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INTERNATIONAL NEWS

US Apparel Imports Ballooned 141% in May

The surge in U.S. apparel imports continued in May, as retailers and brands restocked to meet a strong return of consumer demand, with every major and secondary producer nation taking part in the upswing.

While monthly and year-to-date comparisons are skewed by last year's Covid-caused lockdown and store closures, the increases are still substantial. U.S. apparel imports from the world jumped 141 percent in May compared to a year earlier to 2.28 billion square meter equivalents (SME), with increases among the Top 10 suppliers ranging from 64 percent to 888 percent, according to the Commerce Department's Office of Textile & Apparel (OTEXA).

In the first five months of the year, apparel importers brought in 35.3 percent more merchandise, or 11.04 billion SME, compared to the same period in 2020. Gains in this period ranged from 9 percent to 59 percent among the Top 10 sourcing spots, according to OTEXA data.

China retained its top spot for the month and year to date, with its shipments up 79.2 percent in May compared to a year earlier to 704.69 million SME and increasing 45.85 percent for the year so far to 3.52 billion SME. Imports from No. 2 Vietnam rose 137 percent year over year in May to 382.69 million SME and were up 31.16 percent in the five-month period to 1.91 billion SME.

Looking at their Asian competitors, Bangladesh's shipments increased 288 percent year over year in May to 232 million SME and were up 27.3 percent so far in 2021, while imports from Cambodia rose 64.3 percent in the month compared to May 2020 to 75.71 million SME and were up 23.8 percent year to date to 494 million SME.

Imports from India spiked 550 percent in the five months to 78.19 million SME and increased 35.67 percent year to date to 553 million SME, as shipments from Indonesia rose 103 percent in the month to 91.64 million SME and were up 8.96 percent to 460 million SME through May, and imports from Pakistan jumped 341 percent to 84.57 million SME for the month and increased 56.53 percent for the year to date to 358 million SME.

Among Western Hemisphere suppliers, imports from Honduras leapt 673 percent in May from a year earlier to 78.19 million SME and rose 51.6 percent in the five-month period to 339 million SME.

Mexico's shipments increased 74.9 percent year over year to 71 million SME and were up 33.13 percent to 332 million SME so far this year, while imports from El Salvador skyrocketed 888 percent in May year over year to 55.01 million SME and increased 59.41 percent to 261 million SME in the January-to-May period.

Source: sourcingjournal.com– July 06, 2021

HOME

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China eyes a more sophisticated, sustainable textile sector in next five years

The current global economic scenario has compelled China to halt expansion plans. However, in the next five years, China plans to make its textile and clothing industry more sophisticated and technology-driven, reveals the 14th Five Year Plan released by the China National Textile and Apparel Council (CNTAC). In a Fash455 report, Sheng Lu, Associate Professor, Department of Fashion and Apparel Studies, University of Delware writes, China plans to step up investment in domestic textile and apparel market in the next five years. The country aims to increase its annual clothing retail sales to over $415 billion by 2025.

Creating more textile unicorns

China also plans to increase its textile fiber manufacturing output to 50 per cent of the global output by 2025. In 2020, China's textile fiber output accounted for 50 per cent of the world's total output at 58 million ton. China aims to maintain this growth rate and prioritize textile manufacturing over apparel manufacturing.

China also plans to support the development of more companies with annual sales revenue of over RMB 10 million by 2025. In its previous Five Year Plan, China had looked to develop 50 such companies. However, the pandemic clipped its plans, and the country now aims to develop only 40 such companies. However, for this to materialize, China needs strong policy support and sufficient time period.

Focusing on value-addition and sustainability

China has set its sight on industrial upgradation by increasing R&D investments. The country plans to improve the quality and sophistication of its products by engaging in more value-added functions in the supply chain. Another goal is to make textile and apparel industry 'greener' and more sustainable.

In the next five years, China aims to reduce its energy consumption per unit of industrial value-added to 13.5 per cent and carbon emissions to 18 per cent. It aims to increase manufacturing of recycled fibers to 15 per cent of its total fiber output to build a circular economy and contribute to China's climate change policy.

Eyeing more FDI and improved labor skills

China will also leverage the Belt and Road Initiative and other outbound FDI projects over the next five years. From 2015-20, the country's FDI investments in the textile and apparel sector exceeded $6.7 billion.

As per CNTAC, 26.6 per cent of this investment was made in neighboring South East Asian countries including Vietnam, Cambodia, Thailand, Lao, and Myanmar. The country also plans to increase its labor productivity by stepping up investments in skill development initiatives for laborers.

Source: fashionatingworld.com– July 06, 2021

HOME

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US circular apparel market projected to reach $77 bn by 2026: thredUp

The apparel resale sector grew during the pandemic and is projected to accelerate during recovery and beyond, says a study of the US second-hand market by thredUp, an online resale platform for women's and kids' apparel, shoes and accessories. Second-hand is now a $36-billion market, projected to reach $77 billion by 2026 and resale is an emerging growth channel for apparel retailers, it said.

Second-hand is displacing fast fashion, new clothing purchases and harmful production as consumers shift to thrift. Resale is expected to be more than twice bigger than fast fashion by 2030, with two in five thrifters saying they are replacing fast fashion purchases with secondhand clothing.

Resale is expected to grow 11 times faster than retail clothing over the next five years, said the 2021 Resale Report, which surveyed 3,500 consumers.

In 2020, 33 million consumers bought second-hand apparel for the first time; and 76 per cent of those first-time buyers plan to increase their spending on second-hand in the next five years.

This year's study—the ninth in the series—reveals 62 per cent of retail executives say their customers are already participating in resale, and 42 per cent of them say resale will be an important part of their business in the next five years. One in three executives say resale is becoming table stakes for retailers.

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 second-hand clothing alongside new.

The average thrifter bought around seven second-hand items in the past year that they would normally buy new, displacing more than 542 million new items of apparel.

In the past decade: 6.65 billion items of apparel have been recirculated via the second-hand market. Consumers have saved $390 billion by buying second-hand. 116 billion pounds of CO_2e have been displaced by buying used instead of new apparel.

One in three consumers care more now about wearing sustainable apparel than they did before the pandemic.

Sixty per cent of consumers are more opposed to wasting money, while 51 per cent are more opposed to environmental waste. One in two consumers care more about seeking value.

Source: fibre2fashion.com– July 07, 2021

HOME

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Cambodia's CDC approves 70 projects worth $2.428 bn in H1 2021

The Council for the Development of Cambodia (CDC) approved 70 projects with a total capital investment of $2.428 billion in the first half of this year, as reflected in CDC statements issued on social media from January to June. It approved 29 investment projects in textiles, garments, footwear and travel products with a capital investment of $194.71 million.

The council also gave green signal to four furniture plants with a capital investment of $55.6 million, according to a top newspaper in the country.

The textile, garment, footwear and travel goods sector accounted for the bulk of the value of the new projects, followed by electrical components and vehicle parts, Cambodia Chamber of Commerce vice president Lim Heng said.

The government's 10-million-vaccinations campaign will also contribute to the growth of investment as investors will not be worried about the impact on their business, Heng claimed.

In 2019, investment approvals logged $9.40 billion, of which China invested $2.75 billion, followed by Hong Kong at $912.55 million and Japan at $298.84 million, according to the CDC.

Source: fibre2fashion.com– July 06, 2021

HOME

****

Bangladesh, Mexico Drive 30% Surge in US Jeans Imports

U.S. jeans imports jumped 29.18 percent year over year in the five months through May to a value of $1.15 billion, surpassing the four-month increase of just 9.42 percent through April as retailers and brands restock to quench pent-up consumer thirst, the latest report from the Commerce Department's Office of Textiles & Apparel (OTEXA) showed.

The result was a 30 percent, or $26.39 million, cumulative year-to-date increase from April to May. While comparisons to the year-ago period are skewed due to 2020's coronavirus-induced factory shutdowns and store closures, the first couple of months of this year also saw reduced retail spending until vaccines got rolling.

Blue denim apparel imports, the vast majority of which are jeans, from top supplier Bangladesh rose 35.61 percent in the year through May from the same period in 2020 to $218.35 million, besting April's 10.2 percent year-to-date gain, according to OTEXA. No. 2 producer for the U.S. market Mexico continued to surge ahead with a 51.35 percent year-to-date increase to $232.76 million after a 25.07 percent hike the previous month.

Among the Top 10 suppliers from Asia, imports from Vietnam rose 8.69 percent in the five months to $121.58 million, following a 2.86 percent drop the prior month, as sourcing experts have said capacity issues have started to challenge the country's rapid rise.

To that end, denim manufacturer Saitex is taking its production capabilities to the next level with the opening of its own mill. Located in the Nhon Trach Industrial Zone in Dong Nai, Vietnam, the 100,000-square-meter complex will officially open its doors to clients in August. The new operation will complement Saitex's denim factory, which produces an average of 18,000 pairs of jeans per day.

Jeans imports China were up 38.67 percent in the period to $117.27 million, while shipments from Pakistan increased 38.73 percent to $116.62 million, imports from Cambodia rose 10.33 percent to $59.92 million and shipments from Sri Lanka gained 32.79 percent to $23.48 million.

Led by Mexico, jeans imports from the Western Hemisphere increased 44.89 percent year to date to $292.87 million. Also contributing to the gain were shipments from Nicaragua, up 40.65 percent to $42.31 million.

Rounding out the Top 10 were Egypt, with imports up 1.71 percent in the five months to $42.27 million, and Turkey, jumping 86.88 percent to $23.82 million.

Source: sourcingjournal.com– July 06, 2021

HOME

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ShanghaiTex 2021 scheduled from November 23-26, 2021

The 20th International Exhibition on Textile Industry (ShanghaiTex 2021) will be held from November 23-26, 2021 at the New International Expo Centre in Shanghai. As per Textile World, the event will gather a number of global leading textile and fashion suppliers to showcase a range of intelligent textile technology, innovative health and green technology, inspiring the future for the textile and fashion industry.

ShanghaiTex 2021 and its strategic partner Textech Galaxy have collaborated to tap new business opportunities in the post-COVID era. The two companies will focus on three major industry highlights – healthcare, green and recycle, and artificial intelligence. A raft of exhibitions and concurrent events will be organized for promoting high-growth sectors and creating a dynamic platform for the industry.

ShanghaiTex 2021 will also organize Textech Designer Match and WTTDC 2021 for designers, brands and manufacturers all over the worlds to exchange ideas on design, raising the innovative values of the global textile industry.

Furthermore, it will hold the 3rd Artificial Intelligence on Fashion & Textile International Conference (AIFT 2021) from November, 24-25 November 2021 at the Shanghai (Pudong) New International Expo Centre.

Source: fashionatingworld.com– July 06, 2021

HOME

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What changes have UK fashion companies experienced post Brexit?

About 98 per cent of UK fashion and textile companies have experienced increased bureaucracy around exporting and importing after the UK's exit from the EU on December 31, 2020, according to a recent survey. Close to 92 per cent of the respondents had experienced increased freight costs and 83 per cent had problems with customs clearance following Brexit.

Three quarters (74 per cent) said they had experienced an increase in costs due to new tariffs and almost half (44 per cent) had been affected by unexpected duties when re-exporting goods, according to the survey conducted by the UK Fashion & Textile Association (UKFT).

"We have had lots of VAT costs in our EU supply chain, extra paperwork, product caught at customs for weeks," said one UK menswear brand, adding that freight costs have increased by a minimum of 30 per cent. Others have reported freight costs increasing by as much as 50 per cent during the first months of 2021.

Over 83 per cent had experienced problems with customs clearance while 55 per cent had cancelled orders from wholesale customers/retailers where Brexit was the only cause. Similarly, 44 per cent had rejected/returned orders from consumers where Brexit costs were the only issue. One UK menswear brand said there was now a 12 per cent tariff payable by EU consumers on the brand's products bought online.

Over a third (38 per cent) had problems returning goods to the UK from the EU (for example if they were unsold).

The complex nature of Rules of Origin requirements has been particularly problematic, with almost a third of respondents (32 per cent) saying they did not know if their UK-manufactured goods met the Rules of Origin requirements for the UK-EU Trade Continuity Agreement (TCA). Forty-one per cent had been hit by double duties as a result of the implications of free circulation in the TCA.

"As we had already sold for the season, we have had to absorb the cost [increases], which is having a dramatic impact on our business," said one UK outerwear brand. "The next season we will need to pass this on, but we have already encountered problems with our existing customers. The increase has been approximately 12 per cent."

However, some respondents pointed to new opportunities the UK's exit from the EU offers, particularly in light of reshoring and the appeal of UK-produced product domestically, the UKFT survey said.

Source: fibre2fashion.com– July 06, 2021

HOME

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6 European nations to see $35 bn in reduced profits due to e-shopping

COVID-19 has had a profound impact on retail industries across Europe and store closures, social distancing measures and heightened anxieties over transmission has elevated 'digital' to new heights, according to a report by Alvarez & Marsal (A&M). Online shopping will result in €35 billion in reduced profits across six European countries by 2025, it said.

The research by the New York-based global professional services firm contains insights drawn from a consumer panel of over 3,000 households across six countries—the United Kingdom, Spain, Switzerland, France, Italy and Germany—and analysis of over 250 European retailers, accounting for over €2 trillion worth of spending in 2019-20.

The retail pre-tax profit margins across the six key European markets studied fell from 6.4 per cent to 4.5 per cent due to online shopping, suggesting as e-commerce penetration rises, margins fall.

In the initial stages of the pandemic a seismic shift was witnessed towards e-commerce throughout major European retail markets, as consumers embraced new paths to purchase goods and services.

Online sales growth rose rapidly, with markets such as the United Kingdom witnessing online penetration rates peak at almost 40 per cent during 2020. Throughout the six regions, the proportion of online sales increased from an average of 12.1 per cent in 2019 to 14.8 per cent in 2020, A&M said.

For many businesses striving to remain relevant and survive the disruption, their transition will likely mean a challenging readjustment as business models are aligned with the 'new normal'. Profitability will come under intense pressure as operating models that are disproportionately weighted towards physical channels struggle to rebalance costs as online accounts for a growing proportion of sales.

Just under a third of European consumers think their shopping habits will change permanently because of COVID-19, with a significant and permanent shift towards online shopping particularly for apparel, homewares and electricals, A&M's research shows.

In some countries such as the United Kingdom, a permanent change in shopping habits rises to almost four in ten shoppers. The majority of consumers intend to continue to do more online shopping post-pandemic, but the extent will vary significantly between category, demographics and country.

For apparel, the magnitude of the online shift varies with consumer age group. Younger and middle-aged shoppers are more likely to permanently shift Apparel spending online compared to senior shoppers. Just 17 per cent of over 65-year-olds expect to shift fashion spending online after the virus subsides, compared with 27.3 per cent for 35 to 44-year-olds across the countries analysed.

The shift towards online will leave many retailers exposed with cost structures disproportionately weighted towards their physical channel, while facing rising variable costs as online accounts for a growing proportion of sales.

Many retailers will be left with more physical outlets than they can commercially justify, often tied to inflexible lease structures which will inhibit their ability to pivot business models as quickly as they need.

Analysis by the company shows average pre-tax profit margins for pure online retailers across the key European markets analysed resided at 1.4 per cent, compared with 5.4 per cent for the total industry This reflects the difference in cost structures, business models and the price sensitivity of consumers, where transparency in price, service and quality places further downward pressure on margins.

A&M forecasts that an acceleration in online growth will lead to profit margins falling to 3.2 per cent by 2025 for the six European countries, compared with 3.7 per cent for a ‘no COVID-19 impact’ scenario. Total profits will be €11 billion less by 2024-25, compared with the scenario where COVID-19 does not impact consumer behaviour for the six countries.

Source: fibre2fashion.com– July 06, 2021

HOME

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Turkey: Denim industry: Increasing prices of raw material biggest problem

Increasing prices of raw materials is one of the biggest problems for the denim industry, according to the managing director of Kipas Denim Halit Gumuser. However, the company has adopted a collaborative and long-term approach to develop partnerships around its supply chain, so fluctuations in cotton prices have a limited effect on it.

Besides rising prices, the company struggled with presenting its collections face-to-face during the pandemic. But it got around the problem by developing Kipas Denim Library, which allows it to present its collections digitally with to-the-point filters, high-definition visuals and videos, andan easy order option, Gumuser told Fibre2Fashion in an interview.

Click here for the full interview

Source: fibre2fashion.com– July 06, 2021

HOME

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Morocco's textile exports rise by 23% to date in 2021: minister

Morocco’s textile exports to Europe have risen by 23 per cent to date this year compared to last year, according to the country’s industry minister Moulay Hafid Elalamy, who recently told a conference that the sector has benefited from incentives under the Industrial Acceleration Plan that helped create 116,500 jobs between 2014 and 2020.

Despite the pandemic, the country’s textile industry offered 10,684 new jobs last year, he was quoted as saying by a North Afircan news wbeiste.

The sector showed resilience in the face of the pandemic as manufacturers shifted production to meet domestic demand in terms of masks and protective gear and exported the surplus.

The minister also highlighted the competitiveness of Morocco’s business climate that helped attract investments by global textile manufacturers.

Source: fibre2fashion.com– July 06, 2021

HOME

****

Vietnam: Trade deficit nears $1.5 bln

Vietnam had a H1 2021 trade deficit of $1.47 billion, compared with a surplus of $5.86 billion in the same period last year. The Ministry of Industry and Trade had reported a trade deficit of $1 billion in June, the second straight month that a deficit was recorded. Between January and June, local firms posted a trade deficit of over $15 billion, while foreign-invested enterprises secured a trade surplus of $13.64 billion.

Production expansion after three waves of Covid-19 before April resulted in increased import of materials by local firms, the ministry explained. Local firms often import more materials in the first half of a year, but this is reduced in the second half, while export intensifies, the ministry said.

Exports of such products to big markets, including the U.S., China and the European Union saw high growth in the first half of this year. Specifically, Vietnam earned $25.1 billion from exporting phones and their components, a year-on-year rise of over 14 percent; $17 billion from machines, equipment, tools and spare parts, up more than 63 percent; $15.2 billion from garments and textiles, up 14.9 percent; and $10.4 billion from footwear, up nearly 28 percent.

The U.S. continued to be Vietnam's biggest export market with a turnover of over $45 billion, up 43 percent plus, followed by China with $24.6 billion, up 25 percent plus and the European Union with $19.3 billion, up 17.4 percent.

Meanwhile, China was Vietnam's biggest import market with a turnover of nearly $54 billion, surging 53.6 percent year-on-year. Import turnover from South Korea rose 21.6 percent to $25.2 billion, and from ASEAN surged 49 percent to $21 billion.

Vietnam is set to export more products, mainly electronics, machines, equipment, woodwork, garments, textiles and seafood in the second half of 2021, the ministry said, noting that the U.S. and European countries were removing lockdowns and global demand for goods was recovering.

The country's imports in the second half of this year is likely to be hit by the ongoing fourth Covid-19 wave in many cities and provinces, especially those with large production and import-export capacity like Bac Giang, Bac Ninh, HCMC, Dong Nai and Binh Duong.

Source: e.vnexpress.net– July 06, 2021

HOME

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Bangladesh targets $34.14 billion revenue from apparel exports in fiscal 2021-22

As per Export Promotion Bureau, for the Fiscal Year 2021-22, the Bangladesh government plans to target export revenues of $34.14 billion from its apparel sector.

Of the total exports target, $18.51 billion would come from knitwear products and $15.62 billion woven products.

With an 8.54 percent growth target, the Bureau stated Bangladesh wouldbe able to earn $34.14 billion in exports in the fiscal year 2021-22.

The growth target for the knitwear products is set at 10.45 per cent and 8.51 per cent for woven products.

In the fiscal year 2020-21, Bangladesh earned $31.45 billion exporting apparel goods. The government also aims to target to $1.37 million revenues from export of home textiles.

Source: fashionatingworld.com– July 06, 2021

HOME

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Bangladesh exports up 15per cent as global demand for garments rebounds

Bangladesh's exports jumped 15per cent to US$38.76 billion in the financial year ended June, data showed on Tuesday, led by a rebound in demand for garments as Western economies recovered.

The world's second-largest apparel producer after China took a roughly US$6 billion hit in the 2019-20 financial year, with overseas apparel sales falling 18per cent to US$27.94 billion.

Garment exports rose 13per cent to US$31.5 billion in 2020/21 from a year earlier, thanks to a 21per cent surge in overseas sales of knitwear products such as t-shirts and sweaters, but were 7per cent below the pre-pandemic period of 2018-19 financial year, the Export Promotion Bureau said.

Sales of woven garments, such as formal denim shirts and pants, rose only 3per cent, which exporters attributed to tepid demand as more people worked from home and avoided social gatherings.

Bangladesh's exports in June grew at a record pace of 31per cent from a year earlier to US$3.58 billion, led by more orders from the United States and Europe, the main destinations of apparel sales.

Garment industry leaders said they expect exports to increase but rising costs of freight and raw materials could hold back growth.

"Order flow is satisfactory. But freight costs and cotton prices are rising up, that could hamper our exports" Shahidullah Azim, vice president of the Bangladesh Garments Exporters and Manufacturers Association, said.

"Our garment factories are largely unaffected by the latest pandemic situation at home but we need to control it soon," said Azim, who supplies European and North American retailers.

Bangladesh is currently battling a record spike in coronavirus cases, prompting the government to extend its strictest lockdown to July 14. Garment factories, however, are allowed to operate observing health protocols.

Some garment workers are happy as they are able to earn overtime wages, which often account for 20per cent of their monthly income.

"I am really happy that I can earn some more doing overtime. There was a time when we went to the factory and sat idle all day as there were no orders," said Munna Khan, a worker in Gazipur, on the outskirt of the capital city Dhaka.

Low wages have helped Bangladesh build its garment industry, with some 4,000 factories employing 4 million workers, supplying brands such as H&M and GAP. Readymade garments are a mainstay of the economy, accounting for almost 16per cent of the country's GDP.

Source: channelnewsasia.com– July 06, 2021

HOME

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Pakistan: Exports to China surged by 34 per cent to $2.33 billion in last fiscal year

Pakistan's exports to China increased by 34 per cent to $2.33 billion in the last fiscal year. Pakistan's exports to China have enhanced by 34 per cent to $2.33 billion in year 2020-21 as compared to $1.74 billion in the previous FY, increasing by $586 million. "I'm pleased to share that our exports have done quite well in our major markets.

During FY 2021, our exports to China increased by 34% to $2.33 billion as compared to $1.74 billion in the previous FY, increasing by $586 million," said Abdul Razak Dawood, Adviser to the Prime Minister on Commerce and Investment on Twitter. The country's exports to Germany grew by 19 per cent to $1.5 billion over previous financial year's $1.3 billion.

The exports to the Netherlands increased by 23 per cent to $1.2 billion as compared to the previous FY's $1 billion. The exports to Poland increased by 28 per cent to $308 million in FY2020- 21 as compared to $241 million FY 2019-20. "Our exporters have accomplished this despite the problems created by the COVID-19 pandemic & they deserve credit for it," adviser added. According to the details, Pakistan's exports to the United States (US) during FY2021 increased by 39 per cent to $ 5.2 billion as compared to $3.7 billion during FY 2020, an increase of around $1.45 billion. This is the first time in the history that country's exports to the US have crossed the $5 billion mark.

Pakistan's overall exports reached $25.3 billion in last fiscal year, highest ever in country's history

Pakistan's overall exports have reached $25.3 billion in last fiscal year, highest ever in country's history. Exports of goods during FY2020-21 stand at USD 25.3 billion. These are the highest-ever exports of goods in the history of Pakistan. The previous highest was USD 25.1 billion in 2013-14. The exports in June 2021 were also the highest for any month.

The export of services for FY21 is projected to be $5.9b while the cumulative exports of goods and services during FY21 will cross $31 billion. Textile exports increased 18.85 per cent, pharmaceutical 27 per cent and copper and copper derivatives 44 per cent, respectively. Rice exports declined 8 per cent, cotton yarn 2 per cent, raw leather 16 per cent and plastic 6 per cent, respectively.

"Exports recovered from negative impact of COVID-19 primarily due to government support for export sector that helped it to capitalize on the market share gain opportunities arising from economic contraction within the region," the government stated in recent Annual Plan 2021-22. Due to lockdowns in many countries, production slowed down which resulted in shortages and increase in prices of some of the commodities at international level which led to mixed trend in price and quantum effects of selected export items.

The officials in Commerce Ministry believed that Pakistan's exports would further increase in the ongoing fiscal year as the government had provided incentives to the exporters in the budget. Meanwhile, the government is likely to announce the much awaited trade policy, which would give further incentives to the exports sectors.

Source: nation.com.pk– July 07, 2021

HOME

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NATIONAL NEWS

Commerce Ministry seeks detailed inputs from stakeholders for proposed India-UK FTA

To maximise benefits from the proposed India-UK Free Trade Agreement (FTA), the Commerce Ministry has sent out a detailed consultation format to trade and industry associations and other stakeholders for listing out precisely their priority areas, specific areas of interest, justifiable suggestions on what the pact should achieve, existing positions & challenges and concerns related to the exercise.

"A deadline of July 25 has been set for inputs from stakeholders and the general public on the proposed India-UK FTA as the exercise is time-bound and the government has to firm up its negotiating stance based on the inputs," an official told BusinessLine.

"It is understood that an FTA with the UK would allow us to explore futuristic opportunities in trade and investment by making exports easier and promoting investment flows. This would also enable greater access to Indian service providers looking to facilitate services exports and will enable domestic consumers to access a wider range of products and services at competitive rates," the communication stated.

Inclusive trade policy

The Centre is committed to an inclusive trade policy that takes account of the views of all the stakeholders, it added. The suggestions are to be e-mailed to the government.

Prime Minister Narendra Modi and his British counterpart Boris Johnson agreed on an 'Enhanced Trade Partnership' at a virtual summit in May this year laying the roadmap for more than doubling bilateral trade by 2030 and declaring their intention to negotiate an FTA. Among European countries, the UK was in the top five list accounting for bilateral trade worth $12.29 billion with India in 2020-21.

The UK is interested in an FTA with India mostly because after its exit from the EU, it wants to consolidate its trade and investment relations with major economic partners through lowering of barriers. India, on the other hand, is keen on the FTA as lower tariffs for certain items, such as textiles and leather, would increase the competitiveness of Indian exporters and liberal visa norms could allow professionals easier entry into the UK. Moreover, New Delhi is also focussing on forging FTAs that are not influenced by China in any way.

Specific areas

In the consultation format, the Commerce Ministry asked stakeholders to identify specific areas of interest such as apparels or pharmaceuticals in the area of market access for goods, information technology in the area of services, data protection or data localisation in area of digital and fixation rights/single equitable remuneration in the area of intellectual property.

Stakeholders have also been asked to provide specific justifiable suggestions on what they would want the Indian government to achieve through an FTA with the UK. These could include demands in the area of tariff liberalisation, identification of other market access issues faced, identification of items where tariff levels must be retained by India, listing of sectors in which domestic industry is under expansion and inputs/intermediate goods are procured from the UK and procedures related to customs and/or certifications that are cumbersome.

The UK is hopeful that formal negotiations with India would begin by the year-end.

The country is seeking reduction of import duties on cars in India, which ranges between 60 per cent and 100 per cent, as well as wines and spirits with import duties between 100 per cent and 150 per cent. It also wants more access in services such as legal and financial, including banking and insurance.

Source: thehindubusinessline.com– July 06, 2021

HOME

****

Gear up to ride the export boom

Focus should not be on just growing the exports pie, but also on employment and raising competitiveness

The rise in India's exports — 63.1 per cent on-year in the first half of calendar 2021 (January-June) has been nothing short of spectacular, with more than a 'low-base effect' as its driving force.

Quite the apposite hour to raise India's export competitiveness because global growth is accelerating as Covid-19 afflictions and vaccinations go the right way, and fiscal support is ample.

Global trade in goods and services is ticking along nicely, growing 10 per cent on-year in the first quarter of 2021 and sailing past 2019 levels, according to an UNCTAD report in May.

The World Trade Organisation expects global merchandise trade volumes to increase 8 per cent on-year in 2021, after having contracted 5.3 per cent in 2020. Goods demand is forecast to be stronger in North America and Europe, particularly due to the large fiscal stimulus in their economies. Importantly, the organisation expects majority of this global demand to be met by Asia.

Riding the global wave

Fired up

Real GDP forecasts of India's major export destinations

Country/ region	Real GDP growth (%) (CY21)	Change from previous forecast* (percentage points)	Share in India's exports (%) (FY20)
US	6.7	+0.2	16.9
EU	4.4	+0.2	14.4
China	8.3	+0.3	5.3
Hong Kong	6.5	+2.3	3.5
UK	7.0	+2.7	2.8
World	5.9	+0.4	100

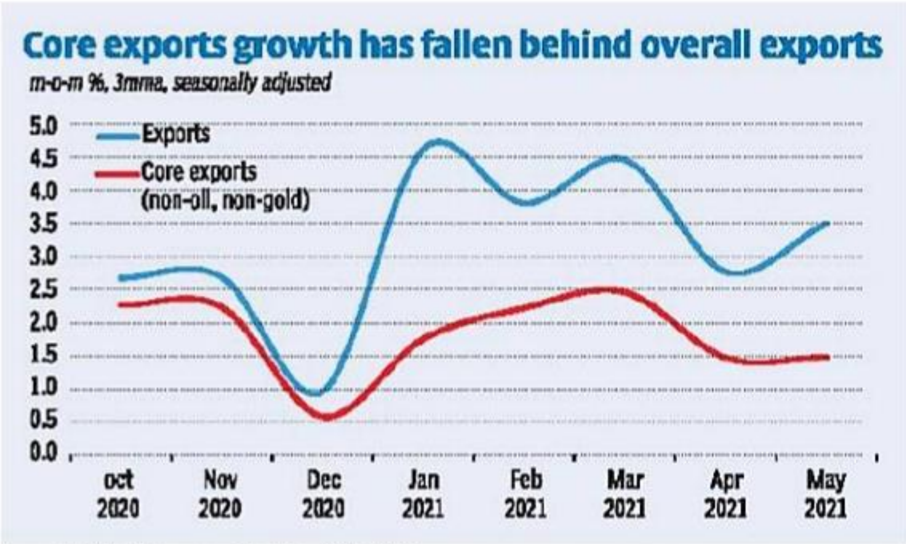
*Previous forecast is as of March 2021; CY: calendar year
Source: S&P Global, various documents, June 2021, Ministry of Commerce & Industry, CRISIL

India has a golden chance to support its own economy through exports after the second Covid-19 blow, if only it leverages this growing strength in global trade. India's major trading partners — the United States, European Union, United Kingdom, China and Hong Kong — which together account for 43 per cent of India's total exports, have seen their growth forecasts for 2021 revised upwards (see table below).

Consequently, India's exports to these destinations have soared. It grew 6.9 per cent, 13.9 per cent, 14.1 per cent and 1.9 per cent to the EU, UK, China and US, respectively, in the three months to March (in seasonally adjusted terms). This trend is expected to continue, as demand improves further.

But core export lagging

However, even as overall exports have grown steadily, core exports (non-oil, non-gold exports) growth has been relatively muted (see figure below).



Source: Ministry of Commerce & Industry, CEIC, CRISIL

The growth in overall exports could partly be attributed to rising petroleum exports, on the back of improving global demand and rising crude prices. Among core exports, large industrial sectors, such as electronic goods, engineering goods and chemicals too, are seeing robust growth. Electronic goods have particularly benefited from increased global demand during the pandemic.

On the other hand, growth in exports of labour-intensive products such as readymade garments, leather, and agriculture and allied products (rice, fruits and vegetables, meat, dairy, and poultry, and seafood) have slowed down after a transitory pickup in early 2021.

This is particularly so in April and May, when the second Covid-19 wave raged in India: exports of fruits and vegetables, readymade garments and leather products declined 3.8 per cent, 3.6 per cent and 0.7 per cent in the three months to May (in seasonally adjusted terms). These trends suggest that exports have supported growth but not so much employment.

Seize the moment to raise competitiveness

The pace of India's export growth should sustain for the rest of 2021, given the swift rebound in its major export partner regions (US, EU, China) is only set to get stronger in the second half. Besides, global demand for petroleum, pharmaceuticals and electronic goods — major constituents of India's export basket — is also expected to be robust. Rupee depreciation would be an added boost.

However, the slowdown in labour-intensive textile and agriculture and allied exports is bad news for the domestic economy, reeling under employment losses since the pandemic began. India has already lost market share in global trade in 2020: its export share has declined to 1.5 per cent from 1.7 per cent in 2019. Moreover, export competitiveness has been eroded particularly in apparel and minerals sectors (according to UNCTAD, February 2021).

So while a depreciating rupee and accelerating global economic growth offer a window of opportunity to increase exports over the next couple of quarters, structural improvements must assume significance.

The government's recently announced support for project exports by enhancing insurance cover is positive and will help India expand its footprint in this area over the medium run.

But there are still many creases to iron out. Lower comparative advantage of India's exports is often attributed to higher trade costs (tariff and non-tariff barriers), infrastructure bottlenecks, and land and labour laws. The World Bank, in its Global Economic Prospects (June 2021) shows how trade costs can double the price of a good traded externally over a similar domestic good, particularly in emerging economies, hindering competitiveness.

Lowering these through reduction in compliance costs at border processes and improving domestic infrastructure, especially in shipping and logistics, could help boost trade flows. India's progress on the ease of doing business rankings, particularly in reducing 'time and costs of trading across borders', is one step forward in this regard.

The pandemic has accelerated the process of diversification of suppliers and production destinations, especially away from China. This again offers a chance for India to integrate itself further into global value chains.

Improving competitiveness of exports through a focus on domestic infrastructure building and reduction in trade costs would go a long way in improving its chances of being noticed. India needs to do more than just ride on the turning tide.

Source: thehindubusinessline.com– July 06, 2021

HOME

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Supply Chain Resilience Initiative to help promote trade facilitation, says Jaishankar

Need to make global governance more inclusive, representative and participatory

The Supply Chain Resilience Initiative (SCRI) launched by India, Japan and Australia, in April, will help in promoting trade facilitation by identifying supply chain risks and mapping out the complementarities, Minister of External Affairs S Jaishankar has said.

"The flagship product of economic globalisation was the global value chain or supply chain which drove world trade. Not only has trade slowed down, the pandemic has also demonstrated that such supply chains can become vulnerabilities. They generated dependencies that can be crippling even when disruptions are not at pandemic levels.

This and the recent global-scale changes in the technological and economic landscape have increased our resolve to make the supply chain 'resilient' to future disruptions," the Minister said at the special session of the first edition of the Indo-Pacific Business Summit on Tuesday.

The SCRI was formulated with commitment to a free, fair, inclusive, transparent, and stable trade and investment, he added.

Better trade and economic cooperation can also be facilitated by comprehensive strengthening and reforming of the entire multilateral architecture, including the United Nations and its principal organs.

"There is a need to make global governance more inclusive, representative and participatory to facilitate greater and more meaningful participation of developing and least developed countries in global decision-making processes and structures and make it better attuned to contemporary realities," Jaishankar said.

For India, the Indo-Pacific has acquired growing significance because the country's trade is now increasingly headed to the east of India and a significant part of it passes through the Indo-Pacific, the Minister said.

Last year, of India’s total bilateral trade of $684.77 billion, with ASEAN it was $87 billion, with China $82 billion, with Japan and Korea together it was $38 billion, with the US it was over $88 billion, and with Australia around $13 billion.

In the Indian Ocean Region, India’s trade with Sri Lanka and Bangladesh together was around $15 billion, with UAE in the Gulf it totalled $59 billion and with Saudi Arabia it was worth $33 billion. In Africa, with South Africa, Kenya, Mozambique and Tanzania, India had a combined trade of around $18 billion.

Source: thehindubusinessline.com– July 06, 2021

HOME

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India's current account deficit rose to $8.1 bn in Q4 FY21: ICRA

India's current account deficit widened considerably to a seven-quarter high of $8.1 billion (minus 1 per cent of gross domestic product) in the fourth quarter (Q4) of fiscal 2020-21 from the revised $2.2 billion (minus 0.3 per cent of GDP) in Q3 on account of the normalisation in import demand as well as a surge in gold imports, even as the exports recorded a robust increase in March 2021, according to rating agency ICRA.

The wider current account deficit in Q4 FY2021 relative to Q3 was driven by the deepening of the merchandise trade deficit (to $41.7 billion from $34.6 billion), followed by a mild decline in the secondary income inflows (to $18.9 billion from $19.3 billion respectively), the Moody's Investor Service company said in its July 2021 External Sector Outlook.

While the inflows in net services rose marginally to $23.5 billion in Q4 FY2021 from $23.2 billion in Q3, the outflow of the primary income narrowed to $8.7 billion from $10.1 billion respectively.

Relative to the marginal surplus of $0.6 billion in Q4 FY2020, the turnaround in the current account to a deficit in Q4 FY2021 was led by the deeper deficit in the merchandise trade account (to $41.7 billion in Q4 FY2021 from $35.0 billion in Q4 FY2020) and the rise in primary income outflows (to $8.7 billion from $4.8 billion).

In the financial account, there was a sharp turnaround in foreign portfolio investors (FPI) flows to a net inflow of $7.3 billion in Q4 FY2021, after having recorded the record-high outflow of $13.7 billion in Q4 FY2020, following the emergence of first wave of COVID-19 in India in March 2020.

After a gap of 16 years, India's current account balance recorded a surplus in FY2021 of $24 billion (plus 0.9 per cent of GDP). This stood in contrast to the deficit of a similar magnitude of $24.5 billion (minus 0.9 per cent of GDP) in FY2020, led primarily by a compression in the merchandise trade deficit to $102.2 billion from $157.5 billion respectively, reflecting the moderation in domestic demand as well as the collapse in prices of various commodities in the first half of FY2021.

With the widening state level restrictions shrinking the domestic demand for fuels and gold in May 2021, ICRA expects he current account to revert to a small, transient surplus in Q1 FY2022.

ICRA expects merchandise exports and imports to rise by around 23 per cent and 32 per cent respectively in FY2022 to $360-365 billion and $525-530 billion. As a result, the merchandise trade deficit is expected to widen to $165-170 billion in FY2022.

Overall, ICRA expects India's current account balance to revert to a deficit of around $23-28 billion or around 0.8 per cent of GDP in FY2022 from the surplus of $24 billion (minus 0.9 per cent of GDP) in FY2021.

Source: fibre2fashion.com– July 06, 2021

HOME

****

At ₹92,849 cr, GST mop-up dips to nine-month low

Under ₹1-lakh cr as economic activity slows; E-way bills down 30% in May

With economic activity shackled in May across the country because of local lockdowns, Goods and Services Tax (GST) collection in June dipped to ₹92,849 crore. Finance Ministry data put out on Tuesday showed the mop-up dropping below ₹1-lakh crore for the first time in nine months.

"The GST collection for June relates to the business transactions made during May. During May, most of the States/UTs were under either complete or partial lockdown due to Covid-19. Data show that during the month, 3.99 crore E-way bills were generated compared to 5.88 crore in April, down by more than 30 per cent," the Ministry said in a statement.

The Ministry expects July collections will be better. Experts also echo this and are unsurprised by the June number.

Road to recovery

According to the Ministry, with the Covid caseload dipping and easing of lockdowns, 5.5 crore E-way bills were generated in June, indicating recovery of trade and business.

The daily average E-way bill generation for the first two weeks of April was 20 lakh, which came down to 16 lakh in the last week of that month and further to 12 lakh in the May 9 and 22 weeks.

Thereafter, the average E-way bill generation rebounded to the 20-lakh level since the week beginning June 20. Therefore, "it is expected that while GST revenues dipped during June, they will rise again from July onwards," the Ministry said.

Normally, taxpayers are required to file monthly returns by the 20th of the following month and the overall collection data is released on the first day of the next month.

Due to the pandemic, taxpayers were given various reliefs including waiver/reduction in interest on delayed return filing for 15 days. Similar arrangement was made for May return filing. That is why the collection figures are up to July 5.

Commenting on the GST collection, MS Mani, Senior Director, Deloitte India, said: “While the collections are lower than the ₹1 lakh crore norm of the past few months, considering that they relate to May, which was impacted by the pandemic, they can be considered very satisfactory. These numbers also reflect the economic resilience shown during the pandemic’s second wave.”

Rajat Bose, Partner with Shardul Amarchand Mangaldas & Co, said: “Given that the second wave is behind us, we should see a rebound in the collection for the coming months.”

Source: thehindubusinessline.com– July 06, 2021

HOME

****

India's SEZ exports register 24 times growth in 15 years

Exporting units in India's special economic zones (SEZs) should be offered incentives based on the degree of value addition to boost outbound shipments and attract investments in these zones, according to the Trade Promotion Council of India (TPCI), whose founder-chairman Mohit Singla said such exports increased from ₹0.23 lakh crore in 2005-06 to ₹5.53 lakh crore in 2020-21.

At present, an exporter in an SEZ and a foreign exporter are at par when it comes to selling goods to a domestic tariff area (DTA), Singla told a TPCI webinar on SEZs.

Exports from SEZs and export oriented units (EOUs) contributed about 30 per cent to the country's total shipments, a TPCI press release said.

Source: fibre2fashion.com – July 07, 2021

HOME

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Needed, a national policy for the retail sector

A holistic retail policy can facilitate ease of doing business besides helping pandemic-hit retailers get back on their feet, driving faster economic recovery

As the nation battles a second wave of the coronavirus pandemic, the significance of retail supply chains becomes clear in ensuring essentials are available across the entire country. Though localised or partial lockdown restrictions are once more crippling the retail trade, the second wave's intensity should most likely abate within a month or so. The entire nation will then be hoping for a quicker economic rebound compared to last year.

Here is where the retail sector can play a crucial role in getting the economy humming again. But the Centre needs to provide proper incentives and policy support for retailers to get their act together despite the stiff headwinds blowing pan-India because of Covid-19.

Exponential potential

In this context, a report by CII and Kearney sheds some light on how a comprehensive National Retail Policy could facilitate the creation of three million jobs by 2024. It states that investing ₹6,500 crore in retail-linked infrastructure, such as cold storage facilities and warehouses, could generate an additional two to three lakh jobs by 2024.

Given the trade's upstream and downstream linkages, investments in retail would trigger a cascading effect. This, thereby, will create value for all these stakeholders via employment generation, upskilling, value chain modernisation, enhanced labour productivity and improved customer experiences.

The report adds that if the Centre implements a cohesive National Retail Policy that propels retail industry growth, it could cumulatively create upto three million additional jobs by 2024. Moreover, it will generate indirect employment opportunities in allied sectors.

Significantly, the retail industry is one of India's largest employers of women, who comprise around 25-30 per cent of the total workforce. Keeping this in mind, women-centric policy reforms could inflate this figure to around 35 per cent or higher.

But the government's role is pivotal in implementing a comprehensive retail policy, acting as a catalyst for reinvigorating the retail trade and unleashing its next growth phase. Institutional support is critical because 5-7 lakh retailers were forced to down shutters in recent years due to policy-related changes and challenges. An enabling policy environment would facilitate their return to business, generating three million extra employment opportunities and leading to incremental GDP growth of 2 per cent, as per Kearney.

However, the CII National Committee on Retail stresses that such a National Retail Policy must be rolled out immediately to bring all categories of retail under a single canopy. Furthermore, this policy must address four pivotal areas — modernisation and technology adoption, access to capital, ease of doing business (EoDB) and employee up-skilling.

In this context, one also needs to note the recommendations of RAI (Retailers Association of India). While the Association was largely pleased with the FY22 Union Budget, it has expressed concern over the withdrawal of import duty exemptions on some products. Therefore, retail traders depending on imports will be affected. In this situation, such businesses will have to begin sourcing from domestic suppliers to safeguard their margins.

Policy support

On the other hand, the government's plan for reviewing 400-plus customs duty exemptions effective from October 1 could result in a revised duty structure that eliminates distortions. Once the ambiguities are removed, traders importing goods will benefit.

Another welcome announcement is the government's thrust on EoDB, which will permit women to work in all categories without restrictions. By institutionalising such progressive measures, gender diversity within the retail segment will be increased.

The other vital fact to remember is the Centre's intent of doubling the country's economy from $2.5 trillion in 2020 to $5 trillion by 2025. Whereas the vision remains most ambitious, pandemic-related uncertainties have made this task doubly difficult. However, the retail industry can emerge as a saviour of sorts in facilitating this visionary objective, thanks to the sector's widespread footprint.

Presently, the retail industry stands at $850 billion, employing 50 million and connecting the nation's ecosystem of 30 million SMBs (small and medium businesses) to customers. For expansive economic visions to succeed as per timelines, the retail sector must be co-opted in achieving these targets.

A thriving retail sector's supply chain linkages can ensure an uptick in avenues for employment and entrepreneurship in allied industries too. For example, the manufacturing segment would stand to gain immensely from vibrant retail trade. Since the nation is estimated to have at least 30 million jobseekers every year, the retail sector could emerge as a key player in providing more gainful employment opportunities for these aspirants.

Yet, these projections will fall short in an overzealous regulatory environment. Instead, policy reforms must focus on facilitating sectoral growth via multiple means, including infrastructure development. The laws should also encourage investments, domestic and foreign.

Meanwhile, the Covid-induced lockdowns have highlighted the importance of digital transactions in keeping the nation's trade and economy moving. To promote the same, the Centre and States should accelerate the building of digital infrastructure across India. Unfortunately, by imposing undue taxes on digital transactions, the current regulations don't incentivise offline traders to shift online. Such a discriminatory approach runs contrary to the stated policy objective of promoting digital trade.

Consequently, SMBs are made to file separate tax registrations in different States while having cash flows blocked by norms that stipulate withholding taxes. Such anomalies should be removed to create a level-playing field for offline and online traders.

The ongoing pandemic offers an ideal opportunity to implement rational tax regulations that support faster economic recovery. For that to happen, the time to bite the bullet is now.

Source: thehindubusinessline.com – July 06, 2021

HOME

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Will Bhiwandi's looms ever get going again?

Today we have more than 7.5 lakh manual power looms and around 25,000 auto power looms across Bhiwandi. The textile industry employs more than 12 lakh people and 80 per cent are migrant workers from Bihar, Uttar Pradesh, Jharkhand, West Bengal and other states. But unfortunately, the industry has been suffering for the past few years and now the pandemic is like the last nail in the coffin.

The government has always ignored this unorganised sector and today we are on the verge of shutting down due to its anti-textile industry policies," said Abdul Rashid Tahir Momin, president, Bhiwandi Powerloom Weavers' Federation. According to Momin, 50% of the workers have not returned after the lockdown, 25 % have taken up other jobs and 25% are back, but working in single shifts.

He said the first wave of Covid-19 did a lot of damage which can be seen in the second wave though the industry is working, because the demand is very low due to which the workers are not returning.

'Bangladesh doing better than us'

The power loom owners claim the ignorance of the central government is causing lot of damage to the industry. "We were number two when it comes to the textile industry after China, but now Bangladesh is doing much better than us. Many power loom owners have shifted to Bangladesh as their policies are far better than ours - for instance, they get a huge subsidy in electricity bills and have government controlled yarn prices," Momin added.

Migrant workers who were the backbone of the powerloom industry have not returned, as they don't have clarity

According to the power loom owners, the lockdown last year caused a lot of damage to the textile industry in Bhiwandi which was trying to survive after demonetisation and GST. They said the Goods and Service Tax (GST) was the beginning of the devastation.

"Earlier we would only pay 2% Value Added Tax (VAT) on yarn. Now we end up paying 12% tax on raw materials due to which many have shut down their looms. In fact I shut down some of my units," said Ehsan Ansari, a power loom owner.

“The government gives back 5% once the clothes are ready, but it takes lot of time and we pay 12% at the time of purchase. The government says that they have reduced the taxes but in reality we are paying more taxes now than earlier. They are unable to control the black marketing of raw material which is increasing every day, as the private players have full control over the price,” said Rupesh Agarwal who now owns only one power loom unit with just two workers.

He also said many of the migrant workers who were the backbone of the power loom industry have not returned, as they don’t have any clarity. Around 25% migrant workers have switched to other jobs.

Mohammed Saad, power loom unit owner

‘Textile chalega to shahar chalega’

Mohammed Saad, another owner who also shut down multiple units, said, “Textile chalega to shaher chalega (The city will exist only as long as the textile industry exists). If the government had created proper policies, we could have survived the pandemic. Earlier I used to get R8k electricity bill for one unit which has 24 power looms, now I get Rs 30k for one unit. The profit has gone down and the cost of production has doubled. Earlier yarn prices were decided by the government and they changed on the 1st of every month. We could decide our profit margin accordingly. Now every morning we wake up to the news that prices of yarn have increased or fallen, and they keep fluctuating making business very difficult.”

Rupesh Agarwal power loom unit owner

According to the federation, they have been facing a rise in the electricity bills in the past 10 years, and have protested about it but the government ignores them. “Earlier we used to get electricity Rs 3 per electrical unit and we had 60% subsidy (Rs 1.25) which was given by late former chief minister Vilasrao Deshmukh in 2000. After that many a time the electricity tariff has been revised, now the electricity rate is Rs 6 per electrical unit and we pay Rs 3 per electrical unit. The cost of production is also rising and so are the bills. The government must look into this,” Momin said.

“Earlier there used to be 30% fund called TUF (Textile Upgradation Fund) which the Modi government has minimised to just 10% and this needs to be checked,” said another trader.

According to the federation, China with its latest technology, is equally contributing to the destruction of India's textile market. "As there is no duty for SAARC countries, China supplies all its textile products to Bangladesh, Bhutan, Nepal and Sri Lanka and the same comes to India at a cheaper price. We end up purchasing Chinese yarn which is boosting their economy. The government needs to control this as well by imposing anti-dumping duty on other countries," Momin said.

What traders want

The traders want the government to work on this four-point agenda to revive the Bhiwandi textile industry:

>> More subsidy for electricity.
>> Fixed prices of yarn.
>> No frequent changes in government policies.
>> Modernisation of the textile industry to compete with China

Source: mid-day.com – July 07, 2021

HOME

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Draft rules for direct selling industry will bring in accountability, regulatory clarity: Experts

Under the rules, products cannot be sold on e-commerce channel by sellers without due consent

The Consumer Affairs Ministry is proposing to make it mandatory for direct selling companies to register with the Department of Promotion of Industry and Internal Trade, bring in norms for grievance redressal and prohibit charging of entry or registration fee from sellers. These are among the various provisions proposed by the Ministry in the draft rules for direct selling companies under the Consumer Protection Act.

Experts said the norms are expected to make direct selling industry more accountable and transparent.

Greater transparency

Neeraj Dubey, Partner, Singh & Associates, said, "The draft rules would help in subjecting the direct selling entities to greater transparency and accountability towards consumers. They will need to establish adequate grievance redressal mechanism and fulfil other obligations such as ensuring that clear offer terms are made to consumers. Detailed obligations have been set out in the draft rules for direct selling entities towards direct sellers, and of direct sellers towards consumers."

The proposed rules also said that direct selling companies will need to appoint a Chief Compliance Officer, Grievance Officer and a nodal officer. It has also proposed that direct selling companies or their sellers cannot induce consumers to make a purchase based upon "the representation that they can reduce or recover the price by referring prospective customers". It has also stressed that no direct selling company will promote a pyramid scheme or a money circulation scheme among other provisions.

Rishi Anand, Partner, DSK Legal said, "Unlike its predecessor guideline of 2016 which was issued as an advisory to State Governments and held as such by the Delhi High Court in 2020, the draft rules come with a definitive authority under the newly enacted Consumer Protection Act, 2019 and propose to streamline the regulatory framework for direct selling industry."

The draft rules also state that products of direct selling companies cannot be sold on e-commerce channel by sellers without due consent. However, Anand pointed out that the rules do not clarify if e-commerce rules will apply to direct selling entities or direct sellers if they undertake sale through online platforms.

According to industry estimates, there are over 400 direct selling companies in the country. Some of the leading players include Amway, Tupperware, Oriflame and Herbalife.

Curbing unauthorised sales

Deepak Chhabra, MD, Tupperware India, said: “For a long time now, direct selling industry has borne the brunt of a few spoilt apples and these unauthorised and unlawful players who have earned a bad name for the entire sector. Steps like these will work for the interest of honest and ethical direct selling players who have worked tirelessly to clear the clutter and bring in transparency.” He added that some more stringent and enforceable clauses are required to curb unauthorised sales of products of direct selling companies on e-commerce.

Rajat Banerjee, Vice-Chairman, Indian Direct Selling Association, added that the industry body has been closely working with the Ministry over the years and the rules are a step in the right direction. “This will help formalise the direct selling industry in the country and bring in regulatory clarity,” he added.

Source: thehindubusinessline.com– July 06, 2021

HOME

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Amritsar industrialists irked over PSPCL move

Industrialists and their associations have expressed resentment over the government and the PSPCL move for exempting a section of local textile industries from the four-day compulsory power shutdown, which concluded at 8 am on Tuesday.

The Bal Kalan Industrial Welfare Association has written to the government blaming unfair and biased favour given by the PSPCL to units involved in the textile, dyeing and processing industry.

Raj Kapoor, general secretary of the association, said favourable treatment to a section of the industry amounted to step-motherly treatment to others. It would mean creating an uncompetitive environment within the local industry.

Chief Engineer/PP&R of the PSPCL through a communique intimated Amritsar Textile Processor Association that on the basis of the association's representation, textile, dyeing and processing units were exempted from the four-day power outage.

Jagdish Chand Arora, president of Shastri Market Association, said the PSPCL enforced 72-hour long power outage for large-scale units having power load of 100 kw and above from 8 am on July 4 till 8 am on July 7. Many industrialists were compelled to run their units on diesel-run generators, hiking their investment cost. On the other hand, the exempted units were spared from such inconvenience. He said it sparked an unhealthy competition among industrialists.

He said it looks like a discriminatory move against border-zone industries. As the north and centre zones were subjected to 48-hour long power cut and the border zone was subjected to 72-hour long power outage.

Already reeling under the Covid-19 induced economic crisis, the power shutdown was another blow to the trade and industry, he said.

Source: tribuneindia.com– July 07, 2021

HOME

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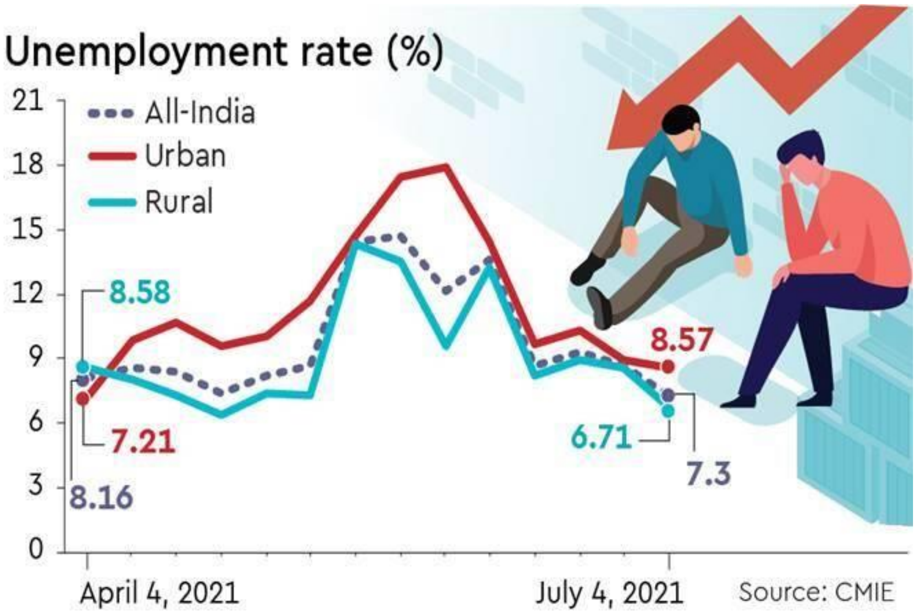
Unemployment rate falls to 7.3% as India unlocks

As the restrictions on mobility eased, the unemployment rate came further down to 7.3% for the week ended July 4 from 8.72% in the previous week and 9.35% for the week ended June 20, according to the Centre for Monitoring Indian Economy (CMIE).

The unemployment rate was 7.4% for the week ended April 25 and 8.16% on April 4. The second wave of the Covid-19 pandemic hit towards the beginning of April this year. In recent times, the rate of joblessness reached its peak at 14.73% on May 23.

For the week ended July 4, the unemployment rate in both rural and urban areas declined to 6.71% and 8.57%, respectively, from 8.98% and 8.6% over the previous week.



In recent times, the highest rate of unemployment in rural areas was at 14.34% for the week ended May 16. In urban areas, the recent highest was recorded on May 30 at 17.88%.

Following gradual unlocking of the economic activities, the monthly unemployment rate also fell to 9.17% in June from 11.9% in May. The second Covid wave has led to a sudden spike in India's unemployment rate from 7.97% in April.

CMIE's MD & CEO Mahesh Vyas, however, in a recent article said, "Employment increased from nearly 375 million in May to 383 million in June 2021 an addition of 7.8 million jobs. This is a substantial expansion, but, it is still a very partial recovery."

Like in the first wave of Covid-19 lockdowns, the biggest hit in employment in the second wave (April and May 2021) was among the small traders and daily wage labourers.

They suffered a loss of 17.2 million jobs during April and May of 2021. Salaried employees lost 3.2 million jobs and business persons lost another 5.7 million. Agriculture absorbed 3.4 million of these losses.

"The 7.8 million jobs that repaired in June 2021 were essentially in urban India and, most were of salaried employees from urban India," Vyas said.

Source: financialexpress.com– July 06, 2021

HOME

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Cargo volumes at major ports up 27 per cent in Q1

Cargo handled at India's dozen state-owned major ports soared 27.16 per cent during the April-June quarter to 180.609 million tonnes (mt) from 142.033 mt a year ago.

The rebound in cargo volumes during the first quarter of the current fiscal was led by solid growths in containers, iron ore and pellets, thermal and steam coal, as well as coking coal, according to the ministry of ports, shipping and waterways.

The 12 major ports handled a combined 2.753 million twenty-foot equivalent units (TEUs), 57.86 per cent more than the 1.744 million TEUs handled during the first quarter of FY21. Of this, Jawaharlal Nehru Port Trust (JNPT), India's busiest state-run container gateway, handled 1.364 million TEUs from 848,000 TEUs during the same period last year.

Chennai Port Trust handled 408,000 TEUs during the April-June quarter from 213,000 TEUs a year ago. Thermal and steam coal shipments rose 52.36 per cent to 26.996 mt from 17.719 mt, while coking coal and others grew by 15.55 per cent to 12.372 mt from 10.707 mt a year earlier.

Shipments of iron ore, including pellets through the 12 ports, jumped 14.26 per cent to 17.643 mt from 15.441 mt last year. Deendayal Port Trust, India's top state-owned port by cargo volumes, handled 33.125 mt during April-June from 25.049 mt a year ago, posting a growth of 32.24 per cent.

Paradip Port Trust handled 30.384 mt of cargo from 25.734 mt, an increase of 18.07 per cent. Jawaharlal Nehru Port Trust handled 18.557 mt of cargo from 12.097 mt, registering a growth of 53.40 per cent.

Chennai Port Trust handled 11.623 mt from 7.282 mt, notching a growth of 59.61 per cent.

Kamarajar Port Ltd handled 9.632 mt from 5.169 mt, clocking a growth of 86.34 per cent.

Source: thehindubusinessline.com– July 06, 2021

HOME

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