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INTERNATIONAL NEWS

US, European Commission issue updated Xinjiang supply chain advisory

Several US government departments have issued an updated advisory for US businesses whose supply chains run through Xinjiang, where the Chinese government and associated enterprises allegedly continue to subject Muslim Uyghurs and other ethnic and religious minorities to forced labour.

The European Commission and the European External Action Service also published a guidance on due diligence to help EU companies address the risk of forced labour.

The US departments include the State Department, office of the US trade representative (USTR) and the departments of treasury, commerce, homeland security and labour.

The US advisory calls urgent attention to US businesses' supply chain risks and identifies serious investing and sourcing considerations for businesses and individuals with exposure to entities engaged in forced labour and other human rights abuses allegedly linked to Xinjiang.

"Today's action demonstrates the Biden-Harris Administration's commitment to ending forced labour around the world, especially in global supply chains," said USTR Katherine Tai in an official statement.

"Whether through the World Trade Organisation negotiations on fishing subsidies and the use of forced labor on fishing vessels, or calling out state-sponsored forced labour, our worker-centered trade policy will champion workers' rights and address unfair competition, especially when it is based on human exploitation," she added.

The European Union (EU) guidance will enhance companies' capacity to eradicate forced labour from their value chains by providing concrete, practical advice on how to identify, prevent, mitigate and address its risk.

The guidance explains the practical aspects of due diligence and provides an overview of EU and international instruments on responsible business conduct that are relevant for combatting forced labour.

The EU has already put in place mandatory standards in some sectors and actively promotes the effective implementation of international standards on responsible business conduct.

Source: fibre2fashion.com– July 15, 2021

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China starts 2021 cotton state reserve sales

China began its 2021 round of sales from its cotton state reserve (SR) on July 5. The announcement implied 600,000 tonnes (2.75 million bales)—about a fifth of the estimated total held by the SR—would be made available till September end, the Foreign Agricultural Service (FAS) of the US department of agriculture (USDA) said in its July 2021 report 'Cotton: World Markets and Trade'.

The announcement indicated that sales would be limited to 2011/12/13 domestic stocks, the report said.

Total stocks are estimated to be around 1.5-1.7 million tonnes of foreign cotton (primarily US and Brazilian), 1.1 million tonnes of Chinese cotton from the 2011-2013 crops, and 375,000 tonnes from the 2019 crop.

The size of this season's offering is only slightly higher than the 500,000 tonnes offered in 2020 and well below the 1 million tonnes made available in 2019.

This year's sales mechanism is similar to previous years. Lots are offered every business day through an electronic auction platform. Minimum reserve prices for each lot are set based on domestic and international prices in addition to quality adjustments.

An additional mechanism was introduced this year—if domestic prices drop by more than 3.5 cents/lb in a three-day period, sales will be suspended until prices recover. Just under 10,000 tonnes have been offered each day.

These sales are part of a policy to rotate cotton held in the SR and will be partially offset by foreign cotton acquired by the SR in late 2020 and early 2021. Even if the entire 600,000 tonnes is sold, the size of the SR will increase this year as the amount of cotton acquired since the 2020 sales is believed to be more than the potential 2021 sales.

Over the last three years, the size of the SR has fluctuated around 2.75 million tonnes, roughly the amount that would be held if this season's sales are robust.

China announced in May that 700,000 tonnes of Sliding-Scale import quota would be issued later this year; industry expectations are that the licenses will likely not be issued until after the SR sales end but before the arrival of the 2021 crop.

Therefore, the volume of 2021 SR sales will largely reflect the current level of demand for cotton in China.

For 2021-22, the July forecast shows higher consumption with lower trade and stocks.

Stronger cotton yarn prices and profit margins are expected to support larger consumption in India and Vietnam. Brazil's lower exportable supplies and smaller China SR imports are expected to shrink global trade slightly. Stocks are projected down more than 1.5 million bales, led by China and India, the FAS report said.

The forecast for the United States shows higher production, exports and ending stocks. The US season-average farm price is unchanged at 75 cents per pound.

Source: fibre2fashion.com– July 14, 2021

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Uzbek district, Iranian company sign $5-mn agreement on textile export

An Uzbek delegation led by Kitab district vice governor Bahtiyor Karimov recently visited Iran and met representatives of North Industrial Marine Coating Co. in the Mozandaran province to discuss production of paints and varnishes in the district.

The Kitab administration and Iranian firm Payam Gostar Tejarat Farda signed an agreement on export of textile from Uzbekistan to Iran worth $5 million.

The agreement followed the delegation's participation in a roundtable of the Tehran Association of Textile Exporters and Producers. The Uzbek delegation promoted the investment, trade and economic potential of the Kashkadarya region during the roundtable.

An Iranian delegation will visit Uzbekistan's Kashkadarya region in August to implement the joint project on production of paints and varnishes, according to a news agency report.

Source: fibre2fashion.com– July 15, 2021

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73% of global shoppers say e-com more important in 2021: Report

Online shopping will account for 51 per cent of retail sales globally in a world after the pandemic, with 72 per cent of global shoppers saying that online shopping came to their rescue in 2020 and 73 per cent saying e-commerce would be more important to them in 2021, according to Wunderman Thompson Commerce's Future Shopper Report 2021.

Wunderman Thompson is a New York-based global marketing communications agency. Another contributing factor for 60 per cent of global shoppers was being more comfortable using digital technology in the wake of the pandemic.

The report surveyed over 28,000 consumers across 17 countries on their current and future shopping habits. Despite the unabated rise of e-commerce and the fear to physically shop, 72 per cent of Indians are the most frightened about shopping in-store as compared with their global counterparts in the wake of COVID-19.

Eighty six per cent of Indian shoppers are less prepared to put up with mediocre or even 'satisfactory' shopping experiences and demand excellence from brands and retailers. Amazon emerged as the leading source of inspiration for Indian online shoppers and ranked highest in terms of the service and experience they provide to consumers.

Consumers on the whole are demanding integrated omni-channel offerings from retailers and brands. What's more, two-thirds (64 per cent) of global shoppers say that they prefer to shop with brands that have both an online and offline presence, while 59 per cent of consumers say they wished brands would communicate seamlessly with them across all channels, digital and physical.

And their expectations need to be met, with 73 per cent saying retailers need to get better at giving them the products, service and experience they expect. Forty four per cent of global consumers have already bought from a social platform and over half (56 per cent) intend to increase this in the future. Across Asia, consumers reported that digital commerce has been more important to them during the pandemic than anywhere else and it is shoppers in this region who are also now demanding the most from digital retailers.

Source: fibre2fashion.com– July 15, 2021

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China's yarn imports rise by 66.24% in May'21

China's cotton yarn imports increased by 66.24 per cent Y-o-Y in May'21 to 168,700 tonne, reports GACC. Cumulatively, from January to May 2021, the import of cotton yarn increased by 35.82 per cent to 975,200 tonne,

As per Apparel Resources, this increase in cotton yarn import can be attributed to reviving production and sales of cotton textiles and garments in China.

However, as per cotton yarn traders in customs clearance zones in Guangdong, Jiangsu and Zhejiang markets, the quotations of cotton yarn sourced from India, Pakistan and Vietnam are in line with prices of domestic cotton yarns of the same count and quality.

Upside down prices of per tonne yarns are making the scenario even complicated. The quotations of light textile market in coastal areas are concentrated at US $ 3,937-3,984/tonne, while the price of C32 package bleached yarn of India and Pakistan reaches US $ 4,020-4,051/tonne.

Source: fashionatingworld.com– July 14, 2021

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UK govt scraps TAP support scheme for fashion, textile exporters: UKFT

The UK Fashion and Textile Association (UKFT) recently confirmed that the department for international trade (DIT) has cancelled the popular and effective Tradeshow Access Programme (TAP) with immediate effect. The TAP scheme has been important as it was a popular route to financial support for smaller companies as they start their export journey.

The scheme provided a small amount of financial support to small and medium enterprises (SMEs) attending major international trade shows. UKFT worked with those companies and the government to ensure the grants were used in the most effective way and to help companies grow through international sales, according to a UKFT press release.

Over the years, many household names have been launched at key events using the scheme in Paris, Milan, New York, Shanghai, Berlin and Florence.

These include Paul Smith, Vivienne Westwood, Alex Monroe, Edward Green, Abraham Moon, Tateossian, Jenny Packham, Orla Kiely, Simon Carter, Grenfell, Harris Tweed Hebrides, Sunspel, Christopher Raeburn, People Tree, Kestin Hare, Liberty Fabrics, Folk, Melin Tregwynt, Huddersfield Fine Worsted, Tyler and Tyler, and GH Hurt.

In addition, UKFT has been able to use the scheme to promote the broader industry, including larger companies like Johnstons of Elgin, Begg Scotland, John Smedley, Corgi Hosiery and Dents, who have worked with UKFT to support smaller companies coming through and raise the profile of UK companies at a number of international shows.

UKFT has been told that the treasury will look at ways government can remain involved with international shows but it is not clear whether fashion and textiles will remain a priority or whether grants will be part of any new scheme, UKFT added.

Source: fibre2fashion.com– July 14, 2021

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Bangladesh: Lockdown After Eid: Govt mulls allowing RMG units to stay open

The government considers allowing garment factories to be open so that the biggest export-earning sector can continue production and keep their commitment with international buyers.

Commerce Minister Tipu Munshi yesterday talked about the plan amid concerns among garment owners that shipment will suffer seriously if they have to suspend operations during the 14-day lockdown beginning from July 23.

Entrepreneurs said the July-August period is the prime season for apparel manufacturers since sales rise at that time in the western market for winter and Christmas. Of the total apparel items shipped from Bangladesh, 40 percent are exported during these two months.

Against the backdrop of the Covid-19 infection surge and the rising death toll, the government on July 13 imposed curbs on factory operations as part of containment measures.

After an emergency meeting yesterday, apex trade bodies of textile and garment manufacturers, and exporters, demanded the government keep factories open during the lockdown, citing that they would incur a big loss otherwise.

Munshi said he had been facing a lot of pressure from the business communities, especially export-oriented garment-makers, to let the factories stay open.

"I will have a meeting with the government high-ups and expert committee very soon to find ways to keep the factories running during the lockdown."

Suspension of production for lockdown and Eid holidays for nearly three weeks is a long time, and the period may be shortened after discussion with the government high-ups, he said, adding, "We are also thinking about some alternatives now so that both lives and livelihoods are protected during the pandemic time."

For instance, the period of lockdown may be shortened for the garment sector as the infection rate is very low among the workers and because testing and medical facilities are available for them, the minister also said.

Usually, July and August are the most important months for shipping of next winter and Christmas sales and for booking work orders for next summer, he added.

"An opportunity has also been created for garment businesses, as a lot of work orders have been coming to Bangladesh even during the pandemic. We should grab this opportunity while catering to the work orders on time."

A senior official of the commerce ministry said the government is also considering allowing factories that process edible oil, sugar and essential commodities to run, in order to the keep supply chain of essentials and prices intact.

After the meeting, Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association, said they will send a letter to the cabinet secretary to place their demands to keep factories running during lockdown.

"We will face a severe crisis if factories are closed down during the lockdown," said Hassan after almost a four-hour long meeting in this regard.

"We want the factories to run as the production is still going on during this time."

The BGMEA in a statement said it will also hold a meeting with the cabinet secretary, demanding the factories be allowed to run during lockdown. They will also send a letter to the FBCCI in favour of its demand.

"Many of us have already shipped our goods and assured our buyers of sending goods timely," said Mohammad Ali Khokon, president of Bangladesh Textile Mills Association.

If the factories cannot run, the garment suppliers will have to face the expensive air shipments, for which many will be affected, said Shahadat Hossain Sohel, chairman Bangladesh Terry Towel and Linen Manufacturers and Exporters Association.

Local garment suppliers have been sending goods at $4.30 per kg from Hazrat Shahjalal International Airportr to London.

The rates will go even higher if international retailers and brands want to get their goods within set time, he said.

"No factory owner is capable of bearing the cost of expensive air faresduring a pandemic, which had already badly affected the global supply chain."

Abdul Kader Khan, president of Bangladesh Garment Accessories and Manufacturers and Exporters Association, said if the garment factories are not kept open, the accessories business will also not be able to run during the pandemic, as the accessories are the backward linkage industry for the garment sector.

"We will not get the payment from the garment manufacturers if they cannot run in the peak season," Khan also said.

The meeting was held at the Gulshan office of BGMEA. It was attended by Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, AKM Salim Osman, president of Bangladesh Knitwear Manufacturers and Exporters Association, former presidents of BGMEA and leaders of terry towel and garment accessories sectors.

Source: thedailystar.net– July 15, 2021

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NATIONAL NEWS

Extension of rebate to boost exports: TEXPROCIL

Exporters look to take long term perspective while negotiating export orders The continuation of the Rebate of State and Central Taxes and Levies (RoSCTL) till March 2024 has come a major relief for the textile exporters with the demand in global markets slowly opening up.

The government had maintained same rate as notified in March 2019 for both made-ups and garments.

The RoSCTL scheme was discontinued in January after the implementation of the RoDTEP (Remission of Duties and Taxes on Export Products) scheme.

Manoj Patodia, Chairman, the Cotton Textiles Export Promotion Council said the extension of the RoSCTL scheme is a huge positive development which will improve the competitiveness of made ups articles in the export markets and lead to a quantum jump in overall exports besides increasing employment especially women.

It is a globally accepted principle that taxes and duties should not be exported to enable a level playing field in the international market for the exporters .This implies that all taxes and levies borne on the products which are exported should either be exempted or refunded to the exporters, he said.

In the textile sector, overseas buyers place orders and exporters have to chalk out their activities well in advance and therefore, it is important that the policy regime regarding export of textile products should be stable, said Patodia.

Exporters can now take a long term perspective while negotiating export orders, he added.

Exporters are passing through challenging times on account of difficult export market conditions caused by the Covid pandemic and the RoSCTL scheme can help them to overcome the situation substantially, added Patodia.

Dr Siddhartha Rajagopal, Executive Director, Texprocil said the extension of the RoSCTL scheme will not only lead to an increase in exports of cotton textiles but also result in attracting investments in the sector.

Source: thehindubusinessline.com– July 14, 2021

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Exporters of garments, made-ups cheer as Cabinet approves continuation of RoSCTL scheme

Textile products not covered under RoSCTL will be eligible for RoDTEP, clarifies government

In a major relief for exporters of garments and made-ups, the Union Cabinet has approved the continuation of Rebate of State and Central taxes and Levies (RoSCTL) scheme till March 31, 2024 with the same rates as notified earlier by Ministry of Textiles.

"The extension of the scheme for almost three years provides stability and predictability, which augurs very well for the long-term contracts thereby ensuring additional investment in the segment creating new employment opportunities in the sector," said A Sakthivel, President, FIEO.

It will help increase competitiveness of Indian apparels and made-ups, especially against countries like Vietnam, Bangladesh and Cambodia, that have tariff advantage on account of LDC status or owing to effective free trade agreements, he added.

Made-ups include items such as bed sheets, curtains, pillow-covers and towels. Other textile products, which are not covered under the RoSCTL, shall be eligible to avail the benefits, under the input duty remission scheme RoDTEP, along with other products as finalised by Department of Commerce from the dates which shall be notified in this regard, an official release stated.

Under RoSCTL, exporters are refunded the embedded taxes and levies contained in the exported product through a duty credit scrip of an equal value that exporters can use to pay basic customs duty for the import of equipment, machinery or any other input.

Rate of rebate

The Textile Ministry had fixed a maximum rate of rebate for apparel at 6.05 per cent while for made-ups, it was up to 8.2 per cent.

The government was initially considering merging RoSCTL with the new input duty remission scheme RoDTEP scheme but there was a lot of uncertainty on what the rates of refunds would be. The delay in announcement of RoDTEP rates was also a cause of worry.

The decision to continue RoSCTL will help check the declining trend being witnessed in apparel exports, according to the Apparel Export Promotion Council. India's apparel exports have been losing market share to competitors. It fell 20.8 per cent in one year from $15.5 billion in 2019-20 to $12.28 billion in 2020-21.

"The encouragement given to the textile sector, which directly employs 45 million people, most of them being women, will benefit a much larger population and will be more inclusive in nature," the AEPC statement added.

Embedded taxes

Some of the embedded taxes that do not get refunded under other schemes include Central and State taxes, duties & cesses on fuel used for transportation of goods, generation of power and for the farm sector, mandi tax, duty on electricity charges at all levels of the production chain, stamp duty, coal cess and GST paid on inputs such as pesticides and fertilisers.

"Just one year after the launch of RoSCTL the pandemic set in and it has been felt that there is a need to provide some stable policy regime for the exporters.

In the textiles industry, buyer places long-term orders and exporters have to chalk out their activities well in advance, it is important that the policy regime regarding export for these products should be stable. Keeping in view the same, the Ministry of Textiles has decided to continue the scheme of RoSCTL up to 31st March, 2024 independently as a separate scheme," the government release added.

Source: thehindubusinessline.com– July 14, 2021

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India's WPI inflation remains high in June 2021

India's annual rate of inflation, based on monthly wholesale price index (WPI), continued to remain high in June 2021 compared to the previous month.

In June, WPI inflation stood at 12.07 per cent, while it was at an all-time high of 12.94 per cent in May 2021. WPI inflation for textiles increased to 13.91 per cent, while it was 1.89 per cent for apparel.

"The high rate of inflation in June 2021 is primarily due to low base effect and rise in prices of mineral oils viz. petrol, diesel (HSD), naphtha, ATF, furnace oil etc, and manufactured products like basic metal, food products, chemical products etc as compared the corresponding month of the previous year," the Office of Economic Adviser, department for promotion of industry and internal trade, under the ministry of commerce and industry, said.

The official WPI for all commodities (Base: 2011-12 = 100) for the month of June 2021 increased to 133.7 from previous month's 132.7.

The index for manufactured products (weight 64.23 per cent) for June 2021 increased to 131.5 from 131.0 for the month of May 2021. The index for ‘Manufacture of Textiles’ sub-group increased to 129.4 from previous month's 128.3, while the index for ‘Manufacture of Wearing Apparel’ decreased slightly to 139.9 from 140.0 in May 2021.

The index for primary articles (weight 22.62 per cent) rose to 151.8 in June 2021 from previous month's 150.5. The index for fuel and power (weight 13.15 per cent) too grew to 113.7 from 110.5 in May 2021.

Meanwhile, the all-India inflation rate for consumer price index (CPI) on base 2012=100 stood at 6.26 (provisional) in June 2021 compared to 6.30 (final) in May 2021, according to the Central Statistics Office, ministry of statistics and programme implementation.

Source: fibre2fashion.com– July 14, 2021

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India had trade surplus with 9 of the 20 Indo-Pacific countries in 2020: CII

India had a trade surplus with nine of the 20-odd countries in the Indo-Pacific region, that covers countries from the western shores of the American continent to the eastern coast of Africa, in 2020, a study by industry chamber Confederation of Indian Industry (CII) showed.

India's trade with select Indo-Pacific economies increased eight times over the last 19 years, reaching $262 billion in 2020 from $33 billion in 2001, with the US being the largest trade partner with a dominant share of 29% in 2020.

The Indo-Pacific region comprises Australia, Bangladesh, Chile, Colombia, France, Fiji, India, Indonesia, Japan, Kenya, South Korea, Maldives, Mauritius, Malaysia, Mexico, Singapore, Sri Lanka, Thailand, Vietnam, the UAE and the US. It consists of 44% of world surface area and accounts for 62% of global gross domestic product (GDP), with more than 50% of global trade traversing through its waters.

As per the study, India had a trade surplus with eight countries- Kenya, Mauritius, France, Fiji, Bangladesh, Sri Lanka, Maldives and the US- from 2016 to 2020. India's imports from these economies accounted for 36% of its global imports in 2020.

"Another positive trend for India from the standpoint of trade relations/economic ties is the noticeable decline in trade deficits with some of the Indo-Pacific countries such as Indonesia, Malaysia, Thailand, Japan, Australia and Chile," CII said in the study.

On the negative side, the trend of a transition from deficit to surplus is observed for only one country-South Korea- whereas that of a transition from trade surplus to deficit is seen in the case of five countries- Singapore, Vietnam, the UAE, Mexico and Colombia, according to the study.

"Trade as a percentage of GDP averaged a staggering 92% in 2019 for the 21 countries, while for the world, the figure is 60%. This implies that these select 21 Indo-Pacific economies are globally-integrated economies," said T V Narendran, president, CII.

From the 20 Indo-Pacific economies that the industry chamber analysed, the primary source countries for India last year were the US, the UAE, Singapore, South Korea, Indonesia and Japan.

On the exports front, the primary markets for India were the US, the UAE, Singapore, Bangladesh and Malaysia.

Source: economictimes.com– July 14, 2021

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China-India trade on rise despite chill in bilateral ties, crosses $57 billion in H1

The China-India bilateral trade in the first half of the year totalled USD 57.48 billion, up 62.7 per cent year on year, perhaps the highest in recent years amid the Ladakh impasse and the COVID-19 pandemic, according to data released by China's Customs.

Though Indian exports to China picked up with 69.6 per cent year on year increase, the trade deficit, a structural problem for India for long, climbed to 55.6 per cent.

According to data released by China's Customs, India's exports to China reached USD 14.724 billion, up 69.6 per cent year on year in the first six months and India's imports from China amounted to USD 42.755 billion, up 60.4 per cent.

China's overall trade in the first half of the year rose by 27.1 per cent year on year to 18.07 trillion yuan (about USD 2.79 trillion) in the first six months, according to the customs data.

The growth marks an increase of 22.8 per cent from the pre-epidemic level in 2019. Exports jumped 28.1 per cent from a year earlier, while imports climbed 25.9 per cent in yuan terms.

The trade deficit for the first six months of the year stood at USD 28.03 billion, up 55.6 per cent year on year, according to official sources.

But the trade figures were regarded as significant as India-China relations were bogged down with the standoff between the two militaries at eastern Ladakh since May last year.

While the COVID-19 second wave has resulted in a major increase in China's exports, especially the oxygen concentrators, ventilators, monitors, and medical materials and drugs, India's exports to China were boosted by the increase in iron ore, steel, aluminium and copper.

From January to April this year, China imported a total of 20.28 million tonnes of iron ore from India, an increase of nearly 66 per cent from the same period of last year, accounting for nearly 90 per cent of India's total iron ore export, the state-run Global Times reported.

It quoted the data released by the Chinese Foreign Ministry stating that China had exported more than 26,000 ventilators and oxygen generators, more than 15,000 monitors, and nearly 3,800 tonnes of medical materials and drugs to India in April.

Last year the India-China trade totalled to USD 77.67 billion, which was lower than the USD 85.47 billion in 2019.

Source: economictimes.com– July 14, 2021

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Key export tax refund scheme extended, aid to shipping cleared

The government on Wednesday extended the validity of a key tax refund programme for garments and made-up exporters and rolled out a Rs 1,624-crore subsidy scheme for the shipping industry over five years, as it sought to offer further assistance to the sectors that have been hit hard by the pandemic.

The Cabinet committee on economic affairs also approved the merger of all schemes in the animal husbandry sector under three broad categories and envisaged a spending of Rs 9,800 crore over five years (starting from FY22). The additional allocation on top of the existing budgetary outlay wasn't immediately clear. However, the government aims to draw investments worth Rs 54,618 crore into the sector over five years.

To ease liquidity flow for garment and made-up exporters, the validity of the Rebate of State and Central Taxes & Levies (RoSCTL) scheme has been extended by over three years through March 2024. With this, the government also junked an earlier plan to replace the RoSCTL with the Remission of Duties and Taxes on Exported Products (RoDTEP), which is expected to be operationalised soon.

Under the RoSCTL scheme, garment exporters get scrips of up to about 6% of the freight-on-board value of the products and made-up exporters are entitled to a maximum of 8.2%.

However, exporters of the textiles products that are not covered under the RoSCTL scheme will get the RoDTEP benefits, along with those of goods in other sectors.

The scrips are to reimburse the exporters for various embedded taxes and levies (not subsumed by GST) contained in the exported product to keep such exports zero-rated, in sync with global best practices. Exporters can use this scrip to pay basic customs duty for the import of equipment, machinery or any other input.

Hailing the move, A Sakthivel, president of the exporters' body FIEO, said the move "provides stability and predictability, which augurs very well for the long-term contracts thereby ensuring additional investment in the segment and creating new employment opportunities in the sector".

The Cabinet approved a scheme to promote flagging of merchant ships in India by offering subsidy to domestic shipping companies in global tenders floated by ministries and central public sector enterprises. The move will promote investments in Indian flagged vessels. It was announced as part of the Budget for FY22.

Under the scheme, for a new ship, which is less than 10 years old on the date of flagging in India, the assistance will be 15% of the lowest quoted offer by a foreign flagged company in a tender. This subsidy for a 10-20-year-old ship will be to the tune of 10%. Once the scheme is launched, this subsidy rate will be trimmed by 1 percentage point every year until it reaches 10% and 5%, respectively.

The government also said the decision to revise and realign various components of officials schemes in the animal husbandry sector will further boost growth and make it more remunerative for 10 crore farmers. India is the world's largest milk producer with an annual output of 198.4 million tonne in FY20.

The three identified broad categories are — Rashtriya Gokul Mission, National Programme for Dairy Development (NPDD) and National Livestock Mission (NLM).

However, there will be several sub-schemes such as Livestock Census and Integrated Sample Survey (LC & ISS), Livestock Health and Disease Control (National Animal Disease Control Programme merged), Infrastructure Development Fund (after merger of Animal Husbandry Infrastructure Development Fund and Dairy Infrastructure Development Fund).

Source: financialexpress.com– July 15, 2021

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Cabinet okays scheme to provide Rs 1,624 cr over 5 years as subsidy to Indian shipping companies

The Union Cabinet on Wednesday approved a scheme to provide Rs 1,624 crore over five years as subsidy to Indian shipping companies in global tenders floated by ministries and CPSEs for import of government cargo, an official statement said.

According to the statement, registration shall be done online within 72 hours like the world's best ships registries and this will make it easy and attractive to register ships in India and thereby aid in boosting the Indian tonnage.

"In addition to this, it is intended to provide 30 days to any in-flagging vessel to replace the crew on board with Indian crew," it added.

In order to address the cost disadvantage suffered by Indian flag ships, Finance Minister Nirmala Sitharaman in her Union Budget for 2021-22 speech had announced a scheme providing Rs 1,624 crore over five years to promote flagging of merchant ships in India by providing subsidy support to Indian shipping companies in global tenders floated by ministries and central public sector enterprises (CPSEs).

The statement said steps are also being taken to rationalise the manning requirements on the ships by aligning them with international standards.

It further explained that for a ship which is flagged in India after February 1, 2021 and is less than 10 years at the time of flagging in India, the subsidy support would be extended at 15 per cent of the quote offered by the L1 foreign shipping company or the actual difference between the quote offered by the Indian flag vessel exercising Right of First Refusal (ROFR) and the quote offered by the L1 foreign shipping company, whichever is less.

According to the statement, for a ship which is flagged in India after February 1, 2021 and which is between 10 to 20 years old at the time of flagging in India, the subsidy support would be extended at 10 per cent of the quote offered by the L1 foreign shipping company or the actual difference between the quote offered by the Indian flag vessel exercising ROFR and the quote offered by the L1 foreign shipping company, whichever is less.

It said that the rate at which the above subsidy support is extended would be reduced by 1 per cent every year, till it falls to 10 per cent and 5 per cent, respectively, for the two categories of ships.

The statement pointed out that the provisions of this subsidy support would not be available in case where an Indian flagged vessel is the L1 bidder.

The budgetary support would be provided directly to the ministry/department concerned, it said.

According to the statement, the subsidy support would be extended only to those ships which have bagged the award after the implementation of the scheme and ships older than 20 years would not be eligible for any subsidy under the scheme.

The scheme would be reviewed after 5 years, the statement said adding that the scheme has immense potential to generate employment.

"Increase in Indian fleet will provide direct employment to Indian seafarers since Indian ships are required to employ only Indian seafarers," it said.

The statement pointed out that despite having a 7,500 km long coastline, a significant national EXIM trade that is steadily growing on an annual basis, a policy of 100 per cent FDI in shipping since 1997 and Indian shipping industry and India's national fleet is proportionately small when compared with its global counterparts.

Currently, the Indian fleet comprises of a meagre 1.2 per cent of the world fleet in terms of capacity. The share of Indian ships in the carriage of India's EXIM trade has drastically declined from 40.7 per cent in 1987-88 to about 7.8 per cent in 2018-19.

This has led to an increase in foreign exchange outgo on account of freight bill payments to foreign shipping companies, to the tune of around USD 53 billion in 2018-19 and approximately USD 637 billion during the last 13 years.

Source: financialexpress.com– July 14, 2021

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Implementation of the subsidy scheme for shipping could be tricky

The subsidy budgeted by the government for five years is ₹1,624 crore.

Implementing the subsidy scheme for Indian ship owners, approved by the Cabinet on Wednesday to boost India tonnage, could falter as foreign fleet owners are expected to shy away from participating in global tenders issued by state-run firms and ministries.

Along with the right of first refusal (RoFR) available to local fleet owners in such global tenders, it will become unattractive for foreign fleet owners to participate, knowing fully well that the dice is loaded against them and may not want to waste time.

In the absence of foreign ship owners from the tenders, it will become difficult to compare the rates to calculate the quantum of subsidy as the scheme is benchmarked to the lowest rate quoted by the overseas owner. It is thus a key factor in implementing the scheme.

According to the scheme cleared by the Cabinet, for a ship that is flagged in India after 1 February 2021 and is less than ten years at the time of flagging in India, the subsidy support would be extended @15% of the quote offered by the L1 foreign shipping company or the actual difference between the quote offered by the Indian flag vessel exercising RoFR and the quote offered by the L1 foreign shipping company, whichever is less.

For a ship that is flagged in India after 1 February 2021 and which is between 10 to 20 years old at the time of flagging in India, the subsidy support would be extended @10% of the quote offered by the L1 foreign shipping company or the actual difference between the quote offered by the Indian flag vessel exercising RoFR and the quote offered by the L1 foreign shipping company, whichever is less.

The rate at which the above subsidy support is extended would be reduced by 1% every year, till it falls to 10% and 5%, respectively, for the two categories of ships.

For existing Indian flagged ship which is already flagged and less than 10 years old on 1 February 2021, the subsidy support would be extended @10% of the quote offered by the L1 foreign shipping company or the actual

difference between the quote offered by the Indian flag vessel exercising RoFR and the quote offered by the L1 foreign shipping company, whichever is less.

For existing Indian flagged ship which is already flagged and between 10 to 20 years old on 1 February 2021, the subsidy support would be extended @5% of the quote offered by the L1 foreign shipping company or the actual difference between the quote offered by the Indian flag vessel exercising RoFR and the quote offered by the L1 foreign shipping company, whichever is less.

The subsidy budgeted by the government for five years is ₹1,624 crore.

The subsidy support is not available in the case where an Indian flagged vessel is an L1 bidder.

Foreign shipowners will have to register their ships in India (100% FDI is allowed in shipping since 1997) if they are keen on securing PSU cargo contracts.

Though applicable for an initial 5-year period, the scheme will also lose its charm when state-run firms such as BPCL are privatised as it deals with global tenders issued by central PSUs and ministries only.

The local shipping industry says that the time has come for foreign ship owners "to invest in the Indian flag since the competitive disadvantage (of the Indian flag) is considerably diminished".

This is easier said than done as Indian ships are by law required to hire only Indian nationals as crew, which is considered expensive by a section of the global shipping industry.

To allay concerns of foreign fleet owners on higher manning scales on Indian ships, the Cabinet said that "steps are also being taken to rationalize the manning requirements on the ships by aligning them with international standards".

The Cabinet has considered crude, LPG, coal and fertiliser cargo only to disburse subsidy. Of the ₹1,624 crore subsidy, spread over five years, ₹931.46 crore has been earmarked for crude while ₹520.76 has been set aside for LPG shipments.

For coal, the subsidy is ₹155.61 crore while for fertilisers, it is ₹16.23 crore. The lower subsidy for coal and fertilisers is understandable.

With the government's focus on domestic thermal coal production and increasing emphasis on climate change (through promotion of renewable energy), thermal coal imports have begun to decline. Likewise, the government's focus on domestic fertiliser production especially urea, which used to be a major import commodity in the fertiliser basket in the past, has hit imports.

The subsidy support proposed to be provided to Indian shipping companies would enable more government imports to be carried on Indian flag ships, the share of which has declined significantly over the past more than three decades, according to the Cabinet.

This would require local fleet owners to buy more younger ships to service the contracts.

The subsidy scheme, according to the Cabinet, would also make it more attractive to flag ships in India as the current relatively higher operating costs would be offset to a large extent through the subsidy support.

"This would lead to an increase in flagging and would link access to Indian cargo to investment in Indian ships," the Cabinet said.

Source: thehindubusinessline.com– July 14, 2021

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Special GST Council meet likely in August after monsoon session of Parliament

A special Goods and Service Tax (GST) Council meeting is likely to be held in later part of August after the monsoon session of Parliament concludes on 13th of the month, to discuss revenue shortfall compensation mechanism for states beyond June 2022 when the five year assured period comes to an end.

The Council will likely debate on streamlining GST rates and inverted duty structure, tightening anti-evasion and fake input tax credit availed by scamsters to boost revenues. During the special meeting with state finance ministers, many of whom (especially those from opposition ruled states) are demanding the assured compensation mechanism to continue for another five years, the Union finance ministry will give various scenarios after June 2022, a senior official told FE.

Recently, Union revenue secretary Tarun Bajaj indicated that dependence on cess or borrowing to bridge the shortfall might not be the right way forward. While it is up to the GST Council to deliberate as to how to ensure that states are compensated by greater revenues, Bajaj had said out of the box thinking is needed to boost revenues.

It will take 2-3 years to repay the Rs 1.1 lakh crore already borrowed in back-to-back loans in FY21 and another about Rs 1.6 lakh crore to be borrowed in FY22, to compensate states for the shortfall in assured GST revenues. These loans are to be repaid via cess proceeds. The cesses on demerit goods are being used for compensating states for revenue shortfall against the guaranteed annual growth of 14%. Any further extension in assured compensation mechanism might lead to fresh borrowings, creating additional liabilities requiring imposition of cess for much longer period.

The basic issue is the structural infirmities of GST as introduced in July 2017. Auto fuels, alcohol for human consumption and assorted other items were kept out of the regime. While weighted average rate was significantly below the revenue neutral rate estimated of 15.3% to start with, a series of rate cuts by the GST Council, including those aimed at boosting consumption and faltering economic growth, and the failure in plugging revenue leakages, widened the gap. The weighted average GST rate at present is seen at around 11.5%.

Earlier, the fitment panel of the Council had recommended continuation of the process of correcting inverted rate structures that dented the government revenue. The proposal to correct the inversions in regard to GST rates on footwear, ready made garments and fabrics and their inputs such as man-made fibres and yarns, would likely be taken up.

Punjab finance minister Manpreet Singh Badal had recently suggested to harmonise tax rates and exemptions so that opportunities of evasions are eliminated and tax credit chain simplified. Badal had also said discussions in the GST Council should take place on floor and band of rates within which states might be allowed to fix their respective SGST rates after June 2022.

On May 26, a group of ministers (GoM), led by Odisha finance minister Niranjan Pujari, was set up to examine the feasibility of levying GST on products such as pan masala and gutkha on the basis of the installed manufacturing capacity, rather than actual production/sales to check tax evasion.

Gross GST receipts came in at Rs 92,849 crore in June, ending the streak of over Rs 1 lakh crore collections reported for eight months in a row, yet it was a decent sum given lockdowns in many parts of the country were in place to tackle the second Covid wave. Closer monitoring against fake-billing, deep data analytics using data from multiple sources including GST, income-tax and customs IT systems and effective tax administration have also contributed to the steady increase in tax revenue over last few months. GST authorities have booked about 8,000 cases involving fake ITC of over Rs 35,000 crore in FY21 alone.

While the cess collections were enough to meet GST compensation requirement, Covid-19 pandemic has dented the revenues collections in FY21 and a shortfall against guaranteed level is seen in FY22 too. States reckon that the actual shortfall during the five years to June 2022 is much higher than estimated by the Centre at Rs 3.9 lakh crore or thereabouts (Rs 1.8 lakh crore in FY21 and Rs 2.1 lakh crore in FY22). West Bengal finance minister Amit Mitra recently wrote a letter to Union finance minister Nirmala Sithraman saying unpaid GST shortfall compensation to states is Rs 74,398 crore for FY21.

Source: financialexpress.com– July 15, 2021

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Indian industry bodies hail decision to continue RoSCTL till 2024

Several industry bodies have welcomed the Indian government's decision to continue the rebate of state and central taxes and levies (RoSCTL) scheme on apparels and made-ups till March 31, 2024. The industry has been pleading to extend the scheme to mitigate the crisis induced by the COVID-19 pandemic and grab emerging opportunities in the post-COVID period.

The government had launched the rebate of state levies (RoSL) scheme in 2016 that was in vogue till February 2019 and later RoSCTL scheme was announced with enhanced rates taking into account all the embedded taxes and levies on various inputs used for garments and made-ups. This scheme was kept in abeyance from January 1, 2021, and a new scheme called remission of duties and taxes on export products (RoDTEP) was announced.

Apparel Export Promotion Council (AEPC) chairman A Sakthivel said the decision will refund all embedded taxes and make Indian products globally competitive. "The scheme will go a long way in bringing back positive sentiments and helping the Indian textile value chain attain $100 billion in annual exports in the next three years," he said.

Sakthivel said the decision will generate lakhs of new jobs, particularly for the vulnerable sections in the micro, small and medium enterprises (MSME) segment, make the textile and apparel industry more competitive in the global market and help achieve the goal of 'Aatmanirbhar Bharat'.

Sakthivel said that the scheme will help check the declining trend being witnessed in apparel exports. India's apparel exports have been losing market share to competitors. It fell 20.8% in one year from $15,509 million in 2019-20 to $12,289 million in 2020-21.

Terming the decision 'a timely and right intervention' to put more thruston apparel and made-ups exports, Prabhu Damodharan, convenor of Coimbatore-based Indian Texpreneurs Federation (ITF), said the clarity offered in the update will help textile exporters better plan growth opportunities and they can scale up and turn competitive.

Tiruppur Exporters' Association (TEA) president Raja M Shanmugham said as exporters usually take up orders four to six months in advance, the extension will be beneficial for exporters to work out costing. He hoped the

revised guidelines for continuation and implementation of the RoSCTL scheme would be announced at the earliest so that applications can be submitted to avail the scrips.

Southern India Mills' Association (SIMA) chairman Ashwin Chandran said the industry could not make commitments and materialise orders in the absence of RoSCTL benefit and has been stressed during the last couple of months. The announcement gives enough confidence and level-playing field to raise exports and create jobs, he said.

Chandran also welcomed the decision of the cabinet committee to cover all remaining textile products in the value chain in the RoDTEP scheme that would enhance global competitiveness of yarns and fabrics.

According to Gautam Nair, managing director of Gurgaon based Matrix Clothing Pvt Ltd, which exports knitted apparel, the two points worth appreciating are that the old RoSCTL rates have been continued and the extension is for five years that gives exporters some stability in pricing.

The extension of RoSCTL till March 2024 is going to help all apparel and made-ups vendors, says Vishal Dhingra of Noida-based buying house Specialty Merchandising Services, and chairman of both Buying Agents Association (BAA) and PHD Chambers of Commerce (FTIC).

"Apparel and made-ups vendors now get a consistent policy till 2024 wherein all taxes paid prior to exports are refunded to them. It's a different scheme from RoDTEP. You will see a lot of investment in this sector now."

Source: fibre2fashion.com– July 14, 2021

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Why labour unions are on the decline

The growth of the services sector and contract labour, and now the new labour codes, have made the remit of unions insignificant

Not much is heard about labour unions in India these days. Labour or trade unions, a salient feature of the pre-liberalisation industrial market, are fast losing relevance as the labour market has witnessed a sea change in recent times. To know why unionisation is on the wane, understanding the economics of labour unions is pertinent.

Both demand and supply forces determine the amount of unionised jobs or union membership in a labour market. Workers demand unionised jobs when the union promises a higher wage and a reduction in unemployment.

The supply side factors include the costs of organising or mobilising a workforce, the legal environment that permits or prohibits certain types of union activities, how strongly the company management resists collective bargaining, and the ability of a union to capture excess rents the firm generates.

Some sectors like construction, manufacturing and transportation are conducive for unionisation, whereas agriculture and finance seldom see unionisation.

Sectors wherein most of the output is produced by a few companies are also likely to see higher unionisation as the companies' market power is almost always harmful for labour rights and welfare. In such markets where firms can earn excess profits, labour unions can extract some of the rents for the workers.

Macroeconomic conditions and the legal environment also influence the unionisation rate. When the unemployment rate is high and workers seek to alleviate job insecurity, the demand for unionisation increases. Similarly, when inflation rate is high, real wages fall and therefore the unionisation rate increases. Also, labour laws regulate the employer–union relationship and impact the ability to unionise.

All of the aforesaid factors le to a proliferation of labour unions in the 1960s and 1970s.

Structural transformation

In the post-liberalisation period, however, several factors have led to a precipitous decline in labour unions across industries. The economy has undergone a structural transformation, with the services sector coming to the fore. The remit of labour unions in the tertiary sector is almost insignificant.

The unionisation rate has fallen also because converting non-union jobs to union jobs has become increasingly difficult. The number and rate of creation of permanent jobs are also declining, further restricting the role of labour unions. The last couple of decades have seen most manufacturing firms circumventing the labour laws that protect labour rights by employing, and outsourcing to, contract labour. Contract labour cannot be unionised because of the very uncertain nature of labour contracts.

While until 2020, these factors have played a critical role in making labour unions almost ineffective, what has compounded their problems is the emergence of a new set of labour codes legislated by the Central Government last year.

Armed with several new provisions, these codes have made the unions almost redundant. For instance, strikes used to be a critical weapon to bargain with the management for benefits. Over time, the laws and processes have drastically diluted unions' ability to go on strike.

In the Industrial Relations Code 2020 (IRC), which is yet to be notified, the government has introduced more conditions restricting the rights of workers to strike, alongside an increase in the threshold relating to lay-offs and retrenchment in industrial establishments — steps that may provide more flexibility to employers for hiring and firing workers without government permission.

Strikes almost impossible

The IRC proposes that no person employed in an industrial establishment shall go on strike without a 60-day notice and during the pendency of proceedings before a Tribunal or a National Industrial Tribunal and 60 days after the conclusion of such proceedings. Earlier, workers could go on strike by giving between two weeks and six weeks of notice. Flash strikes are now outlawed.

New concepts of ‘negotiating union or negotiating council’ have been introduced in the IRC which has formally recognised labour unions for the first time. If there is only one functional labour union in a company, that union will be recognised by the company as the ‘sole negotiating union of the worker’.

If there is more than one trade union functioning in a company, the union having 51 per cent or more workers on the muster roll of the company concerned will be the sole negotiating union. When no labour union has 51 per cent or more workers on the muster roll, the employer will constitute a negotiating council.

While it is unclear how these new laws would protect labour rights, they may improve the ease of doing business and further promote contract labour. The provisions facilitating contract labour may further shrink the scope of labour unions.

In the new-age economy, labour unions still have an important role to play. Even, behemoths like Amazon and Google have unions. To face the current challenges, labour unions must embrace newer operating methods, be technologically updated, less politically motivated, and speak the language of the new age worker whose work environment is drastically different from the old-world praxis.

Source: thehindubusinessline.com– July 14, 2021

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Parcel train with 468 tonnes of cotton yarn from India reaches Bangladesh

A parcel train containing 468 tonnes of cotton yarn arrived at Benapole in Bangladesh on Tuesday. The train has 20 parcel vans and it covered a distance of 1700 kilometres after being flagged from the Ambala Cantonment Station on 27 June.

It is for the first time that cotton yarn has been sent from India through the rail route to Bangladesh. Earlier, the cotton yarn was being sent by road in small quantities which was expensive.

Moving consignment by goods train required the bulk mobilisation of the cotton yarn. The Indian Railway authorities took the initiative to facilitate movement of small consignments of upto 500 tonnes in each trip and scheduled a special train for Bangladesh.

The consignment will also contribute to the Bangladesh made clothing and textile business.

Source: ddinews.gov.in– July 14, 2021

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Surat's textile business continues to face sluggish demand

While the second wave disrupted the economy of Surat, but the diamond sector has witnessed a turnaround with exports reaching pre-Covid levels. On the other hand, the textile sector is still reeling under sluggish demand.

The industry hoped for a revival as businesses were picking up, but the second wave of the pandemic dashed all hopes. Order books have tanked and traders are opening their shops only to follow up with clients to clear previous payments. The state government has eased the restrictions but as the other parts of the country are still reeling under the after-effects of the second wave, revival still seems far away.

"We are not getting any customers as the season of marriage and Ramzaan is over. The only little business we will be able to do now is for Rakshabandhan," said Champalal Bothra, general secretary of Federation of Surat Textile Traders Association (FOSTTA).

"Right now, traders are opening their shops only to recover their long pending payments," he added.

Traders who had stocked up goods for marriage season are now finding it difficult to clear the inventory. "Payments of stock sold seven to eight months ago is still pending. Daily, I make calls to my clients to clear the payments but they are also helpless," said Ushab Bagrecha, a trader of Millenium Textile Market. He added that many who are not able to pay are simply returning the stock.

The situation is the same all the way up in the supply chain.

Weavers are complaining that production has halved as sales have reduced while many embroidery unit owners have simply shut their units. "I had five shops in New Bombay Market but due to the restrictions, I shut all of them and moved my stock to my embroidery unit," said Bhavesh Chauhan, another businessman.

He further said that due to lack of orders his embroidery machines are also shut. "Even if somebody wants to start something new, it is difficult as the fabric is not available without paying cash upfront," he said.

"We have not seen a time like this as our sales are down to 25% of what it used to be and stock is only piling up," said Ashok Jirawala, president of Federation of Gujarat Weavers Welfare Association. "There is no clarity when things will change for good because lockdown is still there in many states and there is fear of the third wave," he told TOI.

Source: timesofindia.com – July 15, 2021

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