, the port tariff will be set by the state maritime boards or the concessionaires authorised by them.

At major ports, the rates will be set by the board of the major port authority or a committee constituted by the board. The tariffs will be notified in the official gazette.

The MSDC set up under the proposed act may specify, by way of regulations, the components of port tariff and any other matter related to the transparency of port tariff, according to the draft bill.

"This move of the Central government to bring a new Bill will have long-term adverse implications on the management of minor ports, since the state governments will not have any major role anymore, if the Bill is passed," Tamil Nadu Chief Minister MK Stalin said in a letter to coastal states and Union Territories, exhorting them to "take joint action to prevent any move to dilute the powers already vested with the states".

Source: thehindubusinessline.com– June 27, 2021

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Kidswear in vogue

The kidswear category, which has hitherto been overshadowed by menswear and womenswear online, has witnessed substantial growth over the past year. According to a Unicommerce report, the share of the online kidswear segment in the overall online apparel market has increased from 3% in FY20 to 17% in FY21, with a 200% growth in order volume.

There has been a conspicuous shift in the type of kidswear being bought, too. E-commerce platforms such as Amazon Fashion, Myntra, Ajio and Flipkart Fashion have launched kidswear brand stores, and introduced new categories like toys and combos of apparel and footwear to tap into this demand.

Mini shopping spree

Amazon Fashion has seen an 80% rise in kidswear sales in FY21. Apart from cotton dresses, jumpsuits and dungarees, t-shirts and pyjamas, Saurabh Srivastava, director and head – Amazon Fashion India, says the infantwear (rompers and clothing sets) segment, too, has seen high demand, especially for multipack products. “Customers are open to spending an average of Rs 1,000 per purchase on kids’ apparel,” Srivastava notes.

Flipkart Fashion, too, has seen sales from its infant wear segment double in the past six months. “People are now dependent on e-commerce, especially for innerwear and sleepwear for babies. It continues to witness high demand from consumers across India,” says Nishit Garg, vice president, Flipkart Fashion.

Ajio, meanwhile, claims to have recorded a surge in first-time buyers during the pandemic. “Our company’s revenue has grown four times, and the kidswear category has seen a twofold increase,” says a spokesperson from Ajio. Currently, Ajio has around 60,000 kids apparel and footwear products, and plans to continue to focus on this category.

Myntra recently added brands such as House of Pataudi Kids, Jockey and Jack & Jones under its kids segment. “Overall, the kids category has seen high double-digit growth in the past year, and 40% growth in April-May 2021 alone,” says Ayyappan Rajagopal, chief business officer, Myntra. The online fashion retailer launched a toy store six months ago.

What the future holds

The consensus among marketplaces is that customers have not curtailed their spends on kidswear, despite the pandemic. However, while transactions in this category have gone up, the average basket size has remained the same, analysts say. "We might see a surge in order volumes but that won't translate into GMV growth for the platform," says Sanjeev Kumar, forecast analyst, Forrester.

As parents get more comfortable ordering online, the industry expects to see numerous kidswear-focussed D2C brands come up over the next few years. "It's an unexplored territory with growth potential," says Kapil Makhija, CEO, Unicommerce. Existing brands are also expected to expand their product portfolio and add categories such as kids furniture and toys, he adds. Flipkart recently partnered with Ace Turtle to bring brands Toys"R"Us and Babies"R"Us to its platform.

The kidswear category saw an uptick of over 300% in order volumes from tier II and III cities, and 100% from tier I cities in 2020. "A lot of traction will be driven by smaller cities where brands have a limited presence," says Kumar.

Although the pandemic has given an impetus to the kidswear category, its share in the overall online apparel market "may not go beyond 20%", Kumar says. He attributes this to the resumption of physical retail by next year or so, and to the continuing reign of womenswear and menswear in the online fashion market. "Every category has limited legroom for growth. Also, spending for womenswear and menswear will always be higher," Kumar adds. In FY21, the share of womenswear in the online apparel market was 50%, while that of menswear was 33%.

Source: financialexpress.com– June 28, 2021

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10.4 lakh new members in ESIC in April

Even as Covid-19 took an ugly turn in April, the ESIC-run social security scheme saw 10.41 lakh new members in the month, up 8.5% from the monthly average of 9.59 lakh recorded in 2020-21.

The Employees' State Insurance Act, 1948, is applicable to non-seasonal, manufacturing establishments employing 10 or more workers. The wage ceiling is Rs 21,000 per month.

Since April 2018, the ministry of statistics and programme implementation (MoSPI) has been bringing out the employment-related statistics in the formal sector covering the period from September 2017 onwards.

According to the data released by the National Statistical Office (NSO) on Friday, between September 2017 and April 2021, around 5.10 crore new subscribers joined the ESIC scheme.

Enrolments with ESIC during 2020-21 dropped nearly 24% to 1.15 crore amid the pandemic, compared to 1.51 crore in 2019-20. In 2018-19, 1.49 crore new subscribers joined the scheme and a total of 83.35 lakh subscribers joined between September 2017 and March 2018.

According to the report, net new enrolments with retirement fund body EPFO stood at 12.76 lakh in April 2021. It showed that from September 2017 to April 2021, around 4.26 crore new subscribers joined the Employees' Provident Fund scheme.

The report also showed that a total of 55,844 new subscribers joined and contributed in the NPS central government, state governments and corporate schemes during September 2017 to April 2021. Overall, between September 2017 and April 2021, a total of 26,45,681 new subscribers from these sectors joined the NPS.

The report, titled 'Payroll Reporting in India: An Employment Perspective – April 2021', said that since the number of subscribers is from various sources, there are elements of overlap and the estimates are not additive.

Source: financialexpress.com– June 26, 2021

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Tamil Nadu reopens malls, gyms and religious places from today

As Tamil Nadu continued to register a steady decline in daily Covid-19 cases, relaxations in lockdown norms will come into effect from Monday. The relaxations include re-opening places of worship and malls in four districts and resumption of public transport in 23 other districts.

The Tamil Nadu government also allowed the re-opening of textile showrooms and jewellery shops in 23 districts of the state from Monday as part of the relaxation in lockdown norms. The additional relaxation was given following pleas and opinions from people and traders' bodies, an official release said, reports news agency PTI.

The government has categorised 38 districts into three separate groups keeping in view the Covid-19 cases for the purpose of easing curbs.

Since June 14, the Tamil Nadu government has allowed more relaxations for 27 districts and it includes re-opening of government-run retail liquor outlets and salons. Following a gradual decrease in the number of Covid-19 cases, the government has been relaxing curbs in a phased manner.

Here's a look at the new Covid-19 guidelines:

- Shopping complexes, malls and places of worship would re-open in four districts of Chennai, Kancheepuram, Tiruvallur and Chengelpet in northern Tamil Nadu with relatively less number of Covid-19 cases.
- Gyms, yoga centres (50 per cent occupancy), museums and protected monuments would open in a total of 27 districts from 10am to 5pm and barring 11 other districts, including Coimbatore and Thanjavur.
- People are allowed to go to beaches between 5am and 9am across the state.
- Bars and cinemas will remain closed.
- Private establishments could work with a 100 per cent workforce in Chennai and three other districts.
- Non-airconditioned bus services, including inter-district operations, shall resume with 50 per cent occupancy in as many as 23 other districts.
- Bus services are already operational only in Chennai and three nearby districts, including Chengelpet.

Source: hindustantimes.com– June 28, 2021

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Gujarat: Sowing sluggish as 10 dists record deficit rain

SOWING OF Kharif crop has been sluggish this season as around one-third of the state's 33 districts have recorded deficient rainfall, with Saurashtra running the largest arrears.

Farmers have completed sowing in just 6.89 lakh hectare (lh) or around eight percent of last three year's annual sowing area of the state, latest data of the Directorate of Agriculture (DAG) of Gujarat shows. The 6.89 lh is almost half of 13.94 lh sowing recorded during corresponding period last year. Saurashtra, the region which comprises 11 districts of the state, is leading the chart with farmers having completed sowing in 4.97 lh. North Gujarat farmers have completed planting operations in 1.07 lh while their counterparts in central Gujarat and south Gujarat have done so in 42,300 hectare and 15,100 ha respectively.

Amreli in Saurashtra is the only district in the state which has reported sowing in more than one lh. Farmers in this district, which was hit by cyclone Tauktae, have completed sowing in 1.58 lh. It is followed by Morbi (88,500ha) and Rajkot (88,000 ha). Devbhumi Dwarka and Jamnagar have reported sowing in less than 1,000 ha each. Chhota Depur and Dahod in central Gujarat and the Dangs and Navsari in south Gujarat too have reported planting in less than 1,000 ha area each.

The sluggishness is apparently a result of the Amreli, Gir Somnath, Jamnagar, Porbandar, Junagadh and Rajkot districts in Saurashtra, Aravalli in north Gujarat, Chhota Udepur and Dahod in central Gujarat and Vyara in south Gujarat region having recorded less than normal rainfall between June 6 and June 27 this year, data of the Indian Meteorological Department (IMD) shows.

Of these 10 districts, Porbandar (-77%), Gir Somnath (-73%) and Junagadh (-66%) have large deficits (LD) while in the rest seven districts, the deficit is in the range of 59 per cent to 20 per cent. Anand, Kheda, Mehsana, Sabarkantha and Patan are the only districts which have recorded rainfall in large excess during the month of June. Ahmedabad and Surat too have received excess rainfall while the remaining 16 districts have experienced normal rainfall so far, the IMD data further shows.

Among the sowing done so far, cotton accounts for 3.52 lh or more than a half of the total sowing. The largest acreage, 2.83 lh, has been reported from

Saurashtra even as sowing of this cash crop has not been reported from Devbhumi Dwarka district of the region so far. Amreli (92,100 ha) and Morbi (50,600 ha) are the leading districts.

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Source: indianexpress.com– June 28, 2021

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