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INTERNATIONAL NEWS

Loosing GSP will hamper Sri Lankan's apparel exports, reduce profit margins

The European parliament's recommendation to suspend Sri Lanka's GSP+ status comes as a huge blow to the country's apparel industry – which accounts for 47 per cent of the nation's exports and 15 per cent of its industrial employment. As per a Daily News report, the Generalized System of Preferences or GSP, a preferential tariff system of the EU, helps Sri Lanka enhance export competitiveness in the apparel industry.

The scheme also helps Sri Lanka create new jobs besides reducing the disparity between rural and urban incomes and increasing the participation of female employees in the workforce. It is a special incentive arrangement aimed at sustainable development and good governance in vulnerable, low and lower-middle income countries. The arrangement led to a reduction in custom duties to zero for EU countries in 2019.

Loss of GSP+ to make exports expensive

The loss of GSP+ status would make Sri Lankan exports to the EU 9.5 per cent more expensive than it is now. Already, Sri Lankan apparel is more "expensive" than its competitors. The loss would also threaten many small and medium enterprises exposing them to greater macro-economic vulnerability. Loss of GSP+ may also wipe out Sri Lanka's razor thin profit margins in the apparel industry by making exports 9.5 per cent more expensive than its competitors.

Making Sri Lanka a self-reliant manufacturer

The Sri Lankan government has started negotiating with the EU to review its GSP+ facilities. It plans to highlight the progress made in implementing the conditions required to restore GSP+. Efforts to preserve trade agreements are likely to boost investors' confidence in the Sri Lankan apparel industry.

Sri Lanka will also benefit from growing technological prowess, ethical manufacturing, sourcing and sustainable manufacturing practices. Its apparels will become the preferred choice for customers in Europe, the United States, etc.

The Sri Lankan government needs to do everything in its capacity to restore the GSP+ benefits. This will provide it with sufficient time and resources to help to build and strengthen its apparel manufacturing capacities andmake it self-reliant in this core market.

Source: fashionatingworld.com– July 29, 2021

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Not ensuring access to Covid vaccines could undermine eco recovery: WTO

Failing to ensure wider access to COVID-19 vaccines could undermine the global economic and trade recovery, a report of the World Trade Organization (WTO) warned on Thursday.

The Director-General's mid-year report on trade-related developments presented to members on Thursday calls on WTO member countries to ensure that markets remain open and predictable.

WTO Director-General Ngozi Okonjo-Iweala said this report clearly suggests that trade policy restraint by member countries has helped limit harm to the world economy.

However, some pandemic-related trade restrictions do remain in place and the challenge is to ensure that they are indeed transparent and temporary, she said.

"The report calls on WTO members to ensure that markets remain open and predictable, and warns that failing to ensure wider access to COVID-19 vaccines could undermine the global economic and trade recovery," WTO said in a statement.

The report noted that since the outbreak of the pandemic, 384 COVID-19-related trade measures in the area of goods have been implemented by members, of which 248 were of a trade-facilitating nature and 136 could be considered trade restrictive.

WTO is a Geneva-based 164-member multi-lateral body which frames global trade rules and adjudicates trade disputes among member nations. India has been a member since 1995.
Source: business-standard.com– July 29, 2021

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USA: CEOs Want Supply Chain Chiefs to Prioritize These Pressing Problems: Gartner

Gartner's view of "cost optimization" does not solely mean cost cutting but instead, optimizing the overall outcomes derived by the business, according to Thomas O'Connor, senior director analyst with the firm's supply chain practice.

O'Connor pointed out that cost optimization largely manifests in three forms: operating for cash where expedient spending reductions are made that improve cash flow; optimizing network performance, typically via organizational alignment; or enabling profitable growth.

He highlighted that the retailers and brands looking to operate for cash can looks to the example of The Home Depot, which contracted its own container ship in June to support inbound sea freight to the U.S. and unlock increased cost and capacity certainty.

Optimizing costs takes into account a business's risk and growth requirements, thereby creating a link to supply chain resilience. Gartner defines resilience as the ability to adapt to structural changes by modifying supply chain strategies, products and technologies.

"Gartner survey data identifies that 87 percent of supply chains are planning to invest to increase supply chain resilience by 2022," said O'Connor. "Couple this with the various cost pressures being experienced by businesses today such as raw materials price inflation and freight capacity challenges and it becomes that cost optimization and resilience initiatives are not an either/or proposition. Both must be prioritized."

To balance the top two priorities, companies must first develop a more detailed picture of their upstream supply chains, he said. This means mapping the supply base beyond Tier 1 suppliers as such that they clearly understand their Tier 2 and Tier 3 suppliers, their potential service and costs risks, as well as associated price pressures.

These companies can also leverage real-time data to sense changes in their supply and demand bases, which integrates into a centralized decision-making tool such as a control tower. Advanced technologies like AI and machine learning can derive insights from this data and support supply chain response to ensure both the resilience of operations and optimized costs.

Brands also must rethink their existing operating models, O'Connor said.

"For example, use automation to support cost-effective nearshoring of manufacturing operations or capitalize on regional capabilities and the strengths of partners and subsidiaries by creating a geographically segmented approach to supply and demand," he told Sourcing Journal.

As CSCOs navigate the lingering effects of the Covid-19 pandemic, theyalso must prepare for the growth agenda the CEOs have in mind for the future, Gartner warns.

In fact, the survey, conducted from July 2020 through December 2020, showed that 60 percent of CEOs expect an economic boom to start by year-end 2022.

With that in mind, CSCOs will face ongoing challenges, namely when it comes to the balance of supply and demand in different parts of the world, which O'Connor described as "non-linear."

"Varying approaches by geography will be required with some regions with high Covid cases and low immunization rates needing to prioritize business continuity," O'Connor said, "while others that are more rapidly emerging from the pandemic, such as the U.S. and U.K., strive for commercial opportunity and growth while remaining cautious and aware of the potential for markets to backslide due to new variants of the disease."
Digitization is the most common theme

The majority of the respondents surveyed say they want to focus on technology as they adapt to current industry concerns, with 80 percent planning to increase year-on-year investments in digital capabilities.

But the prioritization of digital appears to be shifting from a general, undefined ambition for digital business transformation toward more targeted initiatives. It is now on the CSCOs to confirm their CEOs' intended meaning of digital business within the context of their own organization or industry.

Survey respondents' most popular areas for digital business investments were e-commerce (16 percent), customer interactions (9 percent), data analytics (9 percent) and customer experience (7 percent).

CEOs anticipate the pandemic will have a lasting impact on their businesses, with over two-thirds of survey participants indicating they will use the pandemic as an opportunity to focus on redesigning the business. Further, 79 percent of CEOs expect to see significant and enduring behavioral changes in society, the organization and individuals that are a direct result of the pandemic.

Top supply chain officers have more say in C-suite

A major positive going forward is that despite the issues plaguing the supply chain, the role of the CSCO has played a bigger role in the C-suite in recent years.

O'Connor pointed out that 56 percent of surveyed supply chain executives in Gartner's annual Future of Supply Chain Survey identified that they believe their CEOs and executive management see the supply chain as an equally important part of their business success to sales and marketing or product development.

"This is a real positive for CEO-CSCO communication," said O'Connor. "The challenges of the last 18 months have further reinforced the critical role of supply chain in business with growing references to supply chain and logistics in listed companies' earnings calls and similar forums where CEOs discuss their organizations."

And while many of these companies may not be viewed publicly as making decisions that are in the best interest of everyone involved, 43 percent of CEOs from supply-chain driven industries stated that they see their organization's purpose as going beyond shareholder needs, which came as a pleasant surprise to O'Connor.

"Yes, shareholder needs are critical, but they are also incorporating the needs of employees, customers, suppliers and other stakeholders," said O'Connor. "Hopefully this will be an area where we see CEOs continue to expand their view of organizational purpose into the future."

Source: sourcingjournal.com– July 29, 2021

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China adds to ginning capacity as cotton prices rise

In recent years, China's ginning capacity has risen fast, especially in 2020. The newly-added ginning capacity this year is due to delayed construction last year affected by the epidemic. Ginners may have higher enthusiasm to procure seed cotton this year as they have gained good profits last year, says a CCF Group report.

In addition to the expectations over high new seed cotton prices, market players also have certain expectations over the coming traditional buoyant season.

Currently, cotton yarn inventory remains low as downstream traders and some end-users replenish stocks in advance. In short, Chinese cotton prices may continue rising amid the good fundamentals.

In the 2021-22 season, cotton planting areas in Xinjiang are expected to reduce slightly. Bad weather impacted the new cotton crop growing somewhat.

In addition, cotton planting costs increased this year due to higher rents, fertilizer and water prices and the ginning capacity in Xinjiang continues to rise. Therefore, market players expect higher seed cotton prices in the 2021-22 season.

The strong rise in cotton futures in July is mainly attributed to expectations over the high new seed cotton prices and the coming traditional buoyant season.

The Central Bank of China cut the reserve requirement ratio by 50 basis points for all banks, effective from July 15, which brought a certain positive mood to the market.

Source: fashionatingworld.com– July 29, 2021

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Vietnam National Textile and Garment Group: Production and business results of H1 2021

The widespread vaccination in the US and EU and the economic stimulus packages of the Governments of these countries have been effective, and the suppressed consumer demand throughout 2020 has returned relatively quickly and strongly in other markets. this school. For the first time in 3 years, the World Bank's forecast on GDP growth rate in the June 2021 report is higher than the forecast made in January 2021, in which the main breakthrough is in the US market with the annual growth rate. 2021 forecasts 6.8% – the highest level since 1984.

In addition to the recovery demand factor, there are also a number of other factors that influence the trend of shifting orders to Vietnam such as the fact that Vietnam has well controlled the disease until the end of April 2021 while the disease rages in other countries. major textile and garment exporters such as India, Bangladesh, Cambodia; China's import restrictions on Xinjiang cotton products and the US-China trade war are not over.

The Group's business results in the first 6 months of 2021 are as follows:

- Consolidated revenue is estimated at 7,250 billion VND, approximately the same period last year, reaching 43.1% of the whole year plan. Although the market in the first 6 months of the year recovered well, the revenue was only equivalent to the same period last year due to the lack of revenue from medical protective equipment and to prevent risks in the first 6 months of the year. CM orders instead of FOB orders (FOB orders have higher turnover than CM)
- Consolidated profit is estimated at 557.8 billion dong, equaling 195.6% over the same period, reaching 79.7% of the whole year plan.

Although consolidated revenue was on par with the same period last year, the profit margin improved significantly, 2.3 times higher than the same period last year because the yarn industry had good results, contributing 60% of the consolidated efficiency of the company. Corporation, group. After 2 consecutive years of difficulties, low demand, and many times when the selling price is below cost, from October 2020, the situation of the yarn industry has had many positive changes, demand and selling price have increased. It is estimated that the profit of the yarn industry in the first 6 months of 2021 is about 320 billion VND (while the same period lost 69 billion VND). In the garment industry, most of the Group's businesses have had enough orders until the end of September and partly until December.

For the first time after 25 years of establishment, the Group had a high consolidated profit growth in the first 6 months as in 2021, equaling 195% of the same period last year and exceeding 50% of the same period in 2019. – the year before the Covid-19 pandemic.

In the last 6 months of the year, the textile and garment market is facing many risks and uncertain factors, the yarn market is quieter, disease outbreaks in the South... However, the Group strives to complete the plan. consolidated revenue is 17,365 billion dong; consolidated profit reached over 700 billion dong.

Source: newclothmarketonline.com– July 28, 2021

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Uninterrupted supply chain crucial for Vietnam amid ongoing COVID wave

Ensuring that the supply chain of Vietnam is not interrupted amid the ongoing COVID-19 wave is crucial as industrial production for exports is the growth driver for the country. Thus, it is important for the country to keep workers in large industrial zones safe, according to Nguyen Xuan Thanh, manager of the Fulbright Economics Teaching Programme in Vietnam.

In order to change the scenario, Vietnam needs to control the pandemic by the third quarter and ensure that business activities return to normal, Thanh said while speaking in an online conference, according to Vietnamese media reports.

Although the country has a lot of orders for fashion products like clothes and shoes, the delivery time is strict and the companies not abiding by the same would incur penalties, Do Quynh Chi of the Research Centre for Employment Relations said during the conference. Producers are finding it difficult to complete orders and deliver on time.

Chi added that brands and suppliers need to come together to help the country recover from the pandemic, because Vietnam is part of the global supply chain.

As restrictions have been implemented in the country, Ho Chi Minh City has allowed the continuation of production activities for enterprises in the city when ensuring one of two cases. Enterprises must ensure both production and isolation of workers with the motto '3 on site': on-site production, on-site eating-drinking, on- site resting); or they must ensure the implementation of the motto '1 road – 2 locations': only one route to transport workers from the place of residence to the workplace (dormitory, hotel, dormitory, etc).

According to Ho Chi Minh City's Human Resources Forecast and Labour Market Information (FALMI) Centre, business performance in the city will improve by the end of the year if the pandemic eases. The final months of the year are usually when enterprises increase production and business activities to cater to the demand rise ahead of the Lunar New Year.

FALMI has predicted that the city will need over 9,000 workers for garment and footwear manufacturing towards the end of 2021, if the restrictions are eased.

Vietnam's exports had increased by 29 per cent in the first half of the year due to recovering US and China markets and tax incentives from EU under the EVFTA agreement. The demand for Vietnamese exports from major markets was on a rise and the country also benefitted from the punitive tariffs from the US on China.

However, ensuring uninterrupted supply chain is crucial for Vietnam to continue leveraging the current global situation and drive economic development in the country.

Source: fibre2fashion.com– July 29, 2021

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Pakistan knitwear export up 36 per cent

Pakistan's knitwear export surged 36.57 per cent during 2020-21 over 2019-20. And it aims to increase its share to 20 per cent in 2021-22. The country's earnings from knitwear exports are 25.83 per cent more than earnings from woven garment exports, 37.68 per cent more than exports of bed wear and 307 per cent more than exports of towel.

While Pakistan's share in total world imports of knitwear is 1.83 per cent Bangladesh has 8.12 per cent share. About 30 per cent of small and medium units have closed in Pakistan in the last two years after the imposition of a 17 per cent sales tax.

Pakistan's knitwear garment sector has topped the list of the textile groups for three years and it also provides the highest employment in the textile group.

The country's knitwear industry plays a vital role in value addition of the textile sector. There is a great potential of further development in this industry as there is substantial value addition in the form of knitwear apparel, sportswear, socks, gloves etc.

Pakistan is diversifying knitwear products to bring more innovations and incentives to boost its exports. This sector has export potential despite remaining under pressure from its competitors mainly Bangladesh and the Far Eastern nations.

Source: fashionatingworld.com– July 29, 2021

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Shutdown affects Bangladesh units

Global demand for readymade garments by big fashion houses from Bangladesh has dried up. This is coinciding with the peak season for purchase orders. Around 35 to 40 per cent of annual exports are made during this period. Orders from Western markets for the winter season and Christmas are almost ready for shipment.

However, the products will go unsold unless they are delivered soon. As per Syed Nazrul Islam, Senior VP, BGMEA and a garment trader in Chattogram, products are ready for export and factory owners are anxious to dispatch their shipments.

The shutdown orders in Bangladesh have been extended to export-oriented manufacturing units as well. Factories will not reopen until August 5, at least. The situation presents an unusual predicament for the apparel industry, as garment factories were allowed to operate during the first phase of lockdowns in March 2020. Factory owners are reticent about resuming operations before the end of the lockdown in the face of an ever-worsening pandemic.

Reopening factories in the face of soaring infections seems a dim possibility. Some exporters are toying with the idea of finishing the work with a small number of workers if the lockdown is prolonged.

Before the second wave of the pandemic struck, the garment sector was seeing signs of a turnaround, but this optimism is slowly starting to dissipate. The only solution to the crisis seems a mass vaccination program for workers.

Source: fashionatingworld.com– July 29, 2021

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NATIONAL NEWS

Revenue dept agrees to correct duty inversion in textiles, but GST Council defers matter

No study conducted to know impact of non-uniform GST rates on raw materials, says MoS Textiles

The Revenue Department has informed that an in-principle agreement has been reached on correcting duty inversion in the textiles sector by prescribing revenue neutral rate on fabrics and garments, Minister of State for Textiles Darshana Jardosh has said.

The textile industry, however, may have to wait a bit longer for the correction as the final approval of the GST Council has not been given. "...a decision in this regard has been deferred by the GST Council," the Minister said in reply to a question in the Rajya Sabha on plans to impose uniform GST on raw materials used in textile industry, handloom, weavers' work and handicrafts.

There have been complaints from the industry about higher GST rates for inputs compared to finished products that made imports cheaper than domestic manufacture. It has been demanding a uniform GST structure for man-made fibre and filaments as well as garments. While garments attract a GST of 5 per cent, fibre and filaments attract GST of 18 per cent and 12 per cent, respectively.

The Minister further said that no study has been conducted to know the impact of non-uniform rate of GST on raw materials used in craft work across the country in handloom, weaving, handicrafts and cottage industries.

On the shortfall between the Budget Estimate of ₹475 crore for the handloom sector and the actual expenditure of ₹315.95 crore in 2020-21, the Minister said that the Covid-19 pandemic led to disruptions in overall economic activities resulting in demand and supply shifts in the off-take of raw-materials and finished goods, including in the handloom sector.

"There was also a fall in the number of viable proposals like marketing expos, subsidised yarn supply, etc., from the State Governments and yarn supply beneficiaries. These factors led to a gap between the budgetary estimates and actual expenditure in 2020-21," Jardosh said.

Source: thehindubusinessline.com– July 29, 2021

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Factoring Bill will help MSMEs access 9,000 NBFCs: Sitharaman

MSMEs contribute 40 per cent of our exports in the manufacturing sector, says Finance Minister

Parliament passed the Factoring Regulation (Amendment) Bill here on Thursday with the Rajya Sabha too clearing the legislation. The Upper House passed the Bill in a voice vote amid din over Pegasus spyware issue.

Finance Minister Nirmala Sitharaman said the amendments will help the MSMEs. “Presently, there are only seven NBFCs which can extend this factoring benefits for MSMEs. Now by amending the Act, we will bring in 9,000 NBFCs — all of them can reach MSMEs,” Sitharaman said.

She said the contribution of MSMEs to GDP is very high. They nearly contribute 40 per cent of our exports in the manufacturing sector. “If they are able to access NBFCs who can perform as factoring third parties as well, they will be benefited,” she added.

The Lok Sabha had passed the Bill on Monday. Factoring is a transaction where an entity (like MSMEs) ‘sells’ its receivables (dues from a customer) to a third party (a ‘factor’ like a bank or NBFC) for immediate funds (partial or full). Currently, seven non-bank finance companies called NBFC factors do the majority of the factoring through the principal business condition.

These are Canbank Factors, India Factoring and Finance, SBI Global Factors, Siemens Factoring, Bibby Financial Services, IFCI Factors and Pinnacle Capital Solutions.

Earlier, participating in the debate on the Bill TRS MP KR Suresh Reddy demanded protection for MSMEs. AIADMK leader M Thambidurai also spoke and demanded central help for smaller industries.

Source: thehindubusinessline.com– July 28, 2021

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Nearly 22 lakh bales of cotton exported to China in 2020-21 season

India exported 21.97 lakh bales of cotton to China out of the total outbound shipments of 54.83 lakh bales during the current cotton season 2020-21, Parliament was informed on Thursday. Minister of State for Textiles Darshana Jardosh said the export of cotton and yarn from India to China has not stopped due to the COVID-19 pandemic.

China was the second largest importer of cotton from India after Bangladesh, she said.

Regarding export of yarn during 2020-21, she said 275 million kg of cotton yarn was exported to China out of the total exports of 980 million kg.

China was the largest importer of yarn from India.

"During the current cotton season 2020-21 (October 2020 to September 2021) as of April 2021, 21.97 lakh bales of cotton were exported from India to China out of the total exports of 54.83 lakh bales," she said.

In a separate reply, she said the conditions emanating from the pandemic led to disruptions in overall economic activities leading to demand and supply shifts in the offtake of raw-materials and finished goods, including in the handloom sector.

"There was also a fall in the number of viable proposals like marketing expos, subsidized yarn supply, etc., from the state governments and yarn supply beneficiaries. These factors led to a gap between the budgetary estimates and actual expenditure in FY 2020-21," she added.

The figures for budget estimates, revised estimates and actual expenditure on handlooms for the year 2020-21 are Rs 475 crore, Rs 336 crore and Rs 315.95 crore, respectively, the minister said.

Source: economictimes.com – July 29, 2021

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Merchandise exports to grow 6.9% year-on-year in 2021-22: India Ratings

Outbound shipments from India, which have been languishing for quite some time, can benefit from the favourable trade growth outlook of 2021 and consolidate further from the level achieved in the first quarter of this fiscal, India Ratings and Research said on Thursday.

As per its analysis, export destinations for India's top-10 commodities are likely to see strong import growth in 2021.

"For example, the US which is part of North America and the UK, Belgium, Germany, Italy and the Netherlands, which are part of Europe are expected to clock import growth of 11.4 per cent and 8.4 per cent YoY, respectively in 2021," according to a report released by India Ratings.

Even as merchandise exports have been robust over the last four months, the rating agency warned that the threat of the pandemic still looms.

"As the threat of Covid-19 is not yet over, a lot will depend on the pace and coverage of immunisation in different parts of the globe. Ind-Ra, therefore, expects merchandise exports to grow 6.9 per cent YoY in FY22 (FY21: negative 12.5 per cent and FY20: negative 5.0 per cent)," the report said.

The outbreak of Covid-19 and subsequent lockdowns in various parts of the world caused massive disruption in the first few months of the financial year 2020-21. As far India is concerned, outbound shipments picked up particularly March onwards, buoyed by recovery in external demand. Besides, shipments largely remained unaffected by the outbreak of a second wave during April-June in India, even as imports temporarily slowed during May.

While exports grew substantially compared with last year due to a base effect, India Ratings said they also show the strength of the current recovery, adequately captured by the monthly export number. The average monthly exports during April-June stood at $ 31.80 billion.

"In fact, the export momentum began in March 2021, which witnessed the highest ever monthly exports of $34.45 billion. India's average monthly exports in FY20 were $26.14 billion, nearly the same as in FY14. It had peaked at $27.54 billion in FY19. However, FY22 has begun on a positive note. The sustained high monthly export number is even more noteworthy as this was also the period when the country was struggling with devastating Covid 2.0," it said.

Source: business-standard.com– July 29, 2021

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Global level market for MSMEs

Ministry of Micro, Small and Medium Enterprises (MSME) through its MSME-Development Institutes (DI) situated in all States, facilitates MSMEs to export from Domestic Tariff Area (DTA) and Special Economic Zone (SEZ).

For this purpose, 52 Export Facilitation Cells (EFC) have been established to provide hand-holding support to MSMEs as well as creating linkages with Export Promotion Councils, Commodity Boards, etc.

Further, Government has recently included retail and wholesale trades under the MSME category making them eligible for Priority Sector Lending (PSL).

To support MSMEs reach out to customers across the world, Ministry is implementing International Cooperation Scheme (ICS) facilitating participation of the MSMEs in International Exhibitions, Trade Fairs, Buyer-seller meets etc.

Further, various other schemes are being implemented by the Ministry to help MSMEs expand their business in the global market by providing them assistance for technology upgradation, skill development, quality certification etc.

Besides, Directorate General of Foreign Trade (DGFT) is implementing schemes like Niryat Bandhu Scheme (NBS) for mentoring new and potential entrepreneurs about the intricacies of foreign trade and Interest Equalization Scheme (IES) to provide cheaper source of rupee credit for pre-shipment and post-shipment activities, wherein all tariff lines are covered for MSMEs with 5% subvention rates.

This information was given by Union Minister for Micro, Small and Medium Enterprises, Shri Narayan Rane in a written reply in Lok Sabha today.

Source: pib.gov.in– July 29, 2021

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GST rate structure rationalisation on govt's agenda, definitely going to happen: CEA Subramanian

A majority of common use items have been exempted from GST, while 28 per cent tax is levied on luxury, demerit and 'sin goods'.

Chief Economic Adviser (CEA) K V Subramanian on Thursday said that rationalisation of GST rate structure is on the government's agenda and it is definitely going to happen.

Further, he said that a three-rate structure is very important and there is also a need to fix inverted duty structure as far as the GST is concerned.

The Goods and Services Tax (GST), which amalgamates more than a dozen central and state levies like excise duty, service tax and VAT, was introduced in July 2017. GST currently has five rate structures -- 0.25 per cent, 5 per cent, 12 per cent, 18 per cent and 28 per cent.

To a question if rate structure rationalisation under GST needed, Subramanian said, "I think that's something definitely going to happen. The original plan was to have a three-rate structure. But I think what we have to be very cognizant about is that oftentimes with policymaking you don't want perfect to actually become the enemy of the excellent."

A majority of common use items have been exempted from GST, while 28 per cent tax is levied on luxury, demerit and 'sin goods'.

"The GST, the way it got created with actually five rates was basically excellent because now we are seeing the impact on GST's amounts that are coming in...the policymakers then must be given credit for actually being practical enough to say, let's get it going first," he said at a virtual event organised by industry body Assocham.

"The three-rate structure is something... definitely important and even the inverted duty structure (is) also equally important to actually fix. I think the government is definitely seized of the matter. So we should hopefully see traction on that soon," he said.

GST collection slipped below Rs 1 lakh crore in June for the first time in eight months as the second wave of the Covid pandemic and the resultant lockdowns hit businesses and the economy.

At Rs 92,849 crore, GST collection was the lowest in 10 months since August 2020, when it was Rs 86,449 crore. The GST collections in June 2021 are primarily for supplies made in May -- a month when most states were under different levels of lockdown, reducing business activity.

Highlighting the importance of the financial sector in the growth of the economy, Subramanian said India needs more global size banks.

India is the fifth largest economy of the world but the banking system is still has a lot of catching up to do, he said adding that domestically some could be large but not large enough to be included in global top 50 list.

State Bank of India (SBI) at the 55th position is the only bank in the global top 100 list. China has 18 banks while the US has 12 in the list.

Speaking on the occasion, Sebi's Whole Time Member G Mahalingam said developing a credit default swap (CDS) market could help in deepening corporate debt market.

"We have been trying our level best, but there have been a lot of constraining features as far as CDS is concerned. This is one area where we need to work which will be completely and completely sector agnostic," he said.

Mahalingam suggested the infrastructure sector deserves at least some kind of a partial credit enhancement kind of facilities and there is a need to have a look at this.

"I would still repeat a CDS is something which we need to really work through all the policymakers, putting their heads together to deepen the corporate bond market," he said.

He also said there are regulatory restrictions on insurance and pension funds for investment in corporate bonds and there is to examine the issue.

Sebi and the government has taken a number of steps to deepen the corporate bond market, he added.

Source: economictimes.com– July 29, 2021

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397.28 Crore released to States under Amended Technology Upgradation Fund Scheme during 20-21

Government is promoting jobs and businesses under the broad objective of Make- in-India Programcatering to various sub-sectors of the Textile Sector which includes Spinning, Weaving, Garmenting, Processing, Jute, Silk, Wool, Handicraft and Handloom. Various schemes such as Amended Technology Upgradation Fund Scheme (ATUFS), National Technical Textile Mission (NTTM), Silk Samagra, Scheme for Integrated Textile Park (SITP), National Handicraft Development Programme (NHDP), National Handloom Development Programme (NHDP) and Integrated Processing Development Scheme (IPDS) are being implemented for overall promotion and development of Textiles Sector.

Details of funds released State-wise under the schemes of ATUFS, National Handloom Development Programme (NHDP) & Comprehensive Handloom Cluster Development Scheme (CHCDS), schemes implemented by O/o DC (Handicrafts) and Silk Samagra during 2018-19 to 2020-21 are at Annexures-I, II, III & IV.

State-wise release of fund/subsidy under ATUFS during the period 2018-19 to 2020-21. (Rs. in crore)

State	2018 - 19	2019 - 20	2020 - 21
Andhra Pradesh	1.83	-	3.52
Assam	-	0.24	-
Bihar	-	-	2.36
Chandigarh	-	-	-
Chattisgarh	-	-	0.1
Dadra & Nagar	0.23	10.87	2.78
Daman & Diu	-	-	1.96
Delhi	-	0.18	0.25
Goa	-	-	-
Gujarat	5.76	84.83	185.81
Jharkhand	-	-	9.5
Haryana	-	0.89	8.9
Himachal Pradesh	-	-	0.03
Jammu & Kashmir	-	-	-
Karnataka	0.66	0.49	3.38
Kerala	0.1		0.05
Madhya Pradesh	0.6	4.29	2.38
Maharashtra	1.09	21.84	61.01
Mizoram	-	-	-

Orissa	-	-	-
Pondichery	-	-	-
Punjab	0.11	7.77	14.28
Rajasthan		10.28	12.76
Tamil Nadu	10.65	32.87	48.49
Telangana	-	0.13	29.4
Uttar Pradesh	-	2.62	4.01
Uttaranchal	-	-	3.28
West Bengal	-	2.94	3.04
Grand Total	**21.03**	**180.24**	**397.28**

Click here for more details

Source: pib.gov.in– July 29, 2021

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A total of 11.14 lakh persons trained in various diverse segments of Textiles under the comprehensive Integrated Skill Development Scheme

With a view to create a robust human resources for the textiles sector, particularly the need for trained and skilled workforce in all segment of the textiles sector, Ministry of Textiles has been implementing various skill development schemes and programmes since the financial year 2010-11.

Under the comprehensive Integrated Skill Development Scheme(ISDS), a total of 11.14 lakh persons have been trained during FY 2010-11 to 2017-18, in various diverse segments of textiles covering textiles and apparel, jute, spinning, weaving, technical textiles, sericulture, handloom and handicrafts of which 8.43 lakh persons have been employed.

In further continuation, Ministry of Textiles has extended the skill development programme in the form of Samarth- Scheme for Capacity Building in Textile Sector for a period upto 2023-24 with the objective to provide demand driven, placement oriented National Skills Qualifications Framework (NSQF) compliant skilling programmes to incentivize and supplement the efforts of the industry in creating jobs in the organized textile and related sectors, covering the entire value chain of textiles, excluding Spinning and Weaving in organized sector.

The training programme under the scheme is implemented through State Government Agencies, Textile Industry/ Industry Associations and Sectoral Organizations of Ministry.

Training programme for about 3.3 lakh beneficiaries allocated to various implementing partners after due process of empanelling and physical verification of training centres is progressing at various stages. State-wise details of progress of Samarth scheme is given at Annexure.

Samarth Scheme is implemented across the country including backward, rural tribal and hilly areas. State government agencies and sectoral organizations of Ministry have been allocated targets for training programme in these areas to promote the traditional textiles such as handlooms, silk, jute and handicrafts.

Need-based skill upgradation programmes for handloom workers in technical areas viz. weaving, dyeing, designing, etc., earlier conducted under National Handloom Development Scheme, Comprehensive Handloom Cluster Development Scheme (CHCDS) are now undertaken under Samarth scheme. Further, the Government imparts various training programmes and schemes for promotion, development and generation of employment for artisans of handicraft sector under "National Handicraft Development Programme (NHDP)" and Comprehensive Handicrafts Cluster Development Scheme (CHCDS) to provide sustainable livelihood opportunities to the artisans.

Click here for more details

Source: pib.gov.in– July 29, 2021

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E-way bill generation likely to exceed 5 crore in July

This will get reflected in GST collection

The e-way bill generation is set to cross five crore-mark in July, but it is still lower than the all-time high of 7 crore plus registered in March this year. A higher number is indicator of better GST collection.

According to latest data from GSTN (the IT back bone of GST system), e-way bill generation touched around 4.96 crore as on July 25 — over 1.93 crore for inter-State and over 3.02 for intra-State. E-way bill is required to be generated by a registered GST taxpayer for the movement of goods if the value of the consignment is more than ₹50,000 for inter-State movement. For intra-State movement, the limits vary from State to State.

Total e-way bills generated stood at 5.47 crore in June 2021, which shows 26 per cent YoY (year-on-year growth over June 2020, and 10 per cent growth compared to June 2019). This augurs well for GST collections in July for which data will be released on August 1. Data of e-way bill for July will show its impact in GST collection in August, which will be made public on September 1.

As e-way bill data for March was record 7.12 crore, collection in April clocked all time high of ₹1.40- lakh crore. However, due to localised lockdown, e-way bill generation data dropped to around 4 crore and it impacted collection in June when mop-up was around ₹93,000 crore. On the basis of this trend, expectation is collection will regain ₹1-lakh crore or more in July.

Help for compliance

Meanwhile, leading business management software provider Tally Solutions has unveiled new version of its product TallyPrime and claims it will help businesses to be more compliant but at a lower cost for e-way bill. Tally Solutions has said that its latest version of business management software TallyPrime will allow businesses to easily generate e-way bill instantly for the movement of goods.

It will eliminate the need to manage multiple systems and data across multiple systems and will ensure that the entire workflow – generation, cancellation, completion, delay, can be managed directly from the software.

Thereby, "enabling business to become more compliant and reduce the cost of compliance at the same time," it said.

It claimed that the software also provides comprehensive set of reports by tracking all the related activities in diverse scenarios that may arise during the lifecycle of an e-way bill.

"With seamless connected capabilities in this latest version of TallyPrime, we intend to simplify compliance and reduce the cost of compliance for small and medium businesses across the country so they can get back to work confidently," Tejas Goenka, Managing Director of Tally Solutions, said.

Source: thehindubusinessline.com – July 29, 2021

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India expected to see 7 per cent growth next fiscal: Chief Economic Adviser K V Subramanian

Chief Economic Adviser K V Subramanian on Wednesday said India is expected to hit a growth rate of 6.5-7 per cent in 2022-23 and accelerate further to 8 per cent in the subsequent years on the back of reforms undertaken by the government. He also said the government is expected to meet the fiscal deficit target of 6.8 per cent in the current fiscal despite pressure on revenue collections.

"Our projection is that from FY'23, we should be hitting a growth of 6.5-7 per cent... accelerating from there onwards hitting between 7.5 and 8 per cent as the impact of all these reforms is felt both on the investment rate, which will start touching 40 per cent, and the incremental capital output ratio, basically productivity, which will also improve," he said.

IMF has projected a growth rate 8.5 per cent for the next financial year, he said while addressing a virtual event organised by BASE University.

The International Monetary Fund (IMF) on Tuesday cut its economic growth forecast for India to 9.5 per cent for the fiscal year to March 31, 2022 as the onset of a severe second COVID wave cut into recovery momentum.

This forecast for 2021-22 is lower than the 12.5 per cent growth that IMF projected in April before the second wave.

For 2022-23, IMF expects economic growth of 8.5 per cent, higher than 6.9 per cent it had projected in April.

Subramanian said the supply-side reforms undertaken by the government in sectors such as agriculture, labour, export PLI scheme, change in MSME definition, creation of the bad bank and privatisation of public sector banks, among others, are going to push growth in the future.

Besides, he said, linking of reforms to additional funding by the Centre to States would encourage them to undertake reforms that will push growth.

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

The Survey had said growth will be supported by supply-side push from reforms and easing of regulations, push for infrastructural investments, boost to manufacturing sector through the Production-Linked Incentive (PLI) schemes, recovery of pent-up demand, increase in discretionary consumption subsequent to rollout of vaccines and pick up in credit given adequate liquidity and low interest rates.

Source: economictimes.com– July 28, 2021

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Despite a rise in area, cotton yield drops below 500 kg per hectare in India

Productivity is low as no new technology has been introduced since 2006, say, industry officials, scientists.

Over the last three years, the yield per hectare of Indian cotton has dropped below 500 kg per hectare despite a rise in the area under the fibre crop.

Data from the Committee on Cotton Production and Consumption (CCPC), a body comprising representatives from growers, traders, mills, exporters and government, show that while the area under cotton has topped 130 lakh hectares (lh) since 2019, the yield per hectare dropped below 500 kg, four times out of the last six years.

'Yet to feel the pinch'

Industry officials, traders and cotton research scientists say India is yet to feel the pinch of the low yield since the textile industry has not been running at capacity since March last year due to the Covid pandemic.

"The textiles industry consumes at least 320 lakh bales (170 kg each) currently. Last season (October 2019-September 2020), we exported 47 lakh bales and this season we will end up shipping 75 lakh bales. This was possible due to higher ending stocks but during normal times, this could lead to sharp rise in cotton prices which the domestic industry could find it tough," said M Ramasami, Chairman-cum-Managing Director, Rasi Seeds (P) Ltd.

According to the CCPC, cotton closing stocks, last season were 120.95 lakh bales, and for the current season, they have been estimated at 97.95. Industry and trader experts feel the closing stocks this season could be lower than CCPC's estimates. "India cotton yield is low since no new seed technology has been introduced since 2006.

When technology is not upgraded, yield stagnates. We are witnessing such a phenomenon now," said a multinational firm official, on the condition of anonymity as he is not authorised to speak to the media. "Countries such as Australia, Brazil and the US have gone five generations ahead of India in cotton seed technology," the official said.

Ranks 34 in yield

Data show that though India is the largest producer of cotton globally, it ranks 34th in terms of yield, below Vietnam, Pakistan, Ivory Coast, Ethiopia and Myanmar.

Australia tops the list, getting 2,0171 kg of cotton per hectare, followed by China (1,879 kg), Brazil (1,803 kg) and Turkey (1,645 kg), respectively. "We got the best out of the genetically-modified cotton during 2013-14, but after that yield has stagnated. New technology is not available to farmers, particularly in tackling weeds. Farmers have to spend more on labour to remove the weeds, and it is a reason for production being low in Maharashtra," said CD Mayee, renowned cotton scientist and President, South Asia Biotechnology Centre.

CCPC data show that Maharashtra has the highest area under cotton at 41.84 lh, but its yield is the lowest among all States below 350 kg. Only Gujarat has shown a rise in acreage over the last three years, but this is attributed to the cultivation of an unauthorised Bt (Bacillus thuringiensis) variety.

Technology licence

"Each one in the textile industry will stand to gain if cotton yield increases to at least 600 kg. Farmers will get higher returns, industry will get cotton at a competitive price and in turn, textile products will be competitive in the global market," said a textile industry official.

"In 2012, the licence to use Bt technology from Monsanto (now taken over by Bayer) expired. Subsequently, we have not got any new technology such as Bollgard III. No new seed technology has been approved since then and this has led to stagnation of yield," said K Selvaraju, Secretary-General, Southern India Mills Association (SIMA). "The Centre should implement the 2012 Keshav Kranthi report and come up with technology mission on cotton II," said the official of SIMA, the apex body of textile mills in South India.

Cotton scientist Keshav Kranthi, Chief Scientist, International Cotton Advisory Committee, had in 2012 submitted a report to the Centre as the director of Central Institute of Cotton Research, advocating the development of local technology to tackle droughts and weeds.

Pink bollworm menace

"The Bollgard II technology had a big impact, particularly in tackling the pink bollworm until 2015-16. After than the technology lost its potency and the pest developed resistance. Now, farmers have to resort to spraying pesticide to tackle the bollworm and, in a way, this has resulted in productivity dropping," said Ramasami.

A primary reason for new technology not being available for cotton, or any new crop, is that seed technology firms have withdrawn their applications for approval from the Genetical Engineering Appraisal Committee (GEAC). "Introduction of GM crops were affected by the moratorium ordered by the Supreme Court in 2009 on Bt brinjal. In addition, the Centre began to fix the prices for cottonseed, which led to the royalty multinational seed firms received for the technology they offered being cut sharply. Two years ago, the royalty was reduced to zero," said Ramasami.

This has resulted in two developments. One, the menace of pink bollworm has increased. Two, farmers have begun to use unapproved seed technologies, which could be harmful to them in the long run.

Maharashtra's case

"At least 20 lakh hectares in Maharashtra have been brought under the unauthorised HTBt (Herbicide tolerant Bt) cotton. This is fine for short-term but in the longer run, we need standard companies to produce the seeds to protect farmers from any harm such as adulterated or spurious seeds," said scientist Mayee.

"Illegal technology, especially to tackle weeds, is spreading. This is distributed through locals in villages and farmers, who are being misled and face risks. The organised seed industry is also affected as a result," said Ramasami.

According to the multinational firm official, farmers are not showing any interest in non-GM cotton since they have to spend more on spraying pesticides and insecticides. "There is no demand from farmers for non-GM cotton seed," he said.

"We pretty well know how costly engaging farm labour has become these days," said Ramasami.

Bt seeds make up over 95 per cent of the area under cotton India, which accounts for over 40 per cent of the total global area. Production, however, is only a little over 26 per cent of the total global output.

Ramasami said the Centre should encourage new technology, which will result in investment by multinational and domestic seed companies improving in research and development.

Source: thehindubusinessline.com– July 29, 2021

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Development of Small Scale Industries

The Government has announced various relief measures for several sectors under the Aatma Nirbhar Bharat Abhiyan and has taken a number of initiatives to support the MSME Sector in the country, especially in Covid-19 pandemic situation. Some of them are:

- Rs 20,000 crore Subordinate Debt for Micro Small & Medium Enterprises(MSMEs).
- Rs. 3 lakh crores Collateral free Automatic Loans for business, including MSMEs.
- Rs. 50,000 crore equity infusion through MSME Fund of Funds.
- New revised criteria for classification of MSMEs. Retail and wholesale trades are also included under MSMEs.
- New Registration of MSMEs through 'Udyam Registration' for Ease of Doing Business.
- No global tenders for procurement up to Rs. 200 crores.

The Ministry of MSME implements various schemes and programmes for growth and development of MSME Sector in the country, including in the State of Haryana. These schemes and programmes include Prime Minister's Employment Generation programme (PMEGP), Scheme of Fund for Regeneration of Traditional Industries (SFURTI), A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE), Interest Subvention Scheme for Incremental Credit to MSMEs, Credit Guarantee Scheme for Micro and Small Enterprises, Micro and Small Enterprises Cluster Development Programme (MSE-CDP), Credit Linked Capital Subsidy and Technology Upgradation Scheme (CLCS-TUS).

Studies have been conducted by National Small Industries Corporation and Khadi and Village Industries Commission to assess the impact of COVID-19 Pandemic on MSMEs, including units set up under PMEGP.

A Help-Desk & Facilitation Centre has been set up in Directorate General of Trade Remedies, which deals with the trade remedial measures, including anti-dumping measures. This Help Desk & Facilitation Centre is an institutional arrangement to facilitate optimal utilization of available trade remedial measures by different stakeholders.

Its functions inter-alia include:-

- Disseminate information to Domestic Industry (DI) regarding various Trade Remedies.
- Hand-hold DI, especially MSMEs, in filing trade remedial petitions.
- Guide MSMEs to remove 'data gaps' while filing applications.
- Guide the Indian exporters facing Trade Remedial Investigations in other countries.
- Provide information regarding available Non-Tariff Measures to Domestic Industry and advise them to avail the same with the support of concerned Administrative Ministry/ Department.
- Provide information regarding estimated time lines for completion of various procedures and for disposal of cases.

This information was given by Union Minister for Micro, Small and Medium Enterprises, Shri Narayan Rane in a written reply in Lok Sabha today.

Source: pib.gov.in– July 29, 2021

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Inland Vessels Bill 2021 passed in Lok Sabha

The Inland Vessels Bill 2021 was passed in Lok Sabha today. It was introduced in the House by Union Minister for Ports, Shipping and Waterways Shri SarbanandaSonowal last Thursday.

The Bill seeks to incorporate unified law for the country, instead of separate rules framed by the States. The registration certificate under the new law will be considered valid all over the country, and separate permissions from States shall not be required.

The Bill also provides for a central database for recording the details of the vessels and their crew on an electronic portal.

Shri Sonowal has said the Bill promotes cheaper and safer navigation, ensures protection of life & cargo and brings uniformity in application of laws related to inland waterways & navigation.

Source: pib.gov.in – July 29, 2021

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India's Trident commences commercial operations at expanded capacity

Trident Limited, the India-based largest manufacturer of terry towels and one of the largest integrated home textile manufacturers in the world, has commenced commercial operations at its expanded yarn segment. The capacity addition with investment of ₹338 crore shall further strengthen the position of the Ludhiana-based company in textile sector.

Trident has added additional 61,440 spindles and 480 rotors including other balancing equipment to its existing capacity of 5,27,808 spindles, 6,984 rotors and 160 air jet looms. Commercial operation of the expanded capacity began on July 27, 2021, Trident said in a filing with the Bombay Stock Exchange.

The company raised ₹253 crore through external borrowings and another ₹85 crore from internal accruals.

Source: fibre2fashion.com– July 29, 2021

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