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INTERNATIONAL NEWS

WTO Reports World Textiles and Apparel Trade in 2020

According to the World Trade Statistical Review 2021 report released by the World Trade Organization (WTO), the textiles and apparel trade patterns in 2020 include both continuities and new trends affected by the pandemic and companies' evolving production and sourcing strategies in response to the shifting business environment.

Pattern #1: COVID-19 significantly affected the world textile and apparel trade volumes, resulting in substantial growth of textile exports and a declined demand for apparel.

Driven by increased personal protective equipment (PPE) production, global textile exports grew by 16.1% in 2020, reaching $353bn. In comparison, affected by lockdown measures, worsened economy, and consumers' tighter budget for discretionary spending, global apparel export decreased by nearly 9% in 2020, totaling $448bn, the worst performance in decades. The apparel sector is not alone. The world merchandise trade in 2020 also suffered an unprecedented 8% drop from a year ago, with COVID-19 to blame.

Notably, as economic activities returned in the second half of 2020, the world clothing export quickly rebounded to around 95% of the pre-covid level by the end of 2020. That being said, the unexpected resurgence of COVID cases in summer 2021, especially the delta variant, caused new market uncertainties. Overall, the world textile and apparel trade recovery process from COVID-19 will differ from our experiences during the 2008 global financial crisis.

Pattern #2: COVID-19 did NOT shift the competitive landscape of the world textile exports; Meanwhile, textile exports from China and Vietnam gained new momentum during the pandemic.

China, the European Union (EU), and India remained the world's three largest textile exporters in 2020. Together, these top three accounted for 65.8% of the world's textile exports in 2020, similar to 66.9% before the pandemic (2018-2019).

Notably, China and Vietnam enjoyed a substantial increase in their textile exports in 2020, up 28.9% and 10.7% from a year ago, respectively. The complete textile and apparel supply chain and considerable production capability allow these two countries to switch clothing production to PPE manufacturing quickly. In particular, Vietnam exceeded South Korea and ranked the world's sixth-largest textile exporter in 2020 ($10 bn of exports), the first time in history.

The United States dropped one place and ranked the world's fifth-largest textile exporter in 2020 (was 4th from 2015 to 2019), accounting for 3.2% of the shares (was 4.4% in 2019). Production disruptions at the beginning of the pandemic and the shift toward PPE production for domestic consumption were the two primary contributing factors behind the decline in U.S. textile exports.

Due to the regional trade patterns, around 67% of U.S. textile exports went to the Western Hemisphere in 2020, including 46% for members of the U.S.-Mexico-Canada Trade Agreement (USMCA) and another 17.2% for members of the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR).

Pattern #3: Fashion companies' efforts to diversify apparel sourcing from China somehow slowed during the pandemic.

China, the European Union, Vietnam, and Bangladesh unshakably remained the world's four largest apparel exporters in 2020. Altogether, these top four accounted for 72.2% of the world market shares in 2020, higher than 71.4% in 2019.

Notably, while China steadily accounted for declining shares in the world's total apparel exports since 2015, its market shares rebounded to 31.6% in 2020 from 30.7% in 2019. We can observe a similar pattern in Canada (up from 36.2% to 41.2%) and the EU (31.2% to 31.3%), two of the world's leading apparel import markets.

Even in the U.S. market, where Chinese goods face adverse impacts of the tariff war, the market shares of "Made in China" only marginally decreased from 30.8% in 2019 to 29.8% in 2020, compared with a more significant drop before the pandemic (i.e., fell from 34.4% 2018 to 30.8% in 2019).

Several factors could explain the resilience of China's apparel exports: 1) fashion brands and retailers' particular sourcing criteria match China's competitiveness during the pandemic (e.g., flexibility, agility, and total landed sourcing cost). 2) China has one of the world's most complete textile and apparel supply chains, allowing garment factories to access textile raw material and accessories locally. 3) Compared with many other apparel exporting countries, China suffered a shorter COVID lockdown period and resumed apparel production earlier and more quickly. Most Chinese textile and apparel factories started to reopen in April 2020, and they resumed an overall 90%-95% operational capacity rate by July 2020.

Nonetheless, fashion companies are NOT reversing their long-term strategies to reduce "China exposure" for apparel sourcing. On the contrary, non-economic factors, particularly the concerns about forced labor in China's Xinjiang region, push most western fashion brands and retailers to develop apparel sourcing capacities beyond China. Meanwhile, no single country has yet and will likely become the "Next China" because of capacity limits. Instead, from 2015 to 2020, China's lost market shares in the world apparel exports (around 7.8 percentage points) were picked up jointly by its competitors in Asia, including ASEAN members (up 4.4 percentage points), Bangladesh (up 1.3 percentage points), and Pakistan (up 0.3 percentage point). Such a trend is most likely to continue in the post-COVID world.

Pattern #4: Developed economies led textile PPE imports during the pandemic, whereas the developing countries imported fewer textiles as their apparel exports dropped.

On the one hand, the value of textile imports by developed economies, including EU members, the United States, Japan, and Canada, surged by more than 30 percent in 2020, driven mainly by their demand for PPE. The result also reveals the significant contribution of international trade in supporting the supply and distribution of textile PPE globally. On the other hand, the developing countries engaged in apparel production and export drove the import demand for textile raw materials like yarns and fabrics. However, most of these developing countries' textile imports fell in 2020, corresponding to their decreased apparel exports during the pandemic.

Pattern #5: Despite COVID-19, the world apparel import market continues to diversify. The import demand increasingly comes from emerging economies with a booming middle class.

Affected by consumers' purchasing power (often measured by GDP per capita) and the size of the population, the European Union, the United States, and Japan remained the world's three largest apparel importers in 2020, a stable pattern that has lasted for decades. While these top three still absorbed 56.2% of the world's apparel imports in 2020, it was a new record low in the past ten years (was 58.1% in 2019 and 61.5% in 2018), and much lower than 84% back in 2005.

Behind the numbers, it is not the case that consumers in the EU, the United States, and Japan necessarily purchase less clothing over the years. Instead, several emerging economies have become fast-growing apparel-consuming markets with robust import demand.

For example, despite COVID-19, China's apparel imports totaled $9.5bn in 2020, up 6.5% from 2019. From 2010 to 2020, China's apparel imports enjoyed a nearly 15% annual growth, compared with only 0.56% of the traditional top three. Around 30% of China's apparel imports today are luxury items made in the EU.

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Source: shenglufashion.com– Aug 04, 2021

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Alibaba's Apparel, Accessories Sales Show Signs of Recovery

Alibaba's new fiscal year is off to a strong start as it bounces back from a volatile 2020.

Active consumers across the the Chinese e-tail titan's ecosystem reached 1.18 billion in Q1 of fiscal 2021, including 912 million in China—a 45-percent increase from the prior quarter ending in March.

During the quarter ending in June, the company saw "solid" growth in physical goods GMV, with particularly strong performance across categories like apparel and accessories, as well as home furnishing and electronics. The development represents an about-face from the previous quarter, when Alibaba saw negative online growth in fashion goods, homewares and auto parts, which ultimately offset the robust consumption of household goods and electronics that took place during the beginning of the year.

Alibaba delivered a 34-percent increase in revenue year over year, said chief financial officer Maggie Wu. The Chinese tech and retail giant plans to invest its excess profits and additional capital to support merchants and penetrate new markets. Alibaba will also continue to buy back shares, upping its repurchasing program from $10 billion to $15 billion, citing confidence in its long-term growth prospects.

In a nutshell: Alibaba credits a number of engaging user experiences with piquing shopper interest in new categories. Taobao Deals, an app launched in 2020 offering Chinese shoppers daily discounts on a multitude of products, has grown to see 190 million active consumers over the course of the past 12 months. Meanwhile, secondhand shopping has grown across the country thanks to Alibaba's Idle Fish platform, which carries a variety of recycled, refurbished and vintage products for sale or for rent. Monthly active users exceeded 100 million throughout the quarter, Alibaba said.

Alibaba closed out the quarter shortly after its 6.18 Mid-Year Shopping Festival, which saw participation from about 250,000 merchants and brands—more than double the number that joined in 2020. With roughly 1 million products for sale, participating vendors saw active consumer memberships grow to the tens of millions, giving them the opportunity to engage with shoppers by offering them exclusive offers and brand privileges.

The company has also upped its game when it comes to fulfillment, expanding services to include one-hour, half-day and next-day delivery. Alibaba's Community Marketplaces, which offer next-day pickup services for a variety of products in less developed, rural regions has helped expand the company's reach. That business continues to expand rapidly, with GMV growing by 200 percent over the quarter ending in June.

Revenue: Revenue reached $31.8 billion in the first quarter of fiscal 2021, representing a 34-percent increase from the same period a year prior. Income from operations totaled $4.7 billion, a decrease of 11 percent year over year.

Earnings: The company's adjusted EBITDA decreased 5 percent from the same period in 2020 to $7.5 billion, while adjusted EBITA fell 8 percent to $6.4 billion. According to Alibaba, the year-over-year decreases were due to investments in strategic areas like Community Marketplaces, Taobao Deals, local consumer services and merchant support, as well as the building out of marketplaces like Idle Fish.

Net income attributable to ordinary shareholders was $6.9 billion, and net income was $6.7 billion—an increase of 10 percent year over year.

CEO's take: "Alibaba started the new fiscal year by delivering a healthy quarter," chairman and CEO Daniel Zhang said. "Over more than twenty years of growth, we have developed a company that spans across both consumer and industrial Internet, with multiple engines driving our long-term growth. We believe in the growth of the Chinese economy and long-term value creation of Alibaba, and we will continue to strengthen our technology advantage in improving the consumer experience and helping our enterprise customers to accomplish successful digital transformations."

Source: sourcingjournal.com– Aug 04, 2021

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Increase in feedstock prices to fuel China's Spandex rates in August

Spandex prices may rise in the short term as feedstock prices continue to rise Currently, prices of spandex 20D-40D have increased 178 to 206 per cent to 50,000-69,000yuan/mt since late-August, 2020.

Current spandex prices have reached their highest levels since April 2008. Prices of spandex 40D have increased by 14,000yuan/mt with tight supply.

Spandex capacity will increase from commencement of operations at Huahai's 30kt/year new unit in August. Spandex production requires two major raw materials PTMEG (0.78) and MMDI (0.18).

The cost of these materials increased to 40,000yuan/mt,in April but slipped to 32,200yuan/mt thereafter. In July, the price of BDO, the feedstock of PTMEG, rose rapidly as players held optimistic view toward market outlook in the second half of year in expectation of massive demand for BDO from biodegradable plastics and PBT market.

Therefore, cash flow of PTMEG declined. In addition, downstream spandex plants witnessed high profits and increased capacity.

Under such circumstance, PTMEG plants are eager to follow the uptrend on BDO market.

Source: fashionatingworld.com– Aug 04, 2021

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America's Economic Recovery Might Be in Trouble, Payroll Data Suggests

Has America's economic recovery hit the skids?

Private payroll data from ADP suggests a slowdown could be underway. The July report shows activity stalling for the second straight month, though the economy is still creating jobs, albeit at a far lower rate compared to prior months.

According to ADP's July report, the private employment sector added just 330,000 jobs from June to July, substantially below the 680,000 that were added in June and representing the lowest jobs creation total since February, when 180,000 jobs joined non-farm payrolls. But the May report showed an increase of 882,000 new jobs that were created from the 622,000 new jobs added in April, marking the year's peak for jobs creation to this point. ADP's payroll data measures the change in total nonfarm private employment each month on a seasonally adjusted basis.

The Dow Jones Industrial Average dropped nearly 0.4 percent, or 126.47 points, to 34,989.93 near the start of Wednesday's trading session after the jobs news came out. On Friday, the U.S. Department of Labor is set to report its nonfarm payroll update, which investors monitor closely. While the ADP and Labor Department reports can have differing results, the two have been more tightly aligned this year.

"The labor market recovery continues to exhibit uneven progress, but progress nonetheless. July payroll data reports a marked slowdown from the second quarter pace in jobs growth," ADP chief economist Nela Richardson said. "For the fifth straight month the leisure and hospitality sector is the fastest growing industry, though gains have softened. The slowdown in the recovery has also impacted companies of all sizes. Bottlenecks in hiring continue to hold back stronger gains, particularly in light of new COVID-19 concerns tied to viral variants."

Should Covid-19 barriers ebb in the coming months, correspondingly stronger monthly gains should result, Richardson added, but there's little clarity on when a turnaround could take hold.

The highly contagious Delta variant—which now accounts for more than 93 percent of new U.S. coronavirus infections, the Centers for Disease Control

reported Wednesday—is keeping state and local governments on their toes. On Monday, New York City became the first U.S. city to institute a "vaccine passport" requiring proof of vaccinations before people can enter certain indoor spaces. Several other states and cities have reinstated mandatory face-mask requirements.

In New York, the new mandate doesn't yet affect retail, but could down the road.

In the meantime, don't expect the fashion and retail sector to be at the forefront of jobs creation. That's been left to the overall services sector where leisure and hospitality created 139,000 jobs in July, followed by education and health at 64,000 jobs and the professional and business sector at 54,000 jobs. The trade, transportation and utilities group added 36,000 jobs in July. For other services, just 16,000 jobs were created. Franchise jobs were up by 105,400 jobs from June. But in the goods-producing sector, only 12,000 jobs were created in total, with just 8,000 jobs created in the manufacturing front.

By company size, small businesses with 1 to 49 employees added 91,000 jobs, while medium businesses between 50 to 499 employees were the biggest contributors to the July payroll report, adding 132,000 jobs. Large businesses starting at 500 employees and up added 106,000 jobs in July.

Source: sourcingjournal.com– Aug 04, 2021

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US manufacturing activity grows in Jul; textile mills report fall: ISM

Economic activity in the US manufacturing sector grew in July, with the economy notching a 14th consecutive month of growth, the country's supply executives said in the latest Manufacturing ISM Report on Business. Seventeen of 18 US manufacturing industries reported growth in July. The only industry reporting a fall in July compared to June was textile mills.

The report was released recently by the Tempe, Arizona-based Institute for Supply Management's manufacturing business survey committee. The July manufacturing PMI registered 59.5 per cent, a decrease of 1.1 percentage points from the June reading of 60.6 per cent. This figure indicates expansion in the overall economy for the 14th month in a row after contraction in April 2020, an ISM press release said.

The new orders index was 64.9 per cent, decreasing by 1.1 percentage points from the June reading of 66 per cent. The production index registered 58.4 per cent, a decrease of 2.4 percentage points compared to the June reading of 60.8 per cent. The prices index was 85.7 per cent, down by 6.4 percentage points compared to the June figure of 92.1 per cent, which was the index's highest reading since July 1979 (93.1 per cent).

The backlog of orders index registered 65 per cent, 0.5 percentage point higher than the June reading of 64.5 per cent. The employment index registered 52.9 per cent, 3 percentage points higher compared to the June reading of 49.9 per cent.

The supplier deliveries index registered 72.5 per cent, down by 2.6 percentage points from the June figure of 75.1 per cent. The inventories index registered 48.9 per cent, 2.2 percentage points lower than the June reading of 51.1 per cent.

The new export orders index registered 55.7 per cent, a decrease of 0.5 percentage point compared to the June reading of 56.2 per cent. The imports index registered 53.7 per cent, a 7.3-percentage point decrease from the June reading of 61 per cent.

Source: fibre2fashion.com– Aug 05, 2021

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UK inflation to hit 3.9% in early 2022, 2% in 2023, predicts NIESR

UK consumer price inflation will reach 3.9 per cent early next year, almost double the Bank of England's (BoE) target, but is expected to come down to 2 per cent the year after if the BoE starts raising interest rates, the National Institute of Economic and Social Research (NIESR), a leading think tank, recently forecast.

NIESR also revised up its growth forecast for 2021 by 1.1 percentage points to 6.8 per cent, broadly in with the most recent forecasts from the BoE and the International Monetary Fund (IMF). After witnessing its biggest slump in over 300 years last year due to the novel coronavirus pandemic, the UK economy has been recovering rapidly this year.

A sharp hike in oil prices and bottlenecks in supply chains have, however, pushed up inflation in the country and most other Western economies, with NIESR's forecast suggesting British inflation is on course to hit its highest since late 2011.

"To prevent a possible dislodging of inflation expectations, the MPC should prepare the ground for normalising its monetary policy stance, and this involves clearly communicating how Bank Rate and asset purchases and will be adjusted in response to higher inflation," NIESR deputy director Hande Kucuk was quoted as saying by a global newswire.

The BoE's monetary policy committee should emphasise that policy tightening would be gradual, to avoid a sudden tightening of financing conditions that could derail recovery, she added.

Unemployment was likely to rise by 150,000 to 5.4 per cent of the workforce after the government's furlough programme stopped at the end of September, NIESR said.

The BoE's last full set of forecasts in May predicted inflation would peak at 2.5 per cent at the end of the year, but in June it revised this higher to see a peak of more than 3 per cent.

Source: fibre2fashion.com– Aug 05, 2021

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Vietnam: President hails garment sector for growth amid COVID-19 pandemic

President hails garment sector for growth amid COVID-19 pandemic

President Nguyen Xuan Phuc has commended the textile and garment sector for achieving growth and caring for its workers amid the COVID-19 pandemic.

During a meeting with outstanding representatives of the sector in Hanoi on August 3, President Phuc asked the sector and the Vietnam National Textile and Garment Group (Vinatex) to fulfill the dual goal of fighting the pandemic and ensuring production growth, as well as flexibly choose priority goals for each period.

He suggested the sector step up digital transformation and business, resupply products to reap better production and business results.

Leaders of the industry proposed accelerating vaccinations to prevent production chain disruption, ensure enough workforce and conditions to process large-scale orders later this year.

Vinatex reported that the world's garment market only expanded by about 2.3 percent in the first half of this year. In the first seven months of 2021, the group earned 23 billion USD from exports, up 21 percent year on year and 10 percent from 2019. Its profit also doubled from the same period last year.

All of its affiliate units still have enough orders for the third and fourth quarters to ensure profit. The sector is striving to post 18 percent growth this year.

Nearly 3 million workers are working for 13,000 garment and textile enterprises across the country

Source: en.vietnamplus.vn– Aug 03, 2021

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June retail turnover in Germany up by 4.2% over previous month

Retail sales in Germany rose much more than expected in June following an easing of COVID-19 restrictions, leading to expectations of a consumer-driven recovery in Europe's largest economy. The Federal Statistics Office said retail sales rose by 4.2 per cent in the month in real terms after an upwardly revised increase of 4.6 per cent in May.

Lifting of restrictions benefited department stores and specialist suppliers, with sales soaring 34 per cent in June, while a drop in online sales offered early evidence that consumer habits are rotating back to services and away from online shopping, a global newswire reported.

On the year, retail sales jumped by 6.2 per cent in real terms following an upwardly revised drop of 1.8 per cent in the previous month.

The German economy returned to growth in the second quarter but bounced back less strongly than expected from the impact of supply chain bottlenecks.

Together with rising coronavirus infections driven by the more contagious Delta variant, the supply issues have dampened the outlook for the economy.

The country’s central bank expects growth of 3.7 per cent for this year and 5.2 per cent next year.

The country’s manufacturing sector got a boost in July as witnessed in faster growth in new orders and employment, a recent survey showed, but supply shortages for semiconductors and other intermediate goods continued to hold back production.

Source: fibre2fashion.com– Aug 04, 2021

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90% of Vietnam's Garment Supply Chains 'Broken'

As Vietnam battles its worst coronavirus outbreak to date, more than one-third of its textile and garment sector is in limbo, the Southeast Asian nation's leading industry group said this week.

Surging Covid-19 rates have forced 30 percent to 35 percent of the country's apparel and footwear factories to suspend operations, Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association (VITAS), said at an online meeting on Monday. Up to 90 percent of the country's supply chains, he added, are "broken," intensifying sourcing headwinds that have led to shipment delays, bare shelves and higher prices. Companies from spider-silk producer Kraig Biocraft to shoemakers Puma and Wolverine have all lamented their challenges in Vietnam in recent weeks.

"I think that a number of these factories will even have to close for a long time, especially small and medium enterprises," Vu said.

Most of these businesses, he noted, are unable to afford the live-work accommodations that support the health ministry's "3 in one spot" guidelines, which require employees to work, eat and sleep in one location to curb the spread of infection.

Vaccination rates in Vietnam are also abysmally low, particularly in key production areas in the southwestern and southeastern provinces. According to data from the health ministry, Vietnam has fully vaccinated only 700,000 people—or less than 1 percent of the country's 98 million-strong population—since it rolled out its program in early March. The country has logged 174,000 cases and more than 2,070 deaths, most of them within the past month.

VITAS has repeatedly lobbied the Vietnamese government to get more shots in arms—and it's not the only one, either.

In a recent letter to Prime Minister Phạm Minh Chính, the American Apparel and Footwear Association, an industry group whose members include Adidas, Gap and Under Armour, urged authorities to "prioritize the distribution of vaccines to Vietnam's apparel, footwear and travel goods industries" and keep a "vital part of the Vietnam economy intact."

In the balance hangs the future of the country's garment industry, which just last year unseated Bangladesh as the world's second-largest exporter of

clothing after China. Though both countries saw profits tumble after spooked brands canceled or hit pause on orders, Vietnam benefited from sourcing shifting from China at the start of the outbreak, dispatching $29 billion worth of apparel, or 6.4 percent of the global market, in 2020.

The current outlook appears less rosy for Vietnam's 2.5 million garment workers, 80 percent of whom are women, according to the Better Work initiative. On Monday, China's Pou Chen Corporation announced that its Ho Chi Minh-based Pouyuen Vietnam factory, which supplies footwear to brands such as Adidas and Nike, would be prolonging its already extended lockdown from Aug. 1 to Aug. 9. The facility had originally been scheduled to close from July 14-23.

Pouyuen Vietnam is merely a microcosm of a wider industry. Without serious intervention, the losses from stilled production lines will only add up.

"In the last five months of the year, businesses could only start exporting again if the pandemic situation is completely under control," Vu said. "In the most optimistic scenario, we can only achieve about $32-33 billion."

In light of Vietnam's "consistent approach" to managing the pandemic, it's unlikely that garment factories will be permitted to operate even with stricter health and safety guidelines in place, as seen in Bangladesh, said Sofia Nazalya, Asia analyst at risk analysis firm Verisk Maplecroft.

But while ongoing lockdowns will have "clear operational impact for apparel companies," the situation is unlikely to be better in neighboring garment hubs such as Cambodia and Indonesia, "which are also experiencing similar spikes in cases, and equally slow, if not worse, vaccination rates," she told Sourcing Journal.

Source: sourcingjournal.com– Aug 04, 2021

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Bangladesh: Merchandise export falls by 11.19pc in July'21: EPB

The country's merchandise export fell by 11.19 per cent to US$3.47 billion in July'21 year on year, according to Export Promotion Bureau (EPB) data.

Bangladesh fetched US$3.91 billion in July'20.

The overall earnings also fell short of target by 6.85 per cent set for the month, according to EPB data released on Tuesday.

Out of the total $ 3.47 billion export income in July'21, the RMG sector fetched $2.88 billion recording a 11.02 per cent decline compared to the corresponding month of July'20.

The country earned $3.24 billion in July'20.

The sector's earnings also failed to achieve the set target by 4.17 per cent.

The country earned $ 1.65 billion from knitwear exports, registering a negative growth of 5.25 per cent. Bangladesh fetched $ 1.75 billion from knitwear exports in the corresponding month of July'20.

Earnings from export of woven garments were $ 1.22 billion in last month, down by 17.79 per cent.

The woven items earnings were $ 1.49 billion in July'20, according to EPB data.

Home textile exports also recorded 1.76 per cent negative growth to $ 92.36 million during the first month of the current fiscal year. .

Meanwhile, the jute sector that demonstrated positive growth throughout the last fiscal, recorded 41.29 per cent fall in July with earnings of $ 60.77 million down from $103.51 million.

Earnings from agricultural products that included vegetables, fruits and dry food also witnessed negative growth of 2.88 per cent. The sector earnings stood at $98.15 million in July'21.

Earnings from vegetables, however, grew by 137.69 per cent to $15.45 million during the month.

Earnings from pharmaceutical exports stood at $18.35 million, marking 7.88 per cent growth.

Bangladesh fetched $90.52 million from leather and leather goods exports in July last, registering a meager 0.64 per cent growth over that of July '20.

Exports of frozen and live fish fell by 13.43 per cent to $36.80 million in the first month of FY '22.

According to the data, plastic products witnessed 2.53 per cent growth to $10.13 million.

Source: thefinancialexpress.com.bd– Aug 03, 2021

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Bangladesh apparel exports falls in July: BGMEA

Bangladesh's RMG shipments dipped 16 per cent year-on-year in July due to the Eid vacations, weeks-long lockdown, and a severe container congestion in the Chittagong port. During the month, Bangladesh exported apparels worth $2.60 billion against $3.08 billion worth of apparels exported last July, reports Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Most of Bangladesh's RMG products were exported to the EU and the US as demand in these two regions increased after reopening of shops. June, July and August are peak months for Bangladesh apparel exporters as they export around 40 per cent of their total RMG products during this period, says Shahidullah Azim, Vice-President, BGMEA

However, Eid vacations, factory closures and container congestion at the Chittagong ports, disrupted exports this year, he adds. Azim predicts exports will revive as manufacturers get huge orders from buyers around this time. Faruque Hassan, President, BGMEA has urged buyers not to penalize suppliers for any reasonable delays caused by the lockdown.

Production levels in many factories have significantly reduced alongside maintaining the health protocol standards and the cost of operation has increased due to workers' transportation requirements and ensuring sanitization, he adds.

Source: fashionatingworld.com– Aug 04, 2021

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Pakistan: Intervention price for cotton fixed at Rs5000/40kg

The government has approved cotton intervention price of Rs5,000/40kg for cotton crop 2021-22 in bid to encourage farmers to revive the shrinking crop, country's top agriculture executive said on Wednesday.

"In the event the price drops from this level, the state-run TCP (Trading Corporation of Pakistan) will procure it from farmers in order to revive cotton output," said Minister for National food Security and Research Syed Fakhar Imam in a news briefing.

Imam said the government had approved this intervention price to encourage local farmers by ensuring profitability, protection from exploitation as to cultivate more cotton. For the last several years, cotton production is on the decline. Due to shortage, the country's textile sector had to import 5.04 million bales.

The federal cabinet in its latest meeting has approved this seed cotton (Phutti) price. "Ministry will constitute a 'Cotton Price Review Committee' which will monitor cotton price in the country."

Minister said under the intervention regime, the committee would direct the TCP to start procurement if price fell below Rs5,000 per 40 kg, adding that TCP would initially procure 200,000 bales of cotton and ensure farmers were directly benefiting from the procurement campaign. Federal minister said the procurement would be set as 90 percent of the import parity price (IPP).

Empirical evidence indicates that in Pakistan, cotton production increased during intervention years. Cotton area and yield has increased during TCP intervention period — 1998-2010 —and decreased during the period without intervention — 2011-2020.

Pakistan's cotton sowing season starts from mid-March to mid-July according to core and non-core areas. It must be noted that cotton picking starts from October to mid-January.

Imam said fixation of cotton intervention price was also aimed at bringing stability in local cotton sector, besides ensuring fair prices of the produce in

line with international prices to supply quality input, particularly seed and cotton pesticides.

He said the cotton revival plan of the current government was also envisaged to grading and standardisation of local cotton for promoting local spinning and ginning and harmonising them with the international market for enhancing local exports of garments. "The government has also initiated collaboration with China and Korea for technology transfer and research development in the seed sector," he said.

Cotton is the mainstay of Pakistani economy and the lifeline of the textile sector. It earns valuable foreign exchange through its exports. Over the last several years, cotton production is declining.

The sector has over 400 textile mills, 1000 ginneries and 300 oil expellers. The textile industry provides livelihood to millions of farmers, labourers and those employed alone the entire cotton value chain. In 1980, China's textiles exports were $14 billion, India $12 billion, Pakistan one billion, Bangladesh and Turkey $0.5 billion each.

Now China is the world's biggest textile exporter and market. Its exports of textile and garments have crossed $300 billion. India is the second largest exporter with $36 billion of textiles and apparels exports. Bangladesh has crossed the $32 billion mark while Turkey touched $29 billion.

Pakistan's exports are almost static for the last several years and in fiscal year 2020/21, its exports stood at $14.4 billion.

Source: thenews.com.pk– Aug 05, 2021

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NATIONAL NEWS

PLI scheme for Atmanirbhar Bharat: An elusive Philosopher's Stone!

The process of converting baser metals into gold was attempted by alchemists centuries ago. The via media for this process was to invent the elusive Philosopher's Stone. Government of India has attempted exactly that for Atmanirbhar manufacturing. In April 2020, it announced Production Linked Incentive (PLI) scheme for manufacturing mobiles and electronic components. Soon, the scheme was extended to medical equipment followed by ten other sectors — from automobiles to air-conditioners, graphics tablets to telecom equipment, and food processing industry.

These announcements went unnoticed, for media coverage was focused on the 'farmer' agitation. The total incentive expected to be disbursed on PLI scheme would be more than ₹ 2 lakh crore in five years. Such incentive is expected to increase India's competitiveness. But will this work?

Cumbersome administrative process

A project management agency (PMA) is established in each ministry to implement the PLI scheme. The PMA, in turn, will recommend to an empowered committee (EC) to give subsidy to the identified firms. The EC consists of the secretaries from various government departments and the CEO of NITI Aayog.

A subsidy of 4 per cent to 6 per cent will be given each year on the incremental sales of a firm compared to the base year sales of 2019-20. Moreover, a technical committee (TC) may also be constituted to give recommendations on technical matters. Finally, the disbursements cannot be rolled out unless the Union Cabinet approves the same.

The approvals process has many conditions. Firms from different industries have different minimum incremental sales requirements and minimum incremental and cumulative investment requirements. R&D investments are considered as incremental investments but a firm needs to get a certificate from a statutory auditor identifying cost of intellectual property rights (IPRs).

Incremental investments are expected to be greenfield. However, if new investments are made in the brownfield facility, separate records are to be maintained for the same. Spending on land and buildings does not qualify as incremental investment. From among the eligible firms, a few will get selected for subsidy.

For example, only the top 5 firms each, in terms of their global sales, will qualify from large-size mobile phone firms and domestic mobile phone firms. There is also a cap on total disbursements in each sub-scheme. Application fees are very steep and if excess disbursements are made, recovery is to be made with interest.

However, there are no penalties to the government for delays in processing and/or insufficient disbursements. Clearly, the teeth-to-tail ratio of this administrative process is ominously large.

The taste of the pudding is in the eating. Already, many firms, including Foxconn, have approached the government to delay the starting of the first-year conditionalities on additional sales and investments. Firms have claimed that there have been inordinate delays in land acquisition. They are also claiming paucity of trained manpower and that demand for their products is not likely to pick up. And, while these issues are being raised, new industries are canvassing with the government to extend the PLI Scheme to them. Where will this stop?

Licence Raj

A scheme costing more than ₹2 trillion would need all the efficiency the government can muster. In competitive markets, only efficient firms remain in the market. Politicians too compete and the fear of losing election makes them attempt positive changes. However, government agencies are monopolies. Civil servants are talented but they neither face competition nor do they have knowledge of technology and the markets. They may not appreciate nuances of incremental investments, incremental sales, and blends of greenfields and brownfields.

Businesses set up to take advantage of the government licences are prone to suspect accounting practices and shoddy equipment procurement. For schemes like PLI, administrative structures get burdened and management gets passed from efficient to uninterested bureaucracy. Unintended consequences follow — plant raids, litigation, and corruption. Competitiveness cannot be increased by such Licence Raj.

The competitiveness of a nation depends upon the enabling government policies which lower cost for standardised commodities and fetch premium prices for innovative products. For starters, there is a scope for harmonisation of the Goods and Services Tax (GST). A blanket 10 per cent GST rate will be efficient for tax administration and it will also lower costs across industries.

Competitiveness through reforms

India's electricity is one of the costliest. Distribution companies (discoms) all across India should be privatised first, fuel-for-electricity market next, followed by electricity generation firms. Importantly, electricity subsidy should be replaced with direct benefit transfers (DBTs) into the Jan Dhan accounts of eligible farmers. These reforms would lower electricity cost all industries.

Due to significant contribution of non-tradables, rupee exchange rate does not change in tandem with the ratio of domestic and foreign inflation. Hence, rupee has remained overvalued for a few years now. This erodes the competitiveness of Indian products. Through managed float, government could facilitate depreciation of rupee by about 10 per cent. This policy, particularly in the current times of recession, would be consistent with the expansionary monetary policy which would help bring cost of capital down.

While firms can be exempted from long-term capital-gains tax when funds are directed to R&D activities, government may also facilitate procurement of high-technology equipment for defence and space industry from domestic players. Moreover, government may focus on research through competitive grants to universities rather than financing stand-alone research institutions which do not have the cheap source of R&D – Ph D students. Skilling of labour force through private ITI-like training institutions will also improve shop-floor productivity. Furthermore, foreign direct investment (FDI) may be directed towards global value chains (GVCs).

For Atmanirbhar Bharat, one needs generic policies that will enhance overall competitiveness. PLI scheme looks like the elusive philosopher's stone which an alchemist tries to seek. One needs to adopt modern chemistry.

Source: thehindubusinessline.com– Aug 02, 2021

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Container crisis, spiralling freight rates to hit exports

At a time when export prospects are looking up with recovery in global trade, Container shortage and spiralling container freight rates continue to haunt exporters. This twin blow is feared to hit exports.

Container freight rates had doubled and trebled in May depending upon the destination of consignments. The situation has worsened as freight charges continue to move upwards unabatedly, said exporters.

"Freight rates are surging continuously. The charges for containers are increasing between $500 (Rs 37,000 approx) to $800 (Rs 59,000 approx) every fortnight," said Ashwin Nayak, founder chairman, Federation of Indian Spice Stakeholders (FISS).

For instance, a 40-foot long container for a shipment to New York will currently cost around $8,500 (Rs 6.32 lakh approx) which hovered around $7,000 (Rs 5.21 lakh approx) a month ago. The same rate was $2,500 (Rs 1.86 lakh approx) in pre-pandemic level. Some other destinations in the US and Canada have seen container charges reaching about $12,000 (Rs 8.92 lakh approx).

For exports to Europe, rates have firmed up to $5,500 (Rs 4 lakh approx) currently from $4,000 (Rs 2.97 lakh approx) last month. The freight ranged from $1,000 (Rs 74,365 approx) to $1,200 (Rs 89,240 approx) before the outbreak of the pandemic, said exporters.

Freight charges have spiralled for most export destinations, including Europe, Canada, Middle East.

"Rates for LCL (less-than-container-loan) shipment, where small quantity cargoes are grouped together in one container, have surged 3-4 times," said Bhupendra Patel, chairman (Gujarat) of Basic Chemicals, Cosmetics & Dyes Export Promotion Council (Chemexcil).

Container shortage has further added to the woes of exporters as finding empty containers is also a daunting task, said exporters, alleging that hoarding of containers by China created a shortage and fuelled rates.

"Freights have surged substantially. Exporters are not getting containers in time due to shortage. If you manage a container, then availability of vessel is also an issue. Hence, exporters have turned cautious because export cost has also gone up," added Nayak.

Smaller players have reduced export work and exporters now prefer to book free on board (FOB) orders and try to avoid C&F (cost and freight) orders, said an exporter.

"Container shortage and high freight have led to delays in shipments, blockage of funds and higher cost of exports," said Dilip Padhya, chairman (regional council) of Gujarat Chamber of Commerce and Industry.

"We are also losing export business as no containers are available for destinations such as Australia and Latin American countries even if exporters are ready to cough up exorbitant container freight rates," he added. According to KG Kundariya, former president of Morbi Ceramic Association, high freight rates and container shortage have dented ceramic tile exports from Morbi by about 10%. Buyers are ordering consignment that are inevitable and tend to postpone consignments that can be avoided currently.

Source: economictimes.com– Aug 04, 2021

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India to maintain top rank in world cotton production till 2030

However, land constraints, water shortage, climate change, pest and disease attack coupled with stagnant yields will pose challenges, says OECD-FAO report

In the decade ahead till 2030, India (25 per cent), China (22 per cent), USA (15 per cent) and Brazil (10 per cent) in that order will continue to dominate the global cotton production which is expected to reach 28.4 million tonnes (mt), while five Asian countries — China, India, Pakistan, Bangladesh and Vietnam — will account for 75 per cent of the total mill consumption (28.3 mt) during the period, the latest OECD-FAO report on Agriculture Outlook 2021-2030 has forecast.

World cotton export is expected to expand by a quarter to surpass the 11 mt mark by the end of this decade, by which time sub-Saharan Africa with a share of 15 per cent is set to occupy the third position after USA and Brazil, edging India down to the fourth position. Bangladesh, Vietnam, China, Turkey and Indonesia will continue to be major importers of the fibre.

India will continue to be the world's largest cotton producer with the increase in production resting mostly on relatively higher yields, while area expansion is expected to be limited in line with recent trends.

By 2030, India's cotton production is projected to expand to 7.2 mt (approximately 43 million bales of 170 kg each) compared with current output of 6 mt equivalent to roughly 36 million bales. India will contribute to as much as 40 per cent global increase in cotton production during the outlook period.

Key challenges

However, production will continue to face challenges including land constraints, water shortage, climate change and crop's susceptibility to pest and disease attacks. No wonder, raw cotton productivity has remained stagnant in recent years and yields are among the lowest. The OECD-FAO Outlook assumes a growth in yield that reflects increased use of smart mechanisation, varietal development, and pest management practices.

In India, pink bollworm appears to have become resistant to Bt cotton (a genetically modified variety of cotton seed), resulting in significant crop losses. Better genetics and adoption of better agronomic practices for sustainable cotton production could bring improvement over the coming decade, but yield growth could remain a challenge, the report has noted.

Growing demand from the domestic apparel industry continues to spur investments in the sector. Support to the sector in India is expected to result in continuous growth in cotton mill use.

The industry, however, faces several challenges, including technological obsolescence, high input costs, and poor access to credit. To address these issues, the government has implemented several subsidy schemes and is currently developing a new textile policy for the overall development of the sector, the report has added.

Competition from synthetics

As a natural fibre, a big challenge to cotton could be from synthetic fibres such as polyester. As a critical raw material, cotton will have to price itself in as a competitive product for mill consumption. That can happen with infusion of technological intervention for improved efficiency along the value chain starting from higher productivity through processing efficiency.

Indian policymakers must take cognisance of the challenges and work towards ensuring higher production through improved yields and generating genuine export surplus to feed the world market. Sustainability principles have to be advanced.

Source: thehindubusinessline.com– Aug 03, 2021

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Various measures taken by Government for promotion of exports

Government is committed for promoting Indian exports in international markets and suitable interventions are done from time to time. The key schemes/interventions taken are:

1. The Foreign Trade Policy has been extended upto 30.09.2021 to provide a stable regime during the Covid-19 pandemic.
2. Schemes such as the Advance Authorization Scheme and the Export Promotion Capital Goods (EPCG) Scheme are being implemented to enable duty free import of raw materials and capital goods for export production.
3. The Interest Equalization Scheme, which provides pre and post shipment Rupee export credit has been extended upto 30.09.2021.
4. Remission of Duties and Taxes on Exported Products (RoDTEP) scheme has been operationalized for exports with effect from 01.01.2021.
5. It has been decided to extend the Rebate of State and Central Levies and Taxes (RoSCTL) Scheme for apparel and made-up exports till March 2024.
6. Transport and Marketing Assistance (TMA) scheme for specified agriculture products provides assistance for the international component of freight and marketing of agricultural produce and to promote brand recognition for Indian agricultural products in the specified overseas markets.
7. A common digital platform for Certificate of Origin (CoO) has been launched to increase Free Trade Agreement (FTA) utilization by exporters.
8. In order to leverage the full export potential of our vast country, Districts are being promoted as Exports Hubs by identifying products and services with export potential in each district, addressing bottlenecks for exporting these products/services and supporting such local exporters/manufactures through institutional and strategic interventions. District specific export action plans for 478 districts have been prepared.
9. Exports of services is being supported through negotiating meaningful market access through multilateral, regional and bilateral trade agreements, through participation in and organization of international fairs/exhibitions like the Global Exhibition on Services. An 'Action Plan for Champion Sectors in Services' is being developed

to give focused attention to identified Champion Services Sectors through identified nodal Ministries/Departments

10. Assistance is being extended to exporters under the Market Access Initiative (MAI) scheme for various activities such as export market research & product development, product registration, organizing / participating in fairs, exhibitions and Buyer Seller Meets (BSMs) abroad, Reverse Buyer Seller Meets etc.
11. In order to have a coordinated and focused attention on development of export infrastructure, a working group on infrastructure up-gradation has been constituted under National Committee on Trade Facilitation (NCTF) and a National Trade Facilitation Action Plan (NTFAP) has been formulated. This includes measures for improving road and rail connectivity to ports and smart gates at sea ports.

Government is continuously engaged in strengthening Indian industry through "ease of doing business" for improving the business environment and attracting foreign investments.

To make domestic manufacturing globally competitive and to create global champions in manufacturing,Production Linked Incentive (PLI) Schemes in 13 sectors are being implemented. The Government has initiated a review of some of the existing Free Trade Agreements (FTAs) to maximize its export potential to benefit domestic industry as well as to make them more user friendly, simple and trade facilitative. In addition, bilateral trade negotiations have been initiated with a number ofcountries.
This information was given by the Minister of State in the Ministry of Commerce and Industry, Smt. Anupriya Patel, in a written reply in the Lok Sabha today.

Source: pib.gov.in– Aug 04, 2021

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India and EU have agreed to resume the negotiations for a balanced, ambitious, comprehensive and mutually beneficial trade agreement

India and EU have agreed to resume the negotiations for a balanced, ambitious, comprehensive and mutually beneficial trade agreement. Free Trade Agreement (FTA) negotiations, including those on specific issues, are to be held considering the interest of either side. The commodities included / excluded in the FTA negotiations are to be finalized based on extensive consultations with the stakeholders, once negotiations resume.

Review of the existing FTAs is an ongoing process to maximize country's export potential to benefit the domestic industry, and to make the FTAs more user friendly, simple and trade facilitative.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Smt. Anupriya Patel, in a written reply in the Lok Sabha today.

Source: pib.gov.in– Aug 04, 2021

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India registered its highest ever annual FDI Inflow of US $81.72 billion during the last financial year 2020-21

Make in India is an initiative which was launched on 25thSeptember, 2014 to facilitate investment, foster innovation, build best in class infrastructure, and make India a hub for manufacturing, design, and innovation. Development of a robust manufacturing sector continues to be a key priority of the Indian Government. It was one of the first 'Vocal for Local' initiatives that exposed India's manufacturing domain to the world. The sector has the potential to not only take economic growth to a higher trajectory but also to provide employment to a large pool of our young labour force.

Make in India initiative has made significant achievements and presently focuses on 27 sectors under Make in India 2.0. Department for Promotion of Industry and Internal Trade is coordinating action plans for manufacturing sector, while Department of Commerce is coordinating service sector.

Activities under Make in India initiative are being undertaken by several Central and State Government departments from time to time. Programme specific data of such activities and details of foreign companies are not centrally maintained.

India has registered its highest ever annual FDI Inflow of US $81.72 billion (provisional figure) during the last financial year 2020-21 as compared to US $ 45.15 billion in 2014-2015. In the last seven financial years (2014-20), India has received FDI inflow worth US$ 440.01 billion which is 58 percent of the FDI reported in the last 21 years (US$ 763.58 billion). Year wise FDI inflow since 2014 is given in below table: **Table: Year wise FDI inflow since 2014-15**

Sl. No.	Year	FDI (in US$ billion)
1	2014-15	45.15
2	2015-16	55.56
3	2016-17	60.22
4	2017-18	60.97
5	2018-19	62.00
6	2019-20 (P)	74.39
7	2020-21 (P)	81.72

Source: pib.gov.in– Aug 04, 2021

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CBIC launches Compliance Information Portal (CIP)

The Central Board for Indirect Taxes & Customs (CBIC) here today launched the Indian Customs Compliance Information Portal (CIP) at www.cip.icegate.gov.in/CIP for providing free access to information on all Customs procedures and regulatory compliance for nearly 12,000 Customs Tariff Items.

CIP is yet another facilitation tool developed by CBIC to empower our business as well as any interested person with up-to-date information on the legal and procedural requirements of Customs and Partner Government Agencies (FSSAI, AQIS, PQIS, Drug Controller etc.) for carrying out imports and exports. The portal would provide at the click of a button complete knowledge of all import and export related requirements for all items covered under the Customs Tariff thereby improving the ease of doing cross border trade.

For using CIP, one can simply enter either the Customs Tariff Heading (CTH) or the description of the goods in question to get information to step-by-step procedures, regulatory compliances requirements like License, Certificates, etc., for imports as well as exports. This includes import and export through posts and courier, import of samples, reimport and reexport of goods, self-sealing facility for exporters and project imports.

Another important feature of CIP is a pan India map showing all the Customs seaports, airports, land customs stations etc. It also contains addresses of the regulatory agencies and their websites.

Source: pib.gov.in– Aug 04, 2021

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Handloom sector is a symbol of our country's rich and varied cultural heritage, Says MoS Textiles Smt. Darshana Jardosh

Minster of State for Textiles and Railways Smt. Darshana Jardosh, Minister of State for Commerce Smt. Anupriya Patel, Minister of State for External Affairs and Culture Smt. Meenakshi Lekhi accompanied by esteemed women members of parliament visited 'My Handloom My Pride Expo' at Dilli Haat today. They interacted with weavers & artisans and bought the exquisite handloom products . Smt Darshana Jardosh had invited all the women Members of Parliament to visit the handloom Expo at Dilli Haat and see the rich handloom heritage in order to encourage the weavers and promote the industry.

In the 75th year of independence, Prime Minister Shri Narendra Modi has urged all of us as a nation to buy Indian Handloom products and showcase their grandeur by associating with #MyHandloomMyPride. On the clarion call of the Prime Minister, National level – "My Handloom My Pride Expo" is being organized at Dilli Haat, INA, New Delhi from 1st August to 15th August 2021 by National Handloom Development Corporation (NHDC) to celebrate the 7th National Handloom Day.

Speaking on the occasion, Smt. Darshana Jardosh said that Handloom sector is a symbol of our country's rich and varied cultural heritage and 'My Handloom My Pride Expo' will give a big boost to our weavers and artisans in this pandemic period. The minister stated that handloom sector directly addresses women's empowerment with over 70% of all weavers and allied workers being female. She further mentioned that Government is taking several measures to ensure sustainable development of the handloom sector thereby empowering our handloom loom sector thereby empowering our handloom weavers and workers financially and instilling pride in their exquisite craftsmanship.

Smt. Anupriya Patel said that handloom is our pride and called upon the youth of the country to make handloom their style quotient. She said that Textiles sector is the second largest generator of employment after agriculture and such expos will go a long way in supporting and empowering the weavers, strengthening the handloom industry and promoting exports. Smt. Meenakshi Lekhi said that handloom is a very rich sector and the purpose of their visit to Expo is to encourage the weavers & artisans and instil confidence in them to grow further.

The Expo will provide direct access to the Handloom weavers of various areas of India, to market their genuine Handloom products to consumers. Through the EXPO, handloom agencies not only market their products at reasonable rates but also get to know customers' choice with regard to colour, design and weaving for future improvement of the product.

125 plus Handloom agencies/ National awardees belonging to 22 states are participating. The exhibition will be open to public from 11 am to 8 pm for fifteen days upto August 15, 2021 and more than 10000 people are expected to visit the exhibition.

Click here for more details

Source: pib.gov.in– Aug 04, 2021

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Give reasons for delay in projects under Sagarmala programme: Panel

Committee asks Ministry to formulate a new tax regime for shipping sector The Parliamentary Standing Committee on Transport, Tourism and Culture has asked the Ministry of Ports, Shipping and Waterways to provide reasons for the delay in the completion of 632 projects under the Sagarmala programme.

The report of the panel on "Promotion of Infrastructure in India's Maritime Sector", tabled in both the Houses on Wednesday, said only 172 projects out of the 802 sanctioned projects under the Sagarmala Programme have been completed and the remaining 632 projects are under the implementation stage, which is far from being satisfactory.

The panel said the shipping industry in India is subjected to multiple taxes as compared to leading maritime nations due to which shipping companies are not attracted to invest in India. It asked the Ministry to formulate a new tax regime in line with other tax regimes of leading maritime nations.

'Expedite projects'

The panel asked the Ministry to expedite the projects. "The Committee, therefore, desires to know whether the projects under implementation have witnessed any time overrun and cost escalation as compared to the original cost and timeline of the projects. The Ministry should also mention the precise reasons for delay, if any, port-wise and steps being taken to address such delays," the report said.

It also found that only a small fraction of funds has been utilised so far from the allocation and said it speaks of very poor planning and fiscal indiscipline. "The Committee would, therefore, like to be apprised of the measures taken for effective and efficient utilisation of sanctioned funds," the report added.

Dedicated mechanism

It recommended a dedicated mechanism for effective coordination and monitoring of PPP projects for developing of private ports in the country. "Further, ways should be chalked out to link private ports with the major and minor ports of the country in order to cater to the growing requirement

for import/export of manufactured goods/ raw materials, immediately after the phase of Covid-19 pandemic is over," the report said.

The Committee expressed dismay to note that out of 98 road connectivity projects to ports, only 13 projects have been completed. "Similarly, out of 91 rail connectivity projects, only 28 projects have been completed so far. This speaks of poor coordination between the Ministry of Ports, Shipping and Waterways and the implementing agencies.

The Ministry is extending timelines for execution of these projects instead of emphasising upon their timely and speedy completion," the report said and recommended a dedicated monitoring mechanism to ensure completion within the approved cost and designated timeline.

Source: thehindubusinessline.com– Aug 04, 2021

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India wants to expand its share in global trade, but its exports basket is outdated

In the last couple of months, India's exports have seen encouraging signs. In July, it jumped 47.9% year-on-year to $35.17 billion this year. Spurred by these numbers, the government has set a merchandise export target of $400 billion for 2021-22.

However, the headline numbers don't tell the entire story. A study by the Federation of Indian Export Organisations (FIEO), based on UN Comtrade data for 2016-2020, showed that while global imports grew at a CAGR of 3% during the period, India's exports grew by only 2%. Of course, the lockdown due to the coronavirus hit exports significantly for a few months in 2020.

But there are several other factors that have stopped India's exports from growing into a considerable share of global trade, provided there is a concerted policy push. It includes India's unchanged export portfolio, which needs to be upgraded and adapted to changing global needs. Unless this is done, the country's goal of reaching $400 billion exports in 2021-22 could remain a pipe dream.

Market Shifts

If the country has to increase its exports in line with the Prime Minister's Aatmanirbhar Bharat, a recent report by the Confederation of Indian Industry (CII) stated that India must aim to achieve 5% share in world merchandise exports and 7% in services exports by 2025. Now, the country's merchandise exports contribute 1.67% to global merchandise exports and in services, it enjoys a 3.54% share.

Global trade's ups and downs have a lot of impact on India's exports, says Ajay Sahai, Director General of FIEO. "But that does not mean that when global trade slows, we should also slow down. Today, exports of electronics, machinery, electrical equipment and automobiles dominate global trade.

Technology-based products are driving global trade, which was worth around $19 trillion in 2019. About $6.4 trillion out of this was for these sectors only. But India's share in these is not even 1%," he says.

Since 2015, labour-intensive sectors have majorly driven India's exports. However, the shift in global trade to technology-based sectors has eroded the market share of these segments. "Yes, the labour-intensive sectors are really important to us. But a quantum jump in exports is only possible if we look at technology-driven sectors," says Sahai. After all, electronics contribute roughly 60-70% of global imports, he adds.

Even in the labour-intensive sectors, India has lost the market to smaller neighbours, says Dharmakriti Joshi, Chief Economist at CRISIL Limited. "Exports of low-end, but labour-intensive manufacturing items such as garments, leather products and footwear started moving out of China when the labour costs went up there. These were captured by Vietnam and Bangladesh." India's lack of competitiveness — stemming from lower scale of operations, labour policies and logistics costs — are barriers to trade," Joshi says. "Although India has an advantage in raw material availability, it loses out on production competitiveness."

For perspective, despite Covid pangs, China's share of global trade in 2020 increased to 14.7%, according to the UNCTAD. While China tops this list, India occupies slot 21, a notch after Vietnam.

Electrifying Exports

The electrical and electronics segment has a huge potential to drive India's export economy, the FIEO study stated. While global imports in the segment grew at a CAGR of 4% during 2016-2020, it said, India's exports had a CAGR of 16%. "However, India's share in global electronics exports was just a little over 0.5%. The growth is on a very low base," Sahai says.

Just before the Covid second wave hit the country, India's exports of electronic goods reached an all-time high of Rs 9,812 crore in March, according to the commerce ministry. However, FY20-21 saw a 1.17% decline in exports from the previous period.

"We are doing very well by exporting mobile phones and we are competing with Chinese companies in many other countries. There is a lot of potential here. But we need to ramp up manufacturing and build domestic capabilities. We have to align our production base with local and global demand," the FIEO chief says.

George Paul, CEO, Manufacturers Association of Information Technology (MAIT), credits the increase in electronics exports to the exponential growth in demand for tech products as people started working online. “A shift in electronic manufacturing is happening. Globally, companies are looking at the China-plus-one (a business strategy to avoid investing only in China and diversify business into other countries) approach to not be overly dependent on one economy,” he says, adding that India should seize this opportunity.

“The government has now come out with various schemes, including PLI (production-linked incentive) schemes for mobiles, IT hardware and telecom. India needs to properly implement the road map it has made for itself to become the most competent destination for electronic manufacturing.”

Sectors of Interest

The other sectors that have done exceedingly well in recent months can also push up exports. The FIEO study has named these: mechanical machinery and parts, agriculture commodities and medical and surgical equipment.

Mechanical machinery and parts had a CAGR of 3% in global imports during 2016-20. India’s exports here grew at a CAGR of 8% in the period, though the exports were less than 1% of the global share. In 2020, when the global market size of mechanical machinery parts stood at $2,142 billion, India’s was $18 billion.

Some agricultural commodities have also shown promising figures. According to the study, while global imports grew at a CAGR of 1% during 2016-20 for tea, coffee and spices, India’s grew at 4%. Global imports in preparation of fish and meat products grew at a CAGR of 4%, while India’s grew at 17%.

The country should play to its strengths to ensure growth. Mahesh Jaising, Partner, Deloitte India, says it is important to look at the ecosystem of the country and that of the competitors. “The sectors where India has the maximum potential to increase exports are apparel, chemicals, auto components and electronics.”

Arvind Sharma, Partner, Shardul Amarchand Mangaldas & Co, says we should bet big on the IT and ITeS segment, “We have strongly established ourselves in these services. The top IT companies have Indian CEOs and

leaders. We have to capitalise on that." Another potential growth segment is minerals, he says, as "we have a lot of natural resources, particularly coal."

Pharmaceutical exports can also become a value-added segment, says Sahai. The FIEO study pointed out that while global imports in the medical & surgical equipment sector grew at a CAGR of 3% during 2016-20, India's exports jumped 5% in the period.

Domestic Approach

We require a change in certain domestic factors for the exports basket to widen and grow. Sahai suggests India invite large companies to set up base here, and involve small and medium businesses in the manufacturing process. The Production Linked Incentive (PLI) Scheme has a clause to involve local players as suppliers.

"We also need to provide plug-and-play specialties for manufacturing. Many countries, such as Kenya and Ethiopia, are attracting investors by creating such facilities. They are also training the workforce for capital manufacturing. Large manufacturers are now expanding in Ethiopia because they can start production within a week of landing," he says.

While India's lucrative domestic market attracts investors, the FIEO official says the longer time taken to reach the production stage deters them. Scaling up the skill sets of the workforce is also important to attract MNCs, says Sharma of Shardul Amarchand Mangaldas & Co. "The global services market is already looking at India because of the low production costs."

India needs to increase its focus on sectors like electronics manufacturing. But the shortcomings in many other areas related to logistics and financing have to be dealt with, says MAIT's Paul. "There is a crying need for India to have a global transit hub." Easing regulations for faster clearance of goods is an obvious solution, he says, adding that the situation is better now than 25 years ago. "We have to become world class. Countries are measured in terms of how much time it takes to get your material into your plant. You should benchmark yourself against the best in the world."

Paul recommends that the government work on uplifting SMEs in terms of finance as these ancillary units feed the bigger companies. "We have to go beyond the PLI scheme. We should do more for electronics. One advantage of electronics is that shifting of a manufacturing base is quicker when compared with sectors such as chemicals."

Efforts Underway

The government has identified potential sectors that can give the country a competitive edge. In March 2020, Finance Minister Nirmala Sitharaman announced the PLI Scheme for 13 sectors. It provides incentives to companies to enable domestic manufacturing, thereby reducing the import bill and improving cost competitiveness of local goods.

Infrastructure development, which includes warehouse and storage facilities, is essential to grow exports.

The government expects it to result in minimum production worth more than $500 billion in the next five years. The sectors include electronic or technology products, pharmaceuticals drugs, telecom and networking products, food products, high-efficiency solar PV modules, automobiles and auto components, advanced chemistry cell battery, textiles and specialty steel.

“The sectors seem to have been hand-picked, and for the right reasons. They exhibit a strong potential for growth,” says Deloitte’s Jaising. He says the bonded manufacturing scheme introduced a couple of years ago will also help. This scheme exempts businesses from customs duty on imported inputs, which can be later used for making goods that are exported. “It is a one-size-fits-all scheme, for exporters and for domestic market supplies. It will help all sectors, and particularly technology-driven products, as electronics and tech are a very large segment. India will certainly benefit from a full-blown, end-to-end form and the finished product. Therefore, the capital investment needed is indeed significant,” he says.

Jaising also says the government’s attempt to redraw the strategy on negotiating free trade agreements is going to be a booster. “We have been in touch with the Prime Minister’s Office on this and they are looking at products where India is strong in manufacturing and the countries on the other side have a market for it but no manufacturing base.” The priority areas here are electronics, auto, chemical and pharmaceutical segments.

India should also own a shipping line if it wants exports to reach $1 trillion by 2025, says Sahai. Why? If the shipping line gets 25% of the estimated $1 trillion export business, it amounts to a captive market of $25 billion, he says. “The Shipping Corporation of India has a market share of less than 5% of our shipping business. Besides, it is being disinvested. We remit close to

$60 billion annually as transport charges overseas. If we can develop a shipping line, we will save a lot."

Such a move will make India more self-reliant. The recent global container shortage, which has inflated freight rates, is a reminder that India should become less dependent on others. The biggest hit has been taken by the MSMEs, which are not necessarily cash rich but contribute the largest share to exports.

Source: economictimes.com– Aug 03, 2021

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e-RUPI could be bigger than UPI, say experts

Doesn't require bank accounts or digital apps

The government's latest digital payments offering, e-RUPI, permits offline transactions which can be carried out on feature phones, promoting its adoption in rural and remote areas as well.

This could potentially lead to large-scale adoption of the payment solution as even the popular Unified Payments Interface (UPI), preferred in urban and semi urban areas, requires internet connectivity and a smart phone.

"The e-RUPI voucher will be shared with the beneficiary through an SMS or QR code. This will enable its use in rural and remote areas as well where internet connectivity can be a challenge. Since it is in the form of an SMS, it can be used by people who do not have a smart phone," said Rajesh Mirjankar, Managing Director and CEO, Infrasoft Technologies.

It will also ensure targeted delivery of funds and help measure the social impact of subsidies, he added.

Infrasoft Technologies is working with two of the 11 banks offering e-RUPI and is set to work with two more banks in the coming days.

"It will give a new dimension to digital transactions and as it can be redeemed without a card or internet banking access at the service provider. The best part of the new payment medium is it can be controlled.

The issuer can ensure that the money is being spent for the allocated purpose and can track the redemption of the voucher," said Mandar Agashe, Founder and MD, Sarvatra Technologies.

Corporates and banks have also expressed an interest in using e-RUPI vouchers for their own products and offerings, for which discussions are understood to have been initiated with the National Payments Corporation of India.

Prime Minister Narendra Modi launched e-RUPI, a person and purpose specific digital payment solution, on August 2. A one time payment mechanism, users will be able to redeem the voucher without a card, digital payments app or internet banking access, at merchants accepting e-RUPI.

At present, 11 banks are live with this solution along with over 1,600 hospitals. More banks are expected to go live soon.

It can currently be used for schemes related to the health ministry, but more direct benefit transfer schemes are expected to be included in coming months.

Source: thehindubusinessline.com– Aug 04, 2021

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Parliamentary panel bats for enhanced budgetary allocation under MGNREGA

The parliamentary standing committee on labour has recommended the government to contemplate enhancing the budgetary allocations under the Mahatma Gandhi National Rural Employment Guarantee Act while increasing the work allocation to 200 days as against 100 days and linking the benefits to individuals instead of family or households.

Further, the committee has suggested universal health care for all should be made a legal obligation of the government even as it needs to make the growth process more employment inclusive.

“With a view to mitigating the immediate sufferings of the rural populace, especially the migrant labours, the government should consider increasing the work allocation under the scheme to at least 200 days per year so as to effectively cater to the growing job demands,” the Bhartruhari Mahtab led standing committee on labour said in its report tabled in Parliament on Tuesday.

Government has earmarked Rs 73,000 crores for Mgnrega compared to the original allocation of Rs 61,500 crores for 2020-21. This is however, 34.5% lower than the revised estimate of Rs. 1,11,500 crore for 2021-21 after the government enhanced the allocation for 2020-21 by additional Rs 40,000 crore to cater to the surge in work demand by migrant workers.

According to the committee, out of the estimated 465 million informal workers in the country the ones who have been hit the most due to Covid-19 pandemic include the migrants, agriculture workers, casual and contract labours, building and construction workers, domestic workers, gig or platform workers and self-employed workers like plumbers, carpenters, painters, street vendors etc.

“Formalising the unorganised sector, increasing the productivity, strengthening and upgrading the existing livelihoods and creating new opportunities should remain the major thrust areas to mitigate the impact of Covid-19 pandemic on unemployment and joblessness,” it said, adding the government should explore ways and means to put money in the bank accounts of the informal workers during adverse conditions like Covid-19.

The committee is of the view that the Covid-19 crisis in India has come in the backdrop of pre-existing high and rising unemployment. Even workers in the organised sector have also borne the brunt of job and livelihood losses due to the Covid-19 Pandemic.

"Therefore, a comprehensive plan and roadmap is required to address the deteriorating condition of employment much aggravated by the pandemic, and widening disparities in the job market in the organised sector," it said.

"Offering another round of income support to the poor to compensate for loss of jobs or employment incurred due to the two lockdowns imposed would go a long way in mitigating their woes," it said, adding that in the short-term it is imperative to expand the social assistance and public welfare programmes.

The committee further said the government will have to embark upon long term radical reorientation of the growth strategy to make the growth process more employment intensive and inclusive by focussing on industries and activities that are critical for employment generation and job creation.

"Developing clusters of growth, supporting formalisation of the workplace, promoting vocational and skill training, scaling of apprenticeship programmes, fostering entrepreneurship, innovation and start ups etc. need focussed attention of the government to counter rising unemployment and job losses and to ensure sustained economic revival," it added.

Further, fund allocation to ramp up health infrastructure should be increased and universal health care for all should be made a legal obligation of the government.

Source: economictimes.com– Aug 03, 2021

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Indian seed industry in talks with multinational firms for new technologies

With two warring Indian seed associations burying their 16-year-old hatchet, multinational seed technology companies have been persuaded by them to resubmit their applications for new technologies that are tolerant to troublesome pests and insects in crops, particularly cotton.

"Bayer has, in principle, accepted our request. The issue is being discussed at its headquarters. We plan to meet government authorities to ensure a smooth process. This is just the beginning," said M Ramasami, Chairman-cum-Managing Director, Rasi Seeds (P) Ltd.

Ramasami also heads the Federation of Seed Industry of India (FSII), which decided to join hands with the National Seeds Association of India (NSAI) to end disputes over trait value of seeds and licensing of seed technology last month, which had been raging since 2005.

The FSII comprises 45 companies and NSAI has about 400 members — all indigenous firms.

Trait fee percentage

"We are looking at fixing a particular percentage as the trait value for the seeds to the technology providers. The percentage will depend on the strength of the technology and benefits to farmers," said Ramasami.

Initially, seed companies paid a high royalty that resulted in Bt seeds for cotton ruling higher. In 2016, the royalty was cut by over 70 per cent by the Centre, from ₹163 per 450 gm to ₹43.

This resulted in seed technology providers, led by Bayer that took over another seed giant Monsanto two years ago, withdrawing their applications for approval of technologies such as Bollgard Roundup Ready Flex cotton seed three years ago. The move was also in protest against the Centre's stipulation that they give licence compulsorily to all applicants for technology.

In India, genetically modified seeds have been approved for commercial sale only in cotton. All the disputes and controversies have been over the Bt (Bacillus thuringiensis) cotton technology.

The last technology approved by the Genetic Engineering and Appraisal Committee (GEAC) — the authority to approve genetically modified organisms technology — was in 2006 when Bollgard II cotton was cleared. Since then, no other crop has been approved.

20% royalty

Bt brinjal was at the stage of approval when a 10-year moratorium by the Supreme Court set back the clock. Though the moratorium ended in 2019, the Centre's policy of leaving it to the States to approve field trials of GM crops has resulted in no progress being made on the seed technology front. Industry sources said that the ₹20,000-crore Indian seed industry was offering a maximum royalty of 20 per cent with riders such as the seeds' acceptance and sales.

A senior executive of a multinational seed technology firm told BusinessLine on the condition of anonymity that they were looking to file applications for new technology seeds but would want to know what the Indian seed industry vision is.

"We are looking at their ideas as a framework. We see the coming together of the associations as a positive development. We are looking at ways to reintroduce technology but we need to see how things develop, how the (Indian) government looks at the development," the senior executive said. The multinational firm official said that the technology firms would have a better picture by looking at how the seed firms proceeded positively with their vision and "put together their ideas".

'Idea in framework'

Asked if any discussion on trait fees or royalty had been worked out, especially since they withdrew their applications in protest against low royalty, the senior executive said that they have an "idea in framework" and would see how things can work.

Surge in illegal HTBt cotton acreage worries seed industry

To another question on whether the technology firms would be willing to work with some of NSAI members who had been charged with proliferation of herbicide tolerant Bt cotton (HTBt) and possessing spurious seeds, the multinational firm official said that relations with the national association were good and there was a lot of common ground with those firms.

Rasi's Ramasami said the Centre should consider allowing newer technologies and motivate the regulatory team. "A country like the Philippines is cultivating Bt maize and golden rice. Even Bangladesh is growing Bt cotton," he said. Indian seed companies were developing new technologies but were unsure of the future in view of no new seed technology being approved commercially since 2006.

Though HTBt cotton has not been approved for commercial use, farmers in Maharashtra, Andhra Pradesh, Telangana, Gujarat and Maharashtra are cultivating it illegally. They have even defied authorities, who are unable to act against the growers planting an unauthorised crop.

"It takes 10 years to develop technology. Indian companies are also strong in technology. If the multinational technology firms file applications for the new technologies, it will encourage Indian firms to invest more in research and development," Ramasami said.

'Doomed marriage'

Meanwhile, seed industry sources are pessimistic over the move of FSII and NSAI to come together, saying "it is a marriage that is doomed to fail". This is in view of a few NSAI members having openly questioned if the Bt technology could be patented a few years ago. The FSSI supports patents and thus, there could be some friction over this between the two factions, they said.

One of the leading NSAI members has been engaged in a few cases in the court against Monsanto (now taken over by Bayer) which resulted in orders by the Agriculture Ministry against the latter and antitrust investigations. Monsanto suffered losses to the tune of millions of dollars after the NSAI member stopped paying royalties in 2015 on the grounds that the US seed tech firm had not got patent protection. The legal dispute ended with an "out-of-the-court settlement" earlier this year.

While the senior executive of the multinational firm sees this as a positive development, industry sources are, however, sceptical given the long-drawn out legal battle that lasted for five years.

Source: thehindubusinessline.com– Aug 03, 2021

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Cotton sowing picks up after July's dry spell

Cotton sowing across the country has picked up with the revival of monsoon in several states, after seeing a lull in the month of July due to a dry spell. Top officials at the ICAR-Central Institute of Cotton Research (CICR), Nagpur believe that overall acreage could be marginally 2-3% lower than the previous year. Cotton area coverage was reported on 130.37 lakh hectares area last season.

The initial estimates were around 130 lh, but sowing has been completed on 110 lh until July 30, YG Prasad, director, CICR said. "Sowing in the north is almost complete with Punjab reporting a slight dip.

The sowing has been normal in Haryana while Rajasthan and Gujarat had reported dry spells. There has been a dip in Maharashtra since farmers shifted to other crops like soybean and groundnut, but some pick up is likely in Andhra Pradesh and Tamil Nadu," Prasad said.

According to the agriculture ministry's estimates, cotton acreages till July 29 was 110.73 lh compared with the previous year's 121.25 lh, lower by 8.68 %.

In north India, the acreage is 17 %, while in central India the deficit is 5.33 %. In the south, the acreage is lower by 12.6%.

The lower acreage is largely attributed to delayed rains. But with kapas prices ruling at Rs 8000 per quintal, sowing is expected to continue till August-end across various states including Andhra, Telangana, Gujarat, Karnataka and Tamil Nadu.

According to industry body Cotton Association of India (CAI), sowing has been completed on 112 lh as compared to 118 lh in the same period last year.

Association president Atul Ganatra pointed out that the period of soybean and groundnut planting is complete and farmers will opt for cotton since kapas prices are at a record high.

Punjab, Karnataka, Telangana, Gujarat have reported higher sowing as compared to last year, Ganatra said.

Due to late rains, sowing is expected to continue till August 30, he added. Trade sources pointed out that some new local seed variety is being preferred in Gujarat since it gives 30-40% excess lint.

The Cotton Corporation of India (CCI) and the Cotton Association of India (CAI) had come together to educate farmers to increase cotton cultivation across the country and also improve cotton yields.

Normally, around 110-120 lh comes under cotton cultivation in India. Ganatra said that the campaign had proved to be a success since farmers are giving preference to cotton.

Source: financialexpress.com– Aug 04, 2021

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Digital ledger Khatabook sees 11% drop in MSME business activity amid second wave vis-a-vis 46% last year

Tencent-backed digital ledger app for MSMEs Khatabook on Wednesday reported an 11 per cent drop in business activity among its MSME customers during the second wave of the pandemic in comparison to 46 per cent last year. Khatabook, which analysed data of over 80 lakh monthly active MSME customers, said the improvement in percentage decline of business activity was due to the "phased and localized" restrictions across the country post second wave in contrast to the nationwide lockdown last year.

"Based on platform insights from Khatabook's over 80 lakh MSME userbase, MSMEs have experienced only an 11 per cent drop as per the median weekly business per merchant indicator across all business categories and regions due to phased lockdowns in 2021 during second Covid wave. This drop was close to 46 per cent in the 2020 national lockdown. Overall, MSMEs seem to be better prepared for Pandemic reality in 2021," Ravish Naresh, Co-founder and CEO, Khatabook told Financial Express Online.

Throughout the pandemic, Khatabook's customers across all the tiers experienced more or less the same impact while Tier I and Tier II cities were relatively less impacted during the second wave as compared to metros, Tier III, and Tier IV cities, the company noted in a statement. Among the most impacted business categories were textile/apparel, footwear, automobiles, traders, food, and computer accessories and services this year as well while health, grocery, transportation, and agriculture categories continued to grow in 2021 amid the second wave.

Multiple surveys, studies, analysis have been carried out since last year by associations, trade bodies, and enterprises to gauge the performance of the MSME sector and to suggest measures to accelerate their recovery. While the government and the Reserve Bank of India have undertaken multiple measures to cushion Covid distress, the support had seemingly fallen short to help revive MSMEs, a recent survey by the Consortium of Indian Associations had indicated.

73 per cent of SMEs, as per the survey of more than 81,000 self-employed individuals and SMEs in India published last month, couldn't make a profit during FY21 while only 13 per cent broke even amid Covid impact. The CIA survey had also noted that 80 per cent entrepreneurs were insecure "about

their future, with the double whammy of the pandemic crisis & economic implosion coupled with the lack of any support base."

According to a Parliamentary panel report on Covid impact on MSMEs last month tabled in the Rajya Sabha, the stimulus package announced by the government last year for the economic revival post-Covid, was "found to be inadequate as the measures adopted were more of loan offering and long-term measures instead of improving the cash flow to generate demand as immediate relief.". The report had noted that in the process of economic recovery post-first wave of the pandemic, the second wave even more vigorously ripped the economy particularly the MSME Sector.

Source: financialexpress.com– Aug 04, 2021

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Walmart, Flipkart sign MoU with Haryana to support local MSMEs under supplier development programme

Walmart and Flipkart on Wednesday announced a Memorandum of Understanding (MoU) with the Directorate of Micro, Small and Medium Enterprises (MSME), Government of Haryana, to support MSMEs under Walmart's supplier development programme called Walmart Vriddhi. The programme will offer state MSMEs free of cost training and support apart from "opportunities to join online, offline and export channels and reach pan-India and global marketplaces as part of the supply chains of Walmart, Flipkart, and other leading companies," the company said in a statement.

The first Walmart Vriddhi e-Institute was launched in Haryana in October to support MSMEs from the Panipat-Sonipat-Kundli region. Walmart said thousands of entrepreneurs are now working through the multi-level training program, with some already onboarded to Flipkart. "The partnership provides an opportunity for local businesses to become self-reliant and will boost their reach into national markets and facilitate their participation in global value chains," said Dushyant Chautala, Hon'ble Deputy Chief Minister, Government of Haryana.

With e-Institutes in Panipat and Agra, the free programme offers to learn through online modules with feedback and advisory sessions. Walmart said the goal is to empower 50,000 MSMEs by 2025 even as Walmart looks to triple its exports from India to $10 billion annually by 2027.

"This (MoU) is a vital part of our commitment towards sourcing $10 billion annually by 2027 from India, so our consumers can access quality goods, no matter where in the world they are buying. India is a key market for us, and we are committed to helping support and grow communities wherever we operate," said Nidhi Munjal, Vice President, International Partnership Services, Walmart in the statement.

Flipkart and Amazon reportedly had moved the Supreme Court of India last month to challenge the Karnataka High Court order that allowed the Competition Commission of India (CCI) to carry on with its antitrust probe against the two.

Source: financialexpress.com– Aug 04, 2021

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Covid-19 puts a spanner in Centre's skill development works

Number of placements under the flagship PMKVY scheme plunged during 2020-21

There's a drastic decline in the number of unemployed youth getting placements under the short-term training programme of the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) scheme during the Covid-19 pandemic.

Launched in 2015, the PMKVY is among the flagship programmes of the Ministry of Skill Development and Entrepreneurship that aim to mobilise and train youth according to the needs of industries. After a re-launched PMKVY 2.0 (2016-20), the PMKVY 3.0 envisaged training eight lakh candidates during 2020 and 2021 at an outlay of ₹948.90 crore.

Covid-19 impact

The data presented by the ministry to the Lok Sabha this week show that under PMKVY 2.0 there were about 7,04,220 placements in 2018-19 and 6,08,389 placements in 2019-20. This number nosedived to 2,16,059 in 2020-21 and 87,621 in 2021-22. It plunged even further under PMKVY 3.0, with only 43 candidates employed in 2020-21 and 4,104 in 2021-22.

Maharashtra, Kerala, Karnataka, Tamil Nadu and Andhra Pradesh are the top five states leading in the number of reported Covid-19 cases (as of August 3, 2021). Under PMKVY 2.0, these states are missing among those leading in placements, and it is Uttar Pradesh, Rajasthan, Punjab, Madhya Pradesh and Bihar who are the top five.

Skilling ecosystem

Based on the PMKVY 1.0 and PMKVY 2.0 experiences, the ministry has improved the newer version of the scheme to match the current policy doctrine and energise the skilling ecosystem, which has been affected by the Covid-19 pandemic.

The ministry told the Lok Sabha this week that, as per the 2015 National Policy for Skill Development and Entrepreneurship, India targets training 402.87 million by 2022. This includes 104.62 million new entrants to the workforce, who need to be skilled to meet industry requirements. In addition, 298.25 million in the existing workforce need to be reskilled/upskilled.

However, the industry has a different take on the PMKVY. As Prashant Girbane, director-general of the Pune-based Mahratta Chamber of Commerce, Industry, and Agriculture, said, "We have long experimented with supply-driven initiatives

like 15,000-plus ITIs and then PMKVY. They have had limited success. It is time that we launch a demand-driven approach with 'skill vouchers' that a job aspirant can use to get trained in a course and an institute of her/his choice".

Girbane added, "Training institutes can collect these vouchers and redeem them from relevant government departments. Given the readiness of the Aadhaar and UPI architecture, we are now ready to launch digital 'skill vouchers'. Many developed economies have already used this model and some pilots in India have also shown success."

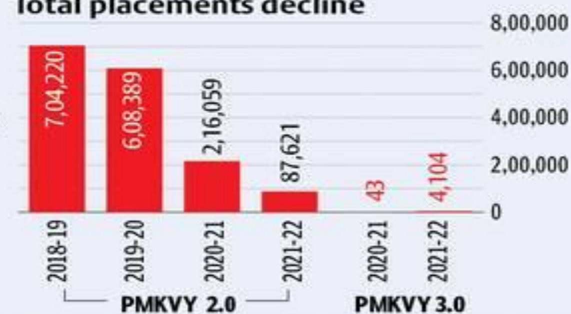
The top 10 States/UT in placements under PMKVY

Number of persons placed under Short Term Training (STT) of Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

	PMKVY 2.0				PMKVY 3.0		
State/UT	2018-19	2019-20	2020-21	2021-22	2020-21	2021-22	Grand total
Uttar Pradesh	1,07,553	84,198	29,879	9,234	22	261	2,31,147
Madhya Pradesh	70,507	56,623	16,010	4,913	0	4	1,48,057
Rajasthan	55,924	34,135	17,189	9,325	0	257	1,16,830
Haryana	68,165	30,884	7,957	2,474	0	638	1,10,118
Punjab	38,391	29,599	17,251	5,452	0	264	90,957
Bihar	34,456	35,336	11,493	5,487	0	138	86,910
Tamil Nadu	42,080	34,263	6,016	721	0	351	83,431
West Bengal	33,836	29,777	6,946	2,672	0	310	73,541
Andhra Pradesh	31,127	25,486	7,555	3,639	0	283	68,090
Telangana	29,079	20,059	6,724	2,145	0	326	58,333

The bottom 10 States/UT in placements under PMKVY

Total placements decline



Source: Lok Sabha

Source: thehindubusinessline.com– Aug 04, 2021

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RIL to double PET recycling capacity with new PSF facility in India

Reliance Industries Limited (RIL), India's largest private sector company, is doubling its PET recycling capacity by setting up a recycled polyester staple fibre (PSF) manufacturing facility in Andhra Pradesh. RIL aims to lead the industry on circular economy, enhance its sustainability quotient and bolster the entire polyester and polymer value chain.

As a part of this endeavour, Srichakra Ecotex India Pvt Ltd, India's leading plastic recycling and waste management company, will exclusively build and operate RIL's new recycled PSF – Recron GreenGold and Polyethylene terephthalate (PET) flakes wash-line in Andhra Pradesh, RIL said in a media release.

RIL's initiative to more than double its recycling capacity to 5 billion post-consumer PET bottles will ensure India maintains over 90 per cent recycling rate. RIL is focusing on sustaining India's post-consumer PET recycling rate which is currently the highest in the world.

RIL will empower entrepreneurs to divert post-consumer used packaging from landfills, setup recycling facilities and create wealth from waste throughout the country.

RIL is driving various initiatives such as Fashion for Earth in partnership with Lakmé Fashion Week and the United Nations in India, Hub Excellence Programme and Circular Design Challenge to inculcate circularity and sustainability concepts in polymer, textile and fashion industries.

"The expansion of PET recycling capacity is part of Mukesh Ambani's vision to transform our legacy business into sustainable, circular and net zero carbon materials business and support the entrepreneurs to take risk throughout the value chain.

RIL is committed to development of entire value chain and it shares expertise and technical know-how with the entrepreneurs to produce top quality products at lowest possible costs. RIL has underwritten the entire production from Srichakra's facility to provide support for development of the business," said Vipul Shah, COO - petrochemicals business, RIL.

"The agreement with RIL provides an excellent opportunity for Srichakra to expand its footprint into the recycled polyester staple fibre market. The alliance will propel Srichakra's commitment to reduce plastic pollution and facilitate both organisations to advance the circular economy for plastic waste in India.

RIL's industry expertise, technical knowledge, and business assurances will allow Srichakra to research, innovate and develop high-quality and sustainable products for RIL's GreenGold portfolio," said Srinivas Mikkilineni, director - Srichakra Ecotex Pvt Ltd.

RIL currently recycles PET bottles at its Barabanki, Hoshiarpur and Nagothane plants. The post-consumer PET bottles are used as a raw material for manufacturing re-cycled polyester fibre. The fibres manufactured through this process are branded as Recron GreenGold and RIL through its Hub Excellence Partners (HEP) (selected downstream mills) manufactures R | Elan GreenGold fabrics, one of the greenest fabrics in the world.

At present, RIL converts more than 2 billion post-consumer PET bottles into fibres annually. With the addition of Srichakra capacity, RIL will be instrumental in converting about 5 billion used PET bottles into value-added fibres.

Source: fibre2fashion.com– Aug 04, 2021

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