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NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	US economy slowing down; creates only 330K private jobs in July
2	China seeks to replace weakening global cotton industry body BCI
3	Xinjiang cotton growers buoyant as prices rise
4	USA: Trade Deficit Hits Record as Imports and Exports Both Increase
5	E-com make up 48.5 % of UK's textile, clothing, footwear sales in H12021
6	China export growth slows in July as global risks cloud outlook
7	GSP+ monitoring at an advanced stage - EU Delegation to Sri Lanka
8	Bangladesh: Clothing exports' ranking a puzzle
9	Bangladesh: Why loans turn bad
10	Bangladesh: RMG export to US rises by 26.81pc in Jan-June
11	Pakistan, Maldives Trade Opportunities Discussed
12	Pakistan: Weekly Cotton Review: Rate increases due to bullish trend
13	Pakistan: Brand creation to multiply textile export volume: PBF

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	NATIONAL NEWS
1	PM interacts with Heads of Indian Missions abroad and stakeholders of the trade & commerce sector
2	PM suggests 4-point strategy to achieve $400-b exports in FY22
3	Govt looking at 3-5 years extension for interest relief scheme for exporters
4	Piyush Goyal calls for increasing handloom exports to Rs 10,000 crore in three years
5	India's economy showing positive indicators of high growth rate: PM Modi
6	Exporters' demand measures to address logistics issues
7	India's trade deficit with China dips to USD 44 billion in 2020-21
8	FDI in textile sector
9	Japan accounts for maximum FDI in textiles
10	'Addressing container shortage, high shipping freights to help exports hit $400 bn this fiscal'
11	Global Economic Challenge and its Impact on Indian Textiles Industry
12	Depict real picture of job loss, reconcile data of credible agencies: Parliament panel to Labour Ministry
13	Revision of MSME definition in midst of Covid pandemic: Investment and employment implications
14	Sunil Sethi to work with the Ministry of Textiles for the promotion of handloom sector
15	Traders' body to all Chief Ministers: 'Considerable avoidance' of GST by e-commerce firms, need probe
16	Tiruppur garment exporters in fear of third Covid wave
17	Cotton, paddy, redgram gain in Telangana as late rains fill up reservoirs
18	Indian e-com firm Flipkart announces expansion of warehousing network

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INTERNATIONAL NEWS

US economy slowing down; creates only 330K private jobs in July

Economic recovery in the US may be slowing down as the private sector of the country generated merely 330,000 jobs in July, a sharp decline from 680,000 in June, according to ADP National Employment Report. The activity slowed down for the second month in a row due to COVID-19. The July number is also well below the Dow Jones estimate of 653,000.

The report, which is derived from ADP's actual payroll data, measures the change in total nonfarm private employment each month on a seasonally adjusted basis. Small businesses added 91,000 jobs, while large businesses generated 106,000 jobs in the month of July. Medium-sized private companies created the highest number of jobs – 132,000 – last month.

Nela Richardson, chief economist, ADP, said: "The labour 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.

"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. These barriers should ebb in coming months, with stronger monthly gains ahead as a result."

The matched sample used to develop the ADP National Employment Report was derived from ADP payroll data, which represents 460,000 US clients employing nearly 26 million workers in the US. The June total of jobs added was revised from 692,000 to 680,000.

The mission of the ADP Research Institute is to generate data-driven discoveries about the world of work, and to derive reliable economic indicators from these insights.

Source: fibre2fashion.com– Aug 09, 2021

HOME

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China seeks to replace weakening global cotton industry body BCI

Chinese cotton industry is moving ahead with plans to form a fairer and more transparent international industry standard-setting platform to replace the Better Cotton Initiative (BCI), a Switzerland-based nongovernmental organization, as the latter failed to facilitate the positive and sound development of the global cotton supply chain, Chinese industry experts said on Sunday.

The BCI, which had been the leader in the global cotton industry, has been under heavy fire both in China and abroad for its baseless "force labor" claims against cotton from Northwest China's Xinjiang Uygur Autonomous Region and is losing membership and leadership in the global industry.

In the latest development, US brand Levi Strauss was standing down from the BCI's leadership amid debate over the group's response to "alleged human rights abuses" in Xinjiang's cotton industry, the Wall Street Journal reported on Friday, citing people familiar with the matter.

There has been no more information about Levi's on the board of directors on the BCI's website on Sunday. Both Levi's and the BCI could not be reached for comment as of press time.

The US firm's reported move came after the BCI and H&M sparked widespread anger in China over their baseless claims against Xinjiang cotton. Meanwhile, several other large international fashion brands, including FILA and MUJI, expressed their strong support for Xinjiang cotton in defiance of BCI's claim.

Chinese industry experts said Levi's move is in line with expectation since the BCI's illusion over Xinjiang cotton not only damaged its own industry reputation but also bring about risks of uncertainty to the global textile supply chain, in which Xinjiang cotton holds a significant share.

The weakened BCI has created an opportunity for the Chinese industry to establish a new coalition for quality evaluation, according to experts.

Wang Wenkui, an executive at the China Cotton Industry Alliance (CCIA), an organization under the Institute of Cotton Research of Chinese Academy of Agricultural Sciences, told the Global Times on Sunday that the domestic

industry has already been doing the ground work for a new coalition and that some of CCIA's experts have also been invited to formulate Chinese cotton standards.

"The standards of BCI are too general and may not suitable for cotton grow in China," said Wang, noting that the Chinese cotton standards will offer detailed cotton growing practices, including growing temperature and regulation of pesticides.

"China's related organizations and departments have now started the integration of scattered cotton growers to form a sophisticated industry," said Wang, noting that China's cotton growing industry is formed mainly by individual farming units, which makes it relatively difficult to adopt a unified standard.

China is now the world's largest cotton consumer and the second-largest cotton producer, with total demand of about 8 million tons per year, accounting for about one third of the global total consumption, data shows.

Supported by world-leading technologies and management, China also supplies

more than 80 percent of high-grade yarns and grey fabrics for the global textile supply chain.

Given China's large cotton consumption market and production scale, China's cotton standards are likely to become new global cotton standards, one expert said.

"I'm quite confident that our cotton growing standards will replace the BCI standards in future," said Wang.

Source: globaltimes.cn– Aug 08, 2021

HOME

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Xinjiang cotton growers buoyant as prices rise

In January, the United States banned imports of all cotton products from Xinjiang, including raw fibers, apparel and textiles, over "forced labor" concerns. Some major global textile and clothing giants, including H&M and Nike, also said they had decided not to source cotton from the region over alleged human rights violations.

After hearing this news, Ouyang, 57, thought it would have a devastating impact on Xinjiang cotton and growers, but he is glad to have been proved wrong. "The region's cotton is in high demand this year in domestic and international markets. The boycott has actually been a good advertisement for quality Xinjiang cotton," Ouyang said.

While production and exports in key cotton-producing countries worldwide, including India, have been disrupted by the COVID-19 pandemic, production in Xinjiang remains stable thanks to the region's effective measures to control the disease, he said.

Chinese consumers' support for domestic textiles and major clothing brands using Xinjiang cotton has also boosted sales of the region's cotton products, meaning that manufacturers are willing to source more supplies from the region, Ouyang added.

"The boycott has had little impact on Xinjiang's cotton market. The US choosing not to use Xinjiang cotton is that country's loss, it won't affect our business," he said. The cooperative, which has some 1,016 hectares of cotton plantations and is located in Aksu prefecture in southern Xinjiang, is expected to harvest 600 to 700 tons more cotton this year compared with the previous season, which was from the end of October to early November.

The price of Xinjiang lint cotton futures rose to more than 17,000 yuan ($2,630) a ton last month, from 14,000 yuan a year earlier, Ouyang said. "No matter how much effort some Western countries put into slandering Xinjiang cotton, they cannot change the global demand for quality cotton," he said.

Source: chinadaily.com.cn– Aug 06, 2021

HOME

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USA: Trade Deficit Hits Record as Imports and Exports Both Increase

The U.S. trade deficit in goods and services hit an all-time high in June, rising 6.8 percent from a month earlier to $75.7 billion. According to trade statistics from the Department of Commerce, imports rose 2.2 percent to $283.4 billion while exports edged up 0.6 percent to $207.7 billion, the second straight month that figure has hit a new record.

The year-to-date deficit was up 46.4 percent from June 2020 (when trade volumes were significantly lower in the early stages of the COVID-19 pandemic) as exports increased 14.3 percent and imports jumped 21.3 percent.

The deficit in goods trade increased 4.5 percent in June to $93.2 billion, the largest on record, as both imports and exports hit record highs. Imports of goods rose 1.8 percent to $239.1 billion, including increases of $1.2 billion in non-monetary gold, $800 million in capital goods, and $500 million in finished metal shapes along with decreases of $800 million in pharmaceutical preparations and $700 million in cotton apparel and household goods.

Exports of goods gained 0.2 percent to $145.9 billion, including an increase of $1.6 billion in crude oil along with a $500 million decrease in soybeans.

The services surplus fell 3.9 percent to $17.4 billion, with imports up 3.7 percent to $44.3 billion and exports up 1.5 percent to $61.8 billion.

Click here for more details

Source: strtrade.com– Aug 09, 2021

HOME

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E-com make up 48.5 % of UK's textile, clothing, footwear sales in H12021

As per eMarketer data from Insider Intelligence, e-commerce continued to drive UK textile, clothing, and footwear sales in the first half of 2021 and will make up 48.5 per cent of the category's sales by the end of the year. The category's retail ecommerce sales in the UK will approach $20 billion in 2021. The proportion of textile, clothing and footwear sales in UK's total e-commerce sales is likely to decline from 12.2 per cent in 2019 to 10.4 per cent in 2025. The proportion of ecommerce sales in the UK in this category increased to 37.6 per cent in 2020 from 23.3 per cent in 2019.

Retail sales in the category are likely to decline by 3.9 per cent in 2021 after plummeting by 23.5 per cent in 2020. During the pandemic-induced lockdowns in 2020, many UK-based shoppers confined to their homes saw little need to shop for apparel, and even now, as restrictions ease, apparel will still not be a consumer focus.

Source: fashionatingworld.com– Aug 06, 2021

HOME

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China export growth slows in July as global risks cloud outlook

China's export growth slowed in July, adding to concerns the economy's recovery will face fresh pressure in the second half of the year.

Exports grew 19.3% in dollar terms in July from a year earlier, while imports rose 28.1%, the customs administration said Saturday. That left a trade surplus of $56.58 billion for the month. Economists had forecast that exports would increase by 20% while imports would climb 33.3%.

China's exports remained resilient in the first half, with the gradual easing of lockdown measures around the world helping to support global demand. Trade risks have increased in recent months though as the delta variant of the coronavirus spreads across Asia, threatening to snarl supply chains across the region.

Extreme weather conditions and local Covid outbreaks have disrupted production and shipping in parts of China, and record-high freight costs squeezed exporters' profits. Surging commodity prices prompted authorities to suspend some exports and consider imposing more tariffs to ensure domestic supplies.

The latest purchasing managers surveys show a contraction in manufacturers' export orders for a third consecutive month in July. Officials have also warned of a slowdown in trade growth in the second half, with a higher base of comparison from a year ago also a likely factor.

Growth in imports remained robust in the month, supported by the ongoing recovery in domestic demand and high commodity prices.

In the face of rising growth risks, China's top leaders have signaled more targeted support for the economy. Authorities will likely take more steps to help struggling small businesses, boost fiscal spending and possibly reduce the reserve requirement ratio for banks again, economists said after a meeting of the Chinese Communist Party's elite Politburo chaired by President Xi Jinping last month.

Source: economictimes.com– Aug 07, 2021

HOME

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GSP+ monitoring at an advanced stage - EU Delegation to Sri Lanka

Monitoring of the GSP+ facility for Sri Lanka is currently at an advanced stage, said an official for the European Union Delegation to Sri Lanka responding to the current status of the review of the trade concession offered to Sri Lanka.

"We are now at an advanced stage in the GSP+ monitoring cycle for the years 2020-2021. This will lead to a report of the EU Commission to the European Parliament and the European Council (our Member States) in early 2022," the official said.

He said the GSP+ monitoring is an ongoing process and added that the Delegation is in regular contact with the government." We hope that a monitoring mission will be able to come in autumn 2021, if that is feasible," he said. A recent resolution by the European Parliament urged the EU Commission to consider temporary withdrawal of the GSP+ status offered to Sri Lanka putting the spotlight back on Sri Lanka's human rights record.

The EU reinstated the special trade concessions on Sri Lanka in 2017 on the commitment to implement 27 international conventions on human rights, labour conditions, protection of the environment and good governance. The status effectively removes import duties on goods from Sri Lanka entering the EU.

The GSP+ scheme is conditional on Sri Lanka advancing human and labour rights and working towards sustainable development.

The EU granted Sri Lanka better access to the EU for its exports under the GSP+ scheme.

The trade concession enables Sri Lanka to export more to the EU, boost trade and create more and better jobs for people.

The EU is Sri Lanka's second-largest trading partner after China and its second main export destination, absorbing 22.4% of Sri Lankan exports in 2020.

In 2020, Sri Lanka was the EU's 69th largest trading partner in goods accounting for 0.1% of EU trade.

Sri Lanka's exports to the EU are dominated by textiles and clothing, accounting for 52.3% of Sri Lanka's total exports to the EU in 2020.

EU27 imports from Sri Lanka have been constantly increasing since 2016 reaching €2 083 million in 2020.

Meanwhile the Joint Apparel Association Forum, the apex body for the apparel industry expressed optimism about securing an extension of GSP+ facility following a round of discussions with the government officials last month aiming at creating a platform for the industry to deliberate with key Government officials over issues faced by the apparel sector.

JAAF Secretary General Tuli Cooray said JAAF is hopeful that the Foreign Ministry will continue to engage with the EU on the Joint Commission and the Monitoring Mechanism of the EU GSP plus regime.

Products exported to the EU fall under a total of 42 HS chapters which have a GSP plus utilization of over 75%. These varied industries have been contributing to the diversification of the country's export basket which in itself is one of the objectives of the EU GSP plus program.

These include a large number of Small and Medium Enterprises, which would be severely impacted by the loss of GSP plus and consequent increase in duties levied against Sri Lankan exports.

Source: sundayobserver.lk– Aug 08, 2021

HOME

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Bangladesh: Clothing exports' ranking a puzzle

The piece of news that Vietnam had crossed Bangladesh and became the second largest clothing exporter globally in 2020 is not a surprising one. Though a section of readymade garments (RMG) manufactures and exporters and their allies are trying to present it as a setback of the country's leading export-oriented industry, this is not the reality.

The ranking in the global clothing export market is derived from the World Trade Statistical Review 2021, released by the World Trade Organization (WTO) last week. This is one of the annual flagship publications of the WTO which presents the similar ranking over the years.

It showed that Bangladesh became the second largest clothing exporters in 2010, notched up three steps from fifth position in 2009. At the same time, Vietnam advanced from sixth to fifth position. Since then, Bangladesh continued to be the second largest clothing exporter in the world until 2019.

But one needsalso to be circumspect regarding the ranking. According to the WTO statistics, China is always the first in the global export of clothing followed by the European Union (EU). As the disaggregated or country-wise export data of the EU members are not presented in the publication, it is generally presumed that no EU country is in the second position. Moreover, statistics available with EU sometimes showed that Italy is the leading clothing exporters among the union's member countries.

For instance, Italy's clothing export in 2018 stood at US$25.26 billion followed by Germany at $24.06 billion. In the same year, the value of clothing export from Bangladesh was $32.45 billion and it was $31.50 billion for Vietnam.

As WTO statistics didn't consider the country-wise data of EU members, it showed that EU is in the second position followed by Bangladesh, Vietnam, India and Turkey respectively. But clothing exports from India and Turkey were $16.61 billion and $15.66 billion in 2018 and well below the exports of Italy and Germany. In that case, Italy and Germany should be the fourth and fifth leading clothing exports and India and Turkey should be sixth and seventh respectively.

Thus when Bangladesh or Vietnam is ranked as second leading clothing exporter in the world, technically the ranking is third as followed by China and EU. Moreover, WTO does not label it as an official ranking. It simply shows the top-10 exporters and importers of clothing and textiles.

Nevertheless, the importance of the league lies on the branding of the clothing products in global market. By consistently holding the second (or technically third) position for a decade, Bangladesh has been able to demonstrate its strength in the RMG industry. Such position also plays as an indirect rolein negotiating with the buyers. Again, the rank also creates some challenges to maintain the continued growth in the global market. For example, it may provoke the competitors to chase Bangladesh and expand their market shares.

The so-called global ranking is based on the market share of the exporting countries which is determined by the value of the annual exports. In 2020, Vietnam's share in global RMG exports stood at 6.40 per cent from 6.20 per cent in 2019. At the same time, share of Bangladesh dropped to 6.30 per cent from 6.80 per cent. The share of Bangladesh in the global clothing export market was 4.20 per cent in 2010 when the share of Vietnam was 2.90 per cent.

The time-series data also indicate that Vietnam consistently increases its share with a higher growth rate than Bangladesh. In the last decade (2010-20), Bangladesh registered 7.0 per cent annual average growth in clothing exports when the rate was 11.0 per cent for Vietnam.

Unlike Bangladesh, Vietnam is not a Least-Developed Country (LDC) and did not enjoy any tariff-free or preferential market access to the EU. To expand the market for its goods, Vietnam had finally signed a bilateral free-trade agreement (BFTA) with the EU which came into effect in August last year. As a result, duty was lifted from 71 per cent of Vietnamese exports to the EU and 65 per cent of EU exports to Vietnam.

Moreover, the tariffs on most top trading goods including RMG from both the partners will be gradually lifted after five to seven years. Thus, within fiveyears, Vietnam will get entirely duty-free market-access to EU. The country has also joined Regional Comprehensive Economic Partnership (RCEP) deal, the China-centric mega-regional FTA. Thus, a large market is now also open for the East-Asian nation.

Moreover, Vietnam was one of the 12 partners of the United States (US)-centric mega-regional free trade agreement named Trans-Pacific Partnership (TPP). The country has to do hectic exercise to join the deal by agreeing to comply with many tough conditions.

Though Donald Trump, the former US president, scrapped the agreement, the preparation to join the deal will help Vietnam to sign a bilateral FTA with the US. Like Bangladesh, Vietnam also doesn't enjoy any tariff preference in the US market. Nevertheless, it is the second largest exporter of RMG in the US followed by China while Bangladesh is the third with almost half the export of Vietnam. The country is also trying hard to get preferential access to the market of the world's leading economy.

Finally, Vietnam pays reasonably better wages to the RMG workers. The minimum monthly wage of a RMG worker in Bangladesh is around $65, the rate is $151 in Vietnam. Over the years, Vietnam gradually adjusted the wages of the workers upwardly when in Bangladesh, workers have to demand and fight for tiny increase in wages.

Most of them are also deprived of decent working and living condition and there is no minimum social insurance for the millions of workers. The factory owners and exporters are, however, continuously enjoying a number of fiscal and monetary benefits at the expanse of tax payers' money.

Source: thefinancialexpress.com.bd– Aug 07, 2021

HOME

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Bangladesh: Why loans turn bad

As of March 2021, the total outstanding loans in the banking sector in Bangladesh stood at Tk 111,194 crore. Out of this, an amount of Tk 95,090 crore was classified, equivalent to 8.48 per cent of the total loans. Though the amount is not too big with regard to our experience in the early eighties or even nineties, we have reasons to be concerned, particularly when the size of the classified loans is increasing or temporarily even reduced due to some episodic or artificial measures.

This is more alarming when most banks in Bangladesh can't claim to have a robust risk management culture. The recent stress test, carried out by the central bank, also revealed some disquieting developments.
Due to the concentration of loans within a few large borrowers, many banks run the risk of going "belly up" during any possible economic meltdown or challenging period.

We went through an era of 30 to 40 per cent classified loans. Along with the banking sector reforms driven by the development partners with the active support from the Bangladesh Bank, credit goes to the risk managers at private and foreign commercial banks, who contributed significantly towards the improvement of their asset portfolio despite large growth.

My background as a risk officer for almost 15 years with global banks taught me one fact: loans usually go bad due to improper or weak need assessment, wrong structuring of the facilities, security or collateral shortfall, and weak internal cash generation in the business leading to recurring past dues.

Other factors include lending on the basis of names of the borrowers without looking into their business fundamentals or future potentials or even succession, ignorance about competition or emerging competition, and economic downturn or investment in the business segments other than the core ones having relevance to the future or the economy.

Added to these are, of course, weak loan appraisal, failure to understand foreign exchange risk where cross-border exposures are taken, corruption or failure of the lending officers, and weak or no approval condition or covenant compliance or monitoring. A client may always be desperate to get the loan approved or disbursed. It is the job of the lending officer to make sure that he or she has recognised all risks associated with that portfolio or specific business and taken enough measures to mitigate those risks.

We have seen how a large textiles client went through recurring past dues due to the wrong repayment structure of the loan. While the trade cycle dictated that end-to-end transactions would take 105 days, the loans disbursed for 90 days period created all these troubles for both parties.

In the same way, we have seen how a large local bank had to provide a large sum of money due to the sudden demise of a large tannery client, having no identified succession.

The Chattogram branch of a foreign bank suffered a lot due to the 210-day bullet repayment facility granted to a ship-breaking client, whose sales proceed started to come in from 30 days but were diverted to other businesses, not deposited with the bank account.

A large borrower of a state-owned bank became a defaulter right after disbursement of the term loan as his project cost went through the roof for his failure to cover himself against the exchange rate fluctuation in German Mark in those days.

A large distributor of a global consumer goods company became a defaulter because all his money borrowed from the bank was invested in purchasing land, not in the consumer durables distribution business.

The lending officers often become captive to large clients due to their perceived "muscle power" or "business power" or at times even "emotional blackmailing". In most cases, these large clients dictate the terms.

If a client needs Tk 100 and we give them Tk 200, they are bound to divert the excess money out of business or become undisciplined with regard to timely repayment. No matter who the client is or what their business is, a loan officer must do an in-depth need assessment to find out how much the client needs to run their business and in what form.

One must look at the business model, the projected turnover, and the tenure of an end-to-end transaction before deriving a figure for facility structuring.

Even if one derives a figure, one must know how much of that would be bank-financed and how much by the owners. The security or collateral provided must be valued by a proper agency or put up on a mark to the market valuation process. In the same way, outstanding can also be reviewed against security or collateral held.

I have also seen loans going bad due to non-compliance with regulatory imperatives, like waste treatment plants, river pollution or even neighbourhood pollution. The social activist groups forced the agencies to close down the plants.

Faulty title of land and grabbing of school or prayer places also created problems in the erection of plants, compelling the companies to relocate and thereby increasing the project costs.

The business being not relevant to the core strength of the key entrepreneurs also didn't help many repayments. Most importantly, one has to be with the winners in each of the business segments, not with the losers.

If one would want to penetrate further into the client segment with some security/collateral or even inadequate cash generation with some compromises, pricing must be reflective of the inherent risk or the government must subsidise to encourage money flowing to those priority sectors.

Many banks or financial institutions in Bangladesh don't have a risk policy of their own or any structured approach to loan appraisal, disbursement and repayment. I have seen many financial institutions having a large pool of people in their loan or credit departments, yet totally dependent on the board for each loan approval.

Appropriate valuation culture of the security or collateral is absent in many of these organisations. Facilities are granted without recognising the business or trade cycle. The resultant effect is loan losses, forced provision, capital erosion, profitability drops, and fall in share prices.

A robust risk management culture with a dynamic risk management policy can help financial institutions avoid such losses. Along with that, more important is the deployment of right people for risk management.

If we disburse a loan of Tk 100 crore, we can hardly make Tk 3 or Tk 4 crore as net earnings. However, if we get into troubled loan of the same amount, we lose the entire Tk 100 crore along with loss of reputation and employee de-motivation, if not some heavy collateral damage too.

Source: thedailystar.net– Aug 09, 2021

HOME

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Bangladesh: RMG export to US rises by 26.81pc in Jan-June

Bangladesh's readymade garment export to the United States in January-June of 2021 witnessed a strong rebound with a 26.81-per cent growth, thanks to an increased demand for the apparel items in the market after a massive vaccination programme in the US to prevent the Covid pandemic.

Apparel import from Bangladesh by the US in the first half of 2021 increased by $662 million to $3.13 billion from $2.45 billion in the same period of 2020, according to the US Department of Commerce's Office of Textiles and Apparel data.

Exporters said that both the export orders and the inquiries from the US buyers had increased in recent months as the country opened its business after massive Covid vaccination.

The OTEXA data showed that in terms of value, Bangladesh's apparel export to the US market in June 2021 grew by 139 per while it increased by 133 per cent in volume compared with that in the same month of the past year.

Apparel export to the US, the largest export destination for Bangladesh, in June 2021 grew by $317.28 million to $545.21 million from $227.93 million in June 2020.

India gained more share in the US market as its RMG export to the destination increased by 32.28 per cent to $2.03 billion in January-June of 2021 from $1.53 billion in the same period of 2020.

'The demand for apparel products has increased in the US market for the last few months as the US government withdrew Covid restrictions on business and movement after a massive vaccination programme,' Mahmud Hasan Khan Babu, managing director of Rising Group, told New Age.

He said that the massive vaccination curbed the infection rate in the US and people started buying their necessary cloths after a long time.

In view of the increased demand from the consumers, the US buyers increased their volume of orders in Bangladesh and inquiries as well, Mahmud Hasan said.

Mahmud Hasan, also a former vice-president of the Bangladesh Garment Manufacturers and Exporters Association, said that India would be the main competitor for Bangladesh in the US market in future as the country (India) would grab a portion of US orders that would be shifted from China.

‘It’s true we are getting an increased number of orders and inquiries from the US but it is important to manage the orders properly to sustain the export growth in the market,’ he said.

The data showed that the total apparel imports by the US from different countries in the first half of 2021 increased by 26.92 per cent to $35.37 billion from $27.87 billion in the same period of the previous year.

The US apparel import from China in January-June of 2021 grew by 26.77 per cent to $7.31 billion from $5.77 billion in the same period of the previous year.

Vietnam’s RMG export to the US in the first half of 2021 grew by 20.45 per cent to $6.81 billion from $5.65 billion in the same period of 2020.

RMG import by the US from Cambodia in January-June of 2021 increased by 13.85 per cent to $1.42 billion from $1.24 billion in the same period of the previous year, the data showed.

Source: newagebd.net– Aug 08, 2021

HOME

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Pakistan, Maldives Trade Opportunities Discussed

Pak-Maldives Business Council of FPCCI organized virtual Dialogue in collaboration with State Trading Organization of Maldives to discuss untapped opportunities to boost bilateral trade.

The event was facilitated by the Trade Development Authority of Pakistan and High Commission of Pakistan in Mal, Maldives, said FPCCI statement here on Friday.

President, Federation of Pakistan Chambers of Commerce and Industry (FPCCI), Mian Nasser Hayat Maggo said FPCCI could play an active role in connecting Maldives businessmen with exporters in Pakistan to meet their import requirements.

He highlighted the potential to enhance the volumes of bilateral trade mainly in construction materials, pharmaceuticals, textiles and food items.

Mian Nasser Hyatt Maggo said FPCCI was ready to host a trade delegation from Maldives to Pakistan to facilitate the Maldivian importers to have first-hand knowledge of Pakistani products from varied industries and sectors. He also offered his full support to establish B2B linkages.

Vice Admiral (Retd) Ather Mukhtar shared his vision for Pak-Maldives relations and encouraged both sides to make the best use of the business potential on both sides.

Acting High Commissioner of Maldives in Pakistan, Ali Rilwan also underlined the need for to work together in very organized way to explore business opportunities.

Chairman Pak-Maldives Business Council of FPCCI, Imran Khalil Nasser apprised the audience of the enormous potential to enhance bilateral trade and economic cooperation.

He said Pakistan and Maldives should explore investment including joint venture opportunities through regular B2B contacts.

Pakistan's Trade and Investment Attach in Maldives, Asmma Kamal, gave a detailed presentation on existing trade figures between the two countries. She also highlighted potential industries and sectors for Maldives to source

goods from Pakistan. Director Pak Maldives Business Council Altaf Hashwani enquired about the potential of STO Maldives to enhance imports of textiles and hosiery products from Pakistan.

Participants raised their queries with STO on product registration requirements and procedures in Maldives and the appetite to import Pakistan's world-famous fruits like mangoes and oranges.

Source: urdupoint.com– Aug 06, 2021

HOME

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Pakistan: Weekly Cotton Review: Rate increases due to bullish trend

Due to increase in buying by the textile and spinning mills the rate of cotton witnessed an increase of Rs 400 to Rs 500 per maund. On the other hand the supply of Phutti increasing but due to increase in the number of operational ginning factories apparently, it looks that supply of Phutti has decreased. The rate of Phutti is increasing as a result of the increase in the rate of cotton. Increase of Rs 200 to Rs 300 per 40 kg was recorded in the rate of Phutti.

Sources in the textile industry said that textile mills had signed cotton import agreements with foreign countries but the delivery of imported cotton is delayed by two to three months due to delay in shipments. The major reason behind increasing in the price of cotton is that textile mills have to buy cotton from local cotton market due to delay in shipments in order to fulfil their needs.

On the other hand, some mills which were not involved in buying last year due to increase in the rate of cotton because of increase in the prices of dollar are taking interest in buying.

According to the information received the situation of cotton crop is satisfactory. Last rains had cast impact on the cotton crop. The arrival of cotton is satisfactory as compared to the previous year.

However, textile mills are signing agreements for the import of cotton due to increase in the rate of cotton. It is expected that this year 85 lac bales of cotton will be produced despite of the fact that this year local production of cotton will be better.

It is expected that this year the demand of cotton will be one crore seventy lac bales due to installing of new machinery, whereas it is expected that local production will be 85 lac bales and cotton in large quantity have to be imported in order to meet the local demand.

As per cotton importers every day new import agreements are being signed and up till now agreements for import of five to six lac bales have already been signed.

The rate of cotton in Sindh after increasing by Rs 400 to Rs 500 per maund reached from Rs 13300 to Rs 13500 per maund. The rate of Phutti is between Rs 5200 to Rs 5800 per 40 kg. The rate of Banola is between Rs 1650 to Rs 1750 per maund.

The rate of cotton in Punjab is between Rs 13350 to Rs 13800 per maund. The rate of Phutti is between Rs 5200 to Rs 6300 per 40 kg. The rate of Banola is between Rs 1700 to Rs 1800 per maund.

The rate of cotton in Balochistan is between Rs 13200 to Rs 13500 per maund. The rate of Phutti is between Rs 5600 to Rs 6300 per 40 kg while the rate of Banola is between Rs 1800 to Rs 1900 per maund.

The Spot Rate Committee of the Karachi Cotton Association has increased the spot rate by Rs 400 per maund and closed it at Rs 13400 per maund.

Chairman Karachi Cotton Brokers Forum Naseem Usman says that overall a bullish trend prevails in the international cotton markets. The Rate of Promise (Waday Ka Bhao) of New York Cotton was in between 89.50 American Cent per pound to 91.70 American Cent per pound.

While according to the weekly USDA export report there was a slight increase as compared to the rate of last week.

Due to a trade dispute between China and the United States, China still refrains from buying cotton from the United States. However, China is selling its old cotton stock. The cotton crop is affected in Brazil due to rains due to which the rate of cotton has increased. The increasing trend in the rate of cotton was witnessed in Central Asian states and African countries while a mixed trend was seen in the rate of cotton in India.

Naseem Usman told that production of cotton crop is expected to improve globally in 2021-22. After a decrease of 7 % in 2020-21 as compared to 2019-20 it is expected that cotton production will reach 25 million tons after increasing by 3% in 2020-21.India, China, Brazil and America will be the top producers.

It is expected that American cotton in 2021-22 will be 3.8 million ton which will be 22% more than previous figure.

In 2020-21 significant decrease was witnessed in the area and production of cotton in Pakistan. The area was reduced by 21% and the production decreased by 33 %.

The major reason behind the reduction in cotton crop is uncertain weather conditions, attack of insects and good rates announced by government for competitive crops due to which the farmers switched to other crops such as sugarcane and corn. It is expected that production of cotton in Pakistan in 2021-22 will be the same. It is expected that Pakistan will rely on imported cotton in order to fulfil its demand.

Farmers Advisory Committee (FAC) on Tuesday issued its fortnightly guidelines for cotton farmers applicable from Aug 1-15, advising farmers to drain out stagnant water from field in case of rains and do not let crop under stress to make the most of its ongoing phase of flower and boll formation.

In the fifth FAC meeting chaired by director Central Cotton Research Institute (CCRI) Multan Dr Zahid Mahmood and attended by experts, farmers were urged not to let crop face shortage of implements like water, fertilizers to continue their growth momentum. However, the farmers should avoid water application in case of rains and opt for only light irrigation when needed. Farmers must not let rainwater stagnating, the experts said adding that it should be drained out.

Federal Minister for National Food and Security Syed Fakhar Imam, on Wednesday, said that the government has approved cotton intervention price.

While addressing a press conference in Islamabad, the minister said cotton intervention price has been set at Rs 5,000 per 40kg of seed cotton by the cabinet.

He said, "If prices fall below Rs 5,000/40kg of seed cotton then the intervention policy will be activated."

The federal minister said that the procurement will be set as 90 percent of the import parity price (IPP).

Furthermore, he said, "Ministry will constitute a 'Cotton Price Review Committee' which will monitor cotton price in the country. This committee will direct the TCP to start procurement if prices fall." He said that the TCP will initially procure 200,000 bales of cotton.

He said that it will ensure that farmers get directly benefited from its procurement. The minister hoped that it would stabilise cotton prices in the country.

Imam said that the government is working on a cotton revival program, which will be introduced soon. He said primary aim of this programme is to provide quality input for cottonm especially cotton seed and pesticides in addition to modernisation of ginning technology.

Imam said a Cotton Price Committee has been formed to fix the cotton price at five thousand rupees per forty kilograms. He said the government is introducing quality control system to ensure the quality of cotton seed. He said efforts are being made to make Pakistan self-sufficient in edible oil.

On the other hand the farmers had rejected the intervention price of Rs.5,000 per 40 kg of cotton to encourage cotton production activities and increase the country's production.

Ehsan-ul-Haq, chairman of the Cotton Ginners Forum, said that the federal cabinet in its recent meeting had decided to fix an intervention price of Rs5,000 per 40 kg for cotton, which was rejected by farmers' organizations. According to him instead of benefiting the farmers it will lead to a fall in cotton prices in market.

He appealed to the Prime Minister Imran Khan to fix the new price of cotton at least Rs 6,000 per 40 kg so that farmers could benefit from it and cotton prices in the open market could remain stable.

It may be recalled that the federal cabinet had decided that if the price of cotton in the open market fell below Rs 5,000 per 40 kg, the Trading Corporation of Pakistan would initially purchase Rs two lac bales of cotton from cotton ginners so that cotton prices would remain stable.

It should be noted that after the financial year 2005, after a gap of about fifteen years, the federal government has fixed the support price of cotton in the country. Meanwhile, a dispute arose between Pakistan Cotton Ginners Association and cotton brokers over the matter of cotton brokerage.

Source: brecorder.com– Aug 09, 2021

HOME

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Pakistan: Brand creation to multiply textile export volume: PBF

Pakistan Businesses Forum (PBF) has said that establishment of brands in the textile industry will fetch better export volumes, regretting the exporters, unfortunately, didn't focus on these lines earlier.

Speaking to a delegation of Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA), PBF President Mian Usman Zulfiqar said that Pakistan's fashion designing and textile industry have emerged as important components of national trade because of their export potential, said a statement issued on Friday.

He was of the view that the two segments have tremendous potential to secure a mammoth share in the international fashion market. "Pakistan can grab a significant share in fashion industry exports if it succeeds in attracting the attention of foreign buyers," he added.

He suggested the government announce the setting up of five mega textiles parks to make the industry globally competitive. The government may also make it compulsory for the large spinning units having more than 30,000 spindles to grow their own cotton to manufacture cotton yarn and extend full support to them because the country's textile exports cannot be enhanced without increasing the area under cotton cultivation and yield.

He said, "Currently our textile industry is running on its full capacity and it's not only Pakistan, all supplier countries are loaded with orders because stores are empty. We have to draw a certain mechanism to continue with this for a longer term."

The textile industry emerged as a major part of the industrialisation process in Pakistan during the 1960s and there are about 1,200 ginning factories in the country till date, including 250 factories in Sindh and more than 720 in Punjab.

One must understand Pakistan is an agrarian country, its textile industry is considered as the backbone of the national economy because this sector is not only contributing 8.5pc share in GDP but also providing job opportunities to 40 percent of total labour force, he further said.

He said that the textile industry is also producing artificial silk which resembles silk but costs less, while about 90,000 looms are working on this product across the country. “We are producing high quality fabric as compared to the fabric produced in other countries,” he said.

On the occasion, the PRGMEA officials demanded that Pakistan National Shipping Corporation, which is presently non-operative, should acquire containerised ships on lease to facilitate the exporters, as this strategy would help the government keep freight cost in control and make textile exports competitive in the global market.

Source: dailytimes.com.pk– Aug 06, 2021

HOME

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NATIONAL NEWS

PM interacts with Heads of Indian Missions abroad and stakeholders of the trade & commerce sector

In a first of its kind initiative, the Prime Minister Shri Narendra Modi interacted with Heads of Indian Missions abroad and stakeholders of the trade & commerce sector via video conference. The Union Commerce Minister and External Affairs Minister were also present during the interaction. The interaction also witnessed participation of Secretaries of more than twenty departments, state government officials, members of Export Promotion Councils and Chambers of Commerce.

Addressing the gathering, the Prime Minister said that this is the time for Azadi ka Amrit Mahotsav. Along with celebrating the 75th festival of independence, this is an opportunity to build a clear vision and roadmap for future India. In this, our Export Ambitions and all the stakeholders play a major role. He added that today the world is shrinking every day due to physical, technological and financial connectivity.

In such an environment, new possibilities are being created around the world for the expansion of our exports. He lauded the stakeholders for this initiative and commended the enthusiasm, optimism and commitment shown by all of them to achieve our ambitious goals regarding exports. He reminded that one of the major reasons, India had the highest share in the global economy in the past was it's strong trade and exports. He stressed on the importance of strengthening our exports in regaining our old share in the global economy.

The Prime Minister urged the stakeholders to put all their efforts to take advantage of the new opportunities created by the changes in the Global Supply Chain in the Post Covid Global World. Considering the size of our economy and potential, our manufacturing and service industry base, there is tremendous potential for export growth.

He added that when the country is moving towards the mission of Atmanirbhar Bharat, one of its goals is to increase India's share in exports manifold. He said that to achieve this we have to make sure that we get access to the global supply chain, so that our business can scale and grow. He added that our industry will also have to move towards the best technology, focus on innovation and increase share in R&D. He said our

share in the Global Value Chain will grow only by following this path. While encouraging competition and excellence, we have to prepare global champions in every sector, he stressed.

The Prime Minister listed four factors that are very important for increasing exports. Manufacturing in the country has increased manifold and that has to be qualitatively competitive. Second, The problems of transport, logistics should be removed for that centre, states and private stakeholders will have to work continuously. Third, The government should walk shoulder to shoulder with the exporters and, finally, the international market for Indian products needs to be expanded . He said only when these four factors are synergized, India will be able to achieve the goal of Make in India for the world in a better way.

The Prime Minister said today, the government in the country, in the states is moving forward, understanding the needs of the business world. He listed the initiatives of the Government to boost MSMEs like many relaxations given in compliances under Atmanirbhar Bharat Abhiyan and provision of Emergency Credit Line Guarantee Scheme of Rs 3 lakh crore. He also noted that the Production Linked Incentive Scheme will not only help in increasing the scale of our manufacturing but also increase the level of global quality and efficiency.

This will develop a new ecosystem of Atmanirbhar Bharat. The country will get new Global Champions in Manufacturing and Export. He elaborated how Production Linked Incentives helped to strengthen the mobile phone manufacturing sector. The mobile phone sector, we are also experiencing its impact. 7 years ago, we used to import mobile phones worth about $ 8 billion. Now, it has come down to $2 billion. 7 years ago, India used to export mobile phones worth only $ 0.3 billion. Now it has increased to more than 3 billion dollars.

The Prime Minister said the government, both at centre and states are also focussing to reduce the time and cost of logistics in the country. For this, work is going on at a rapid pace in every level to create a multimodal connectivity.

The Prime Minister said continuous efforts are being made by the government to minimize the impact of Pandemic. It is our best effort to keep the virus infection under control. The work of vaccination is going on at a fast pace in the country today. Every possible step has been taken to solve all the problems of the countrymen and the industry. He added that

our industry and business has also innovated during this period, by adapting itself to new challenges. The industry also helped the country deal with the medical emergency and also played a role in reviving growth. This is the reason that today along with drugs and pharmaceuticals, our exports have reached a new level in sectors like agriculture.

He said today we are seeing positive signs not only of recovery in the economy but also about high growth. Therefore, this is a good time to set high targets for exports and achieve them. He said the Government is taking necessary steps at every level to achieve this. Recently, he said the Government has taken a major decision for our exporters to get a boost of about Rs 88000 crore rupees in the form of insurance cover. Similarly by rationalizing our export incentives our exports would be WTO compliant and will also get a boost.

The Prime Minister stressed on the importance of stability in doing business. He said the decision taken by India to get rid of retrospective taxation shows our commitment, shows consistency in policies and gives a clear message to all the investors that India is not only opening the doors of new possibilities but the decisive Government of India, has the will to fulfill its promises.

The Prime Minister stressed on the role of states in achieving the export targets and implementing reforms, attracting investment, easing of doing business and creating last mile infrastructure. He said the central government is working closely with the states to minimize the regulatory burden so as to increase export and investment. He said a healthy competition is being promoted between the states to make export hubs in the states. States are being encouraged to focus on one product in each district.

The Prime Minister said our ambitious target regarding exports can be achieved only through a holistic and detailed action plan. He urged the stakeholders to accelerate our existing exports and also work to create markets, new destinations for new products. At present, almost half of our exports are to only 4 major destinations. Similarly, about 60 percent of our exports are related to Engineering Goods, Gems and Jewellery, Petroleum and Chemical Products and Pharmaceuticals. He urged them to find new destinations and also take our new products to the world. He added that with the opening of sectors like Mining, Coal, Defense, Railways, our entrepreneurs are also getting new opportunities to increase exports.

The Prime Minister said to the Ambassadors, officials from the Ministry of External Affairs that in whichever country they are representing India, they understand the needs of that country very well. He asked them to act as a bridge for the commerce industry here. He urged that India Houses present in different countries should also be representative of the manufacturing power of India. He requested the Ministry of Commerce to put in place such a system so that there is a constant communication between our exporters and our missions. The Prime Minister said for maximum benefit to our economy from our exports, we have to build a seamless and high quality supply chain within the country as well. For this we need to build a new relationship and a new partnership. He requested all Exporters to strengthen partnership with our MSMEs, farmers and our fishermen, promote our Startups and support them.

The Prime Minister gave a call to establish a new identity of Quality and Reliability. He said it is our endeavor to create a natural demand for high value-added products of India in every nook and corner of the world. He assured the industry, all the exporters that the government will support them in every way. He urged the industry to prove the resolve of Atmanirbhar Bharat and a prosperous India!

Union External Affairs Minister Shri S. Jaishankar highlighted the unique character of the event. He said that while the theme of the event is local goes global, the Indian Missions also need to be globally local to help connect our producers with the demand in specific countries. Union Commerce Minister Shri Piyush Goyal said that the global environment is favourable and we should look at leveraging comparative and competitive advantages with respect to other countries for increasing our exports.

Heads of Indian Missions gave their inputs and suggestions to increase India's exports. They talked about setting sector and region specific trade targets, the need to focus on value addition, quality standards of products, supply chain diversification, ensuring reliability in supplies and improving connectivity. They said that there is a need to focus on new markets and region specific products, while at the same time, maintaining our competitive edge in the regions and products where we are doing well currently.

Source: pib.gov.in– Aug 06, 2021

HOME

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PM suggests 4-point strategy to achieve $400-b exports in FY22

Rues that export basket remains limited to a few goods, destinations

Prime Minister Narendra Modi today listed four factors to boost exports and urged all stakeholders to identify new products and destinations. The factors include increasing manufacturing manifold, removing logistical problems, coordination between exporters and government, and finding more global markets for Indian products.

“At present our exports are about 20 per cent of GDP. Considering the size of our economy, our potential, the base of our manufacturing and service industry, it has the potential to grow a lot,” the PM said virtually addressing all Indian missions and export promotion councils on the target of achieving $400- billion exports in 2021-22.

Expanding on the four factors, Modi said that manufacturing has to be qualitatively competent as many consumers worldwide value quality more than price.

The Centre and the States would need to put in the effort to sort out the logistical problems, and it was also important for the government to move shoulder-to-shoulder with exporters. Most importantly, it was important to find more international markets for products made in India.

“When all four factors come together, India’s local will become global. Make in India for the world can happen,” he said.

Observing that a big part of India’s exports comprised items from just a handful of sectors such as petroleum products, gems & jewellery, engineering goods and pharmaceuticals and half the country’s exports were shipped to just four destinations, the Prime Minister said there was a huge scope for diversification and expansion.

With mining, coal, defence and railways opening up, “our exporters are getting more scope for growth and there is a need for drawing futuristic strategies for the new areas,” he said.

To mark 75 years of Independence, Modi asked mission heads to identify 75 new items that could be exported from India to their country of operation.

Modi also asked the Indian diaspora in different countries to get involved in the promotion drive and help boost exports of specific items from their States of origin. State governments, too, could select five-ten top priority goods and send them to at least 75 countries, he added.

Source: thehindubusinessline.com– Aug 07, 2021

HOME

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Govt looking at 3-5 years extension for interest relief scheme for exporters

Long-term extension may be part of five-year FTP scheduled in October

The Centre is examining the option of extending the interest equalisation scheme for exporters by three-five years, instead of doing so on a piece-meal basis of a few months at a time, to provide stability to exporters and help them in judicious pricing of their products.

"As part of the new Foreign Trade Policy expected to be implemented in October this year, the Commerce Ministry may extend the interest subsidy scheme for a longer time-frame of three-five years," the official said.

The interest equalisation scheme, introduced on April 1, 2015 for five years as part of the FTP 2015-20, is a key provision to help meet exporters need for cheap funds. It extends a subsidy on interest provided on pre- and post-shipment export credit ranging between 3 per cent and 5 per cent.

The banks provide credit at the lower interest rate to exporters and the differential amount is later reimbursed by the government. In addition to MSME exporters of all items, exporters of 416 identified products are eligible for the benefit.

" Because of the Covid-19 pandemic, the new five year FTP could not be announced as scheduled on April 1, 2020 and the earlier one got extended for a year. The interest subvention scheme, too, got a one-year extension. However, in the on-going fiscal, the scheme was extended twice for a period of three months each.

This creates uncertainty for exporters," the official explained. Exporters bodies, like the FIEO, have been petitioning the government for a longer extension of the scheme.

Certainty about the continuity of the scheme would help exporters in pricing their products competitively as they would be able to factor in the concession without worrying about a roll back.

The scheme was last extended from July to September 30, 2021.

Long-term extension

"The Commerce Ministry is in discussions for a long-term extension of the interest equalisation scheme and may soon work on a note for the Expenditure Finance Committee's sanction," the official said.

India's exports suffered a setback in 2020-21 due to the Covid-19 pandemic and outbound shipments declined by 7.26 per cent (year-on-year) to $290.63 billion.

However, with a re-bound in global demand, things seem to be on the mend with exports, in the April-July 2021 period, at $130.53 billion, up by 73.51 per cent over the same period of 2020 and by 21.82 per cent over same period of 2019.

An ambitious export target of $400 billion has been set for the current fiscal by the Commerce Ministry.

Source: thehindubusinessline.com– Aug 08, 2021

HOME

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Piyush Goyal calls for increasing handloom exports to Rs 10,000 crore in three years

Textiles Minister Piyush Goyal on Saturday called for increasing handloom exports to Rs 10,000 crore and doubling the production to Rs 1.25 lakh crore in the next three years with a view to promoting the growth of the sector.

At present, handloom exports are worth Rs 2,500 crore and production is about Rs 60,000 crore.

"Let us today all resolve collectively on this day that we will go for a Rs 10,000 crore target for exports of handloom products and a target to increase our production to Rs 1.25 lakh crore in the next three years," he said at the National Handloom Day celebrations.

He also suggested forming a team under the chairmanship of Sunil Sethi of Fashion Design Council of India (FDCI) consisting of weavers, trainers, equipment makers, marketing experts and other stakeholders to recommend ways and means to promote the growth of the sector.

The sector should become strong and prosper without depending much on state support, Goyal said.

"We have to look for new ways to boost handloom production and explore new markets," he added.

Speaking at the event, Textiles Secretary U P Singh said the ministry is working on ways to ensure artisans and weavers get the right price for their products.

"We are trying to onboard more and more handloom players on GeM (government e-marketplace). Over 1.5 lakh handloom weavers are there on GeM," he said.

Source: retail.economictimes.indiatimes.com– Aug 08, 2021

HOME

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India's economy showing positive indicators of high growth rate: PM Modi

India's economy is not only showing signs of recovery but also positive indicators of high growth rate, Prime Minister Narendra Modi said on Friday.

Modi urged the industry and exporters to take advantage of opportunities created in the post-Covid world, explore new destinations and expand India's export basket to achieve the $400 billion target.

The Prime Minister was addressing Indian Missions and Export Promotion Councils on the country's target of $400 billion in merchandise exports this year.

In the post-Covid scenario, there is adebate on global supply chains and in that "we should use all our force" to tap new opportunities, he said.

Modi said a multi-fold increase in manufacturing, reduction in logistics costs, and international market for domestic goods, can help boost outbound shipments.

He asked the overseas Indian Missions to add five new export destinations for Indian goods, and 75 new products for export.

"We can create a group of Indian diaspora and they can promote the local goods in the global market. We need to search for new destinations for exports. Diaspora groups with respective states can do virtual summits and can help in branding and marketing (Indian products)," Modi said, adding that states can decide on the top 5-10 products that can be sold to 75 countries.

The prime minister said India's ambitious target regarding exports can be achieved only through a holistic and detailed action plan.

He urged the "stakeholders to accelerate our existing exports and also work to create markets, new destinations for new products."

This is crucial as, at present, almost half of India's exports are to only four major destinations.

Similarly, about 60% of the exports are related to engineering goods, gems and jewellery, petroleum and chemical products, and pharmaceuticals.

Modi said that with the opening of sectors like mining, coal, defence and railways, entrepreneurs are getting new opportunities to increase exports.

“We have to build a seamless and high-quality supply chain within the country as well. For this, we need to build a new relationship and a new partnership,” Modi said.

He urged exporters to strengthen partnership with micro, small and medium enterprises, farmers and fishermen, promote startups, and assured them of government’s support.

“The next 25 years are valuable for India as in 2047, the country will celebrate 100 years of Independence. Without losing a moment, we must progress with a roadmap,” Modi said, stressing on regaining India’s old share in the global economy.

At present, exports account for 20% of the country’s GDP and “given the size of our economy, potential, manufacturing and base of services industry, there is a possibility” to increase this share.

The four factors that are important for increasing exports are: manufacturing, removal of problems of transport, logistics, walking shoulder to shoulder with exporters, and expanding the Indian product basket for the international market, he said.

“When these four factors are synergized, India will be able to achieve the goal of Make in India for the world in abetter way,” Modi said.

The prime minister also noted that the Production-Linked Incentive scheme will not only help in increasing the scale of manufacturing but also increase the level of global quality and efficiency.

Talking about the role of states in achieving the export targets and implementing reforms, he said the central government was working closely with the states to minimize regulatory burden to increase export and investment.

The prime minister said for maximum benefit to India’s economy from exports, there was a need to build a seamless and high-quality supply chain

within the country as well. He also mentioned that the endeavour should be to create a natural demand for high valueadded products of India in every nook and corner of the world.

"I assure the industry, all the exporters that the government will support them in every way," he said.

Source: economictimes.com– Aug 07, 2021

HOME

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Exporters' demand measures to address logistics issues

Textile and garment exporters have sought measures by the Union government to address the issue of container shortage.

In an interaction recently with the Prime Minister, the export promotion council heads pointed out the challenges they face on the logistics front.

According to Manoj Kumar Patodia, chairman of the Cotton Textiles Export Promotion Council, the acute shortage of containers and the need for greater focus on logistics development were emerging as major challenges.

He urged the Government to step in immediately to address the issue of container shortages faced by the exporters which is turning out to be very serious. He also appealed to the Government to include textiles in the priority list while negotiating Free Trade Agreements with the UK, the European Union, Canada, and Australia.

Apparel Export Promotion Council chairman A. Sakthivel said the government should look at FTAs with the UK, the EU, and the US, and CEPA with Canada and Australia.

Shortage of containers is affecting all exporters and the Government should advise shipping companies to bring empty vessels directly to India, he said. India should develop an Indian Shipping Line of global repute so that the country saves over $ 50 billion annually which exporters are currently remitting as freight charges.

While the demand for exports is very good, exporters are facing cash flow issues as buyers are asking for longer periods of credit. Dues from the Government should be released quickly, which will help the exporters, he said.

Source: thehindu.com– Aug 08, 2021

HOME

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India's trade deficit with China dips to USD 44 billion in 2020-21

India's trade deficit with China has declined from USD 53.57 billion in 2018-19 to USD 44.02 billion in 2020-21, Minister of State for Commerce and Industry Anupriya Patel said on Friday. Exports to China has increased to USD 21.19 billion in 2020-21 from USD 16.61 billion in 2019-20, Patel said in a written reply to the Rajya Sabha. Exports were USD 16.75 billion in 2018-19.

Imports from China during 2018-19, 2019-20 and 2020-21 were worth USD 70.32 billion, USD 65.26 billion and USD 65.21 billion, respectively.

In a separate reply, she said the decline in India's export of automobiles, including cars, is largely due to global economic slowdown and supply chain disruptions due to Covid-19 pandemic.

"With a view to create a conducive manufacturing ecosystem and to enable integration with global supply chains, the Union Cabinet on 11th November, 2020 has given approval to introduce the Production-Linked Incentive (PLI) Scheme for Automobiles and Auto components, with a financial outlay of Rs 57,042 crore over a five-year period, to make the Indian Automotive Industry more competitive," she added.

Source: economictimes.com– Aug 06, 2021

HOME

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FDI in textile sector

As per Government FDI Policy for Textiles Sector, Textiles is open to FDI under automatic route. Nearly 80% of textiles units in India are MSME resulting in fragmented nature of industry.

FDI inflows serve to augment domestic capital and help to promote industrial development thereby increase its production capacity, export competitiveness, employment opportunities across textiles sector. Such investments bring international best practices and latest technologies in various sectors leading to overall economic growth and development in the country.

A statement on Financial Year wise overall FDI equity inflows and Country-wise FDI equity inflows from April 2016 to March'2021 of Textiles sector(including dyed, printed) is given at Annexure-I.Japan has invested the maximum amount US$ 381.47 million as FDI in textiles sector.

There are no FDI specific incentives for artisans, weavers and labourers provided by the Government, however, a statement on overall efforts made by the Government to protect interest of Artisans, Weavers and Labourers in textiles sector is at Annexure-II.

Click here for more details

Source: pib.gov.in– Aug 06, 2021

HOME

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Japan accounts for maximum FDI in textiles

More than 1.75 lakh weavers, artisans registered on Government e-Marketplace platform, says MoS Textiles

Foreign Direct Investment (FDI) equity inflows into the textiles sector over last five years stood at $1.89 billion with Japan investing the maximum funds followed by Mauritius, the Netherlands and Denmark.

"Japan has invested the maximum amount of $381.47 million as FDI in textiles sector (from April 2016 to March 2021)," Minister of State for Textiles, Darshana Jardosh, stated in a reply to a question in the Lok Sabha on Friday.

There are no FDI-specific incentives for artisans, weavers and labourers provided by the government, the Minister clarified. Answering a question on the steps taken to boost production and marketing in the textiles sector, the Minister said that weavers, artisans, cooperative societies, handloom and handicraft agencies were being facilitated to register on Government e-Marketplace (GeM) in all States. This arrangement would help in marketing of their products and getting reasonable price by eliminating intermediaries.

"More than 1.75 lakh weavers and weaving entities, artisans have been registered on the Government e-Marketplace (GeM) web portal," she said.
Source: thehindubusinessline.com– Aug 06, 2021

HOME

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‘Addressing container shortage, high shipping freights to help exports hit $400 bn this fiscal’

Addressing acute shortage of containers, controlling high shipping freights and ensuring timely refund of pending dues are crucial to take the country’s overall exports to $400 billion by the end of this fiscal, according to exporters.

The other factors that could help in increasing shipments include ensuring that negotiations for various free-trade agreements (FTAs) lead to greater market access for Indian goods; attracting export-oriented foreign direct investment, credit to exporters at international rates; and investing in dedicated R&D and design centres for focused products in each state.

Leading leather exporter and Farida Group Chairman Rafeeq Ahmed said exporters are facing huge problems with regard to container shortage, and this issue needs to be resolved immediately.

Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said, “Container shortage issue is the most serious one and it will affect manufacturing, as goods will pile up in factories”.

Sharing a similar view, Ludhiana Hand Tools Association President S C Ralhan said that along with shortage, high shipping freights are impacting domestic exporters and both these matters need attention of the government as “we are targeting $400 billion exports” in the current financial year.

Exports during April-July 2021 jumped 73.86 per cent to $130.56 billion, against $75.10 billion in the year-ago period.

FIEO former president S K Saraf suggested exporters to do aggressive marketing by looking at new market options; investing in technology to improve quality and productivity, and doubling of existing capacities.

From the government side, Saraf suggested amending land laws so that exporters can buy land and get all clearances in a month’s time; allowing bank finance at international price; and paying off pending dues within a month by all government departments.

Current FIEO President A Sakthivel also recommended the Centre for augmenting cash flow to exporters; and providing freight subsidy to adjust abnormal hike of shipping rates. He also urged the government to release pending claims of exporters under different schemes like MEIS (Merchandise Exports from India Scheme).

Mohit Singla, founder chairman of Trade Promotion Council of India (TPCI), said that to achieve the $400-billion target, there is a need for marketing support for focused products; national authority for meeting compliance and standards, and streamlining of payment mechanisms with banks for exporters.

Further, International Chamber of Commerce (ICC Paris-India) President Vikramjit S Sahney suggested setting up of an institutional mechanism for global market intelligence; enhanced role of Indian missions; and massive campaigns in key markets for brand building of traditional Indian exports.

"We also have to ensure that negotiations under various FTAs lead to greater market access for the Indian industry in partner countries. India should also focus more on attracting export-oriented FDI," he said.

FIEO Vice-President (Western Region) Khalid Khan stated that exporters should now explore key markets in Latin America and Africa, as both these regions hold huge export potential. "Besides, they have to start exporting high value-added goods. Huge potential is there in developing countries for such goods and this is the time when we have to push for that," Khan said.

Plastics Export Promotion Council of India (Plexconcil) Chairman Arvind Goenka said sea freight rates have increased making the export goods uncompetitive with local manufacturers in respective countries.

"If the government regulates port charges and inland haulage charges in such a way that burden of increased sea freight is reduced, it can allow Indian exporters to pass on the benefit in their export price," he added.

He also asked exporters to invest regularly in research and development to ensure that they can produce desirable quality at the lowest cost.

Source: financialexpress.com– Aug 08, 2021

HOME

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Global Economic Challenge and its Impact on Indian Textiles Industry

The world economy displayed a sign of sluggish growth even before the pandemic struck. Covid-19 acted as a powerful catalyst in this process whereby the economy was nearly crushed. The ripple effects of this global economic challenge have been felt across geographies, sectors, and industries. Indian textile industry was one of the industries which felt the pinch.

There is great historical significance attached to this industry in terms of its role in boosting the economy, expanding global integration, and making the Indian craft and talent reach the world. In the recent phase of India occupying the position of an emerging economy, the textile industry has contributed significantly to national output, employment, and exports.

The World Trade Organisation (WTO) rightly remarked, "In no other category of manufactured goods do developing countries enjoy such a large net exporting position as they do in the textile sector"

The following statistics not only prove the importance of textile industries but also reflect its massive potential to accelerate economic growth: India's textile industry adds about 14 percent to industrial production; 4 percent to the country's gross domestic product (GDP); 17 percent to its export earnings; and is a source of employment for over 35 million people. It is the second-largest employment generator after agriculture.

While 2020 arrived as a year with promising growth, it quickly turned into a nightmare for the economies worldwide. The whole world came to a standstill, with lockdowns and curfews being imposed everywhere. Economic activity had to halt in order to prevent the spread of the virus and the loss of lives. This had a devastating effect on aggregate consumer demand as well as supply chains.

Indian domestic textile and apparel market has been estimated at US$ 75 billion in the financial year 2020-21. The market fell 30 percent from US$ 106 billion in the financial year 2019-20.

The exports have fallen by roughly 15 percent and the imports have declined by approximately 35 percent. The calamity has indeed made sure that its presence is felt every step of the way.

Major Challenges

The reasons for this decrease are explored below

Demand Side: The Indian textile sector which was already dealing with issues like obsolete technology, slow pace of upgrades, lack of infrastructure, distributed industry structure, etc also received a blow from a drastic fall in exports because of Global Financial Crisis and increased competition from emerging countries such as Vietnam, Bangladesh, etc.

Restrictions on trade since 2020 have to lead to an unforeseen rise in inventories. Even as economies open up with the advent of vaccinations, the fear of new variants looms large, engulfing major economies like the US and the UK in an ongoing crisis. This has severely affected the Indian textile's exporting volume. The nationwide closure of markets, shopping complexes and a strict halt of everyday activity lead to a crumbling fall in consumer demand domestically as well.

Supply Side: Government mandates lead to the closure of several manufacturing outlets and factories as these didn't classify as essential services. Despite the initiation of nationwide unlocking, the textile industry hasn't been able to recover due to disruptions in supply chains at various levels. Procuring raw material from other nations like China have been affected by trade restrictions, manufacturing activity along with social distancing norms has proved to be difficult.

Everything from procurement of raw material from other nations to sustaining factories in absence of domestic and global demand is contributing to the heap of difficulties for this sector.

The Way Ahead

It is quite evident how the sector has been negatively impacted on various fronts. This impact is not limited to statistics and a fall in revenue but has significantly impacted a multitude of livelihoods that are deeply involved in the Indian textile industry.

While the government has announced welfare packages and schemes, there is a need to make them more comprehensive. Tax concessions, relaxation of customs, and duties for exporters are some of the ways through which the blow of the hardships can be softened.

Amidst this crisis, an opportunity has also presented itself which should be welcomed with rigor.

With world players strictly focusing on the domestic market and recovery, India has a chance to emerge as a manufacturing hub. Turning this vision into reality will need active support and participation from the government and citizens alike.

Source: indianretailer.com– Aug 08, 2021

HOME

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Depict real picture of job loss, reconcile data of credible agencies: Parliament panel to Labour Ministry

A Parliamentary panel has asked the Ministry of Labour and Employment to use and reconcile the data and studies conducted by credible agencies with that of retirement fund body EPFO for depicting real picture of job loss in the country especially in the situation like COVID-19 pandemic. The pandemic had an impact on employment in the country as the economic activities slowed down due to lockdown restrictions imposed by central as well as states to contain the spread of deadly virus from March in 2020.

"...data and studies conducted by other reputed and credible agencies be taken into consideration by the Ministry and reconciled with the data collected/maintained by EPFO so as to depict an authentic and real picture of the rate of unemployment/loss of jobs in the wake of Covid-19 pandemic for initiating requisite corrective measures as and when warranted," stated Parliamentary Standing Committee on Labour in its 25th report tabled in Parliament last week.

It observed that despite Covid-19 pandemic, net EPFO payroll addition for 2020-21 was 77.08 lakh which is almost at par with 2019-20 net payroll addition of 78.58 lakh.

It also noted that there is addition in net payroll in each month of financial year 2020-21, except for the months of April and May 2020 as most of the economic activities during these two months of 2020 were at halt due to complete lockdown measures put in place.

"However, the Committee's attention has been drawn to a study conducted by the Azim Premji University according to which nearly half of the formal salaried workers moved into informal work either as self-employed (30 per cent), casual wage (10 per cent), informal salaried jobs (9 per cent) between late 2019 and late 2020."

It also stated that the EPFO needs to play a more innovative and proactive role, especially with a huge corpus fund at its disposal in mitigating the emergent needs of not only the members registered with it but workers in the Unorganised sectors too across the Country during unprecedented crisis like Covid-19.

Source: economictimes.com– Aug 08, 2021

HOME

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Revision of MSME definition in midst of Covid pandemic: Investment and employment implications

As part of the Atmanirbhar Bharat scheme, the government of India revised the definition of MSMEs in India on 13th May 2020. This definition revision has three important dimensions: investment limit is raised, additional criteria of turnover is added, and the distinction between manufacturing and service sector is eliminated.

In the process, the investment limit for micro manufacturing enterprises is increased four times, from Rs 2.5 million to Rs 10 million whereas that of micro service enterprises is increased by 10 times, from Rs 1 million to Rs 10 million. The investment limit for small manufacturing enterprises doubled from Rs 50 million to Rs 100 million and that for small service enterprises increased five times from Rs 20 million to Rs 100 million. The investment limit for medium-sized manufacturing enterprises, doubled from Rs 100 million to Rs 200 million whereas, for medium-sized service enterprises, it quadrupled from Rs 50 million to Rs 200 million. The newly introduced turnover limit is fixed at Rs 50 million for micro-enterprises, Rs 500 million for small-sized enterprises, and Rs 1000 million for medium-sized enterprises.

This revision has come after 14 years after the last revision made along with the promulgation of the MSMED Act, 2006. The rationale for the latest revision put forward by the government is two-fold: (i) Low investment threshold for MSMEs is discouraging them to grow, due to the fear of losing concessions and benefits meant for the sector once the investment limit is crossed, and (ii) There have been long pending demands for a revision. It is interesting to note that the definition revision was introduced as one of the policy measures to address the concerns of the MSME sector to mitigate the impact of the Covid-19 pandemic.

In general, periodic definition revision of MSMEs is justified on the following three grounds: to take account of inflation, to facilitate technology up-gradation and modernization of enterprises, and to enable expansion of the scale of operations.

In high-inflation-oriented developing economies, inflation, of course, should be a factor prompting a periodic upward revision in the investment limit. Further, given the widely prevalent technological obsolescence of enterprises in the sector in developing economies, there needs to be a

constant thrust on technology up-gradation and modernization of firms. If technology up-gradation/modernization has to occur through technology imports, the issue of steadily deteriorating exchange value of the domestic currency must be considered.

Finally, if firms have to expand their scale of operations by acquiring additional machinery and labour, higher prices of machinery (due to inflation within the country or due to depreciation of the domestic currency, if procuring from abroad) will necessitate a hike in investment limit. For all these reasons, the upward revision in the investment limit will always more than compensate for the inflation and currency depreciation. But the core issue is how will it help the sector to mitigate the Covid-19 pandemic impact? Given this, what impact it will have on employment, the most significant criteria for the promotion of MSMEs in India? This requires an understanding of the possible outcomes of the recent investment limit hike.

In normal times, an increase in investment limit for MSMEs will have these possibilities: existing enterprises will go for technology up-gradation and modernization that may be labour-saving, existing enterprises will deliberately shift to capital-intensive production methods and thereby will save labour, existing enterprises will expand their scale of operations by employing more machinery and labour, or new enterprises (with state-of-the-art technologies) will emerge, and thereby absorb more investments and generate more employment.

Let us first examine which of the above possibilities would have actually occurred and how these developments would mitigate the impact of the Covid-19 pandemic. One major consequence that emerged due to the lockdowns of the first wave and second wave of the Covid-19 pandemic is the large-scale reverse migration of labour from urban to rural areas. As a result, immediately after the first wave led to lockdown, there was a severe shortage of labour in metros, large and medium cities leading to an excess supply of labour in small towns and villages. The first wave led national lockdown (during March-May 2020) resulted in a sharp reduction in supply as well as demand [and a similar impact would have been felt during the second wave led regional lockdowns (during April-June 2021) as well].

However, to cope with the rebound consumer demand (for consumer products) followed by industrial demand (for intermediate products), urban Indian MSMEs had to restart production and scale up their operations, as soon as the lockdown was lifted in May 2020. But due to labour constraints, most of the existing MSMEs would have gone for adopting labour saving,

capital intensive production techniques. Given the fluid economic environment characterized by uncertain business prospects (due to the ongoing Covid-19 crisis), not many would have gone for technology up-gradation and modernization in the short run. In sectors where consumer demand increased sharply, (such as gloves, safety kits, gowns, sanitizers, soaps, face masks, face shields, immunity-boosting food products, etc.) new enterprises (with state-of-the-art technologies) would have born, in addition to the existing ones.

Given the above, the recent increase in MSME investment limits would have facilitated a considerable increase in MSME investments (in the registered sector) in urban India to enhance production by adopting capital-intensive production techniques, with little employment gains. On the other hand, if agriculture, apart from the newly created informal enterprises, has absorbed a considerable chunk of the reverse migrated labour in semi-urban and rural India, such labour is unlikely to return to urban India in the near future (due to the onset of monsoon and intensive agricultural activities). Given this, an investment limit hike would have hardly made any impact on the MSME sector in rural India.

However, the scenario is likely to witness changes in the medium to long run. When the urban economy returns to normalcy (after the mass vaccination programmes, maybe, sometime in 2022 or later), rural-urban migration is likely to resume and gradually gain momentum. The 'informal entrepreneurship' which shifted from urban to rural India is likely to get back to urban India. More importantly, there will be a renewed but acute pressure in the urban labour market for employment (due to the influx and excess supply of labour).

Only if the demand from capital-intensified and newly born MSMEs could absorb the increased labour supply, there will be smooth adjustments. Or else, it will have serious repercussions on wages and salaries of unskilled and semi-skilled labour, to the advantage of MSME owners, and to the disadvantage of labour. Subsequently, if the resultant increase in profits prompts existing enterprises to expand their scale of operations and entry of new enterprises, it would be to the advantage of labour, both in terms of employment and wage rate.

Source: financialexpress.com– Aug 08, 2021

HOME

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Sunil Sethi to work with the Ministry of Textiles for the promotion of handloom sector

At an event held on National Handloom Day on August 7 in Delhi, textiles minister Piyush Goyal called for increasing handloom export, boosting handloom promotion and exploring new markets. “The sector should become strong and prosper without depending much on state support.

We have to look for new ways to boost handloom production and explore new markets,” the minister was quoted as saying at the event, which was also attended by textiles secretary UP Singh and weavers from different parts of the country. The textiles minister also suggested forming a team under the chairmanship of Sunil Sethi, Chairman, Fashion Design Council of India (FDCI).

The team will have weavers, trainers, equipment makers, marketing experts and other stakeholders to recommend ways and means to promote the growth of the handloom sector. Sethi, who also attended the event on Saturday, said, “After the announcement was made on National Handloom Day, we will now come up with the roadmap to give shape to the ideas that are being planned for the promotion of the handloom sector, which has suffered massively due to the pandemic. We would want to work on it at the earliest,” he said.

Textiles secretary UP Singh also said that the ministry is working on ways to ensure artisans and weavers get the right price for their products.

Source: timesofindia.com– Aug 08, 2021

HOME

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Traders' body to all Chief Ministers: 'Considerable avoidance' of GST by e-commerce firms, need probe

Traders' body Confederation of All India Traders (CAIT) in a communication sent on Sunday to Chief Ministers of all states highlighted the issue of "considerable avoidance" of the goods and services tax (GST) GST by "big e-commerce companies by artificially reducing the prices of the goods sold at their e-commerce platform which is much lower than the actual market price of the goods."

CAIT also urged for their support to impress upon the central government to immediately implement the draft e-commerce rules "so that the current e-commerce landscape of the country is liberated from the monopolistic cobweb of major e-commerce players both foreign funded and indigenous e-commerce entities." The association had levelling allegations against Amazon and Flipkart for undertaking unethical business practices such as deep discounting, flouting FDI rules, preference to select sellers, etc.

CAIT's National President B.C.Bhartia and Secretary General Praveen Khandelwal in a joint statement demanded states to direct their respective GST departments to carry out a "substantial investigation" towards the selling pattern of e-commerce companies and for subsequent action. Selling goods below the prevailing market price "is causing regular huge loss of GST revenue to state governments and central government…These foreign funded companies, under FDI in e-commerce policy, are authorized to do only Business to Business (B2B) activities whereas they are conducting Business to Consumers (B2C) sales activities right under the eyes and nose of the Government in complete violation of the policy of the government," they added.

The government in June this year had made amendments to the draft e-commerce policy and sought suggestions from the industry. The Department of Consumer Affairs had suggested a ban on flash sales by e-commerce entities, mandatory registration of such entities with the Department for Promotion of Industry and Internal Trade, etc., among the changes made to the draft policy. It also suggested the appointment of a chief compliance officer, a nodal contact person for 24×7 coordination with law enforcement agencies and a resident grievance officer by e-commerce companies.

"In a case where a mobile's actual sale price is Rs 10,000 rupees, the government is entitled to get GST at Rs 10,000. However, on portals of these companies, the same mobile is sold at a much lower rate, say Rs 6,000 by adopting predatory pricing and charging GST at Rs 6000 causing a huge GST revenue loss to both central and state governments," Bhartia and Khandelwal said.

Source: financialexpress.com– Aug 08, 2021

HOME

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Tiruppur garment exporters in fear of third Covid wave

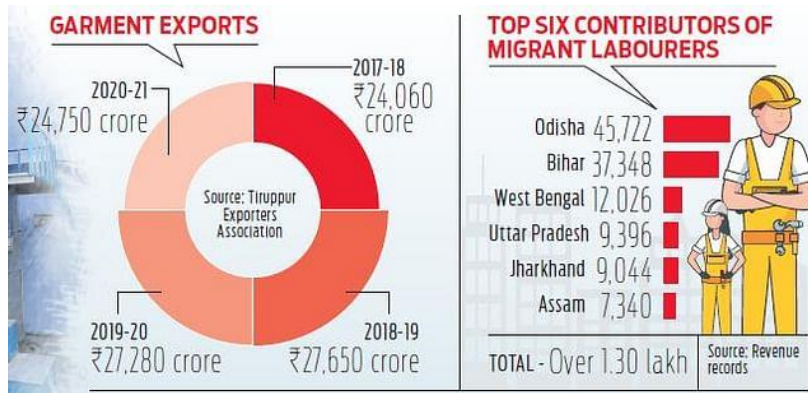
The second wave of Covid hit Tiruppur's garment exporters before they could brace for it. The first wave eroded exports worth Rs 2,500 crore, and we don't have data from 2021-2022 yet to assess how badly the second wave struck them. But now, they're living in fear of a third wave.

"Most exporters didn't expect the second wave so early, and were worried when the lockdown was enforced. Some companies received orders but couldn't execute them. Many had their orders cancelled. As confusion prevailed, exporters re-negotiated business deals with buyers to tide over the second wave," Apparel Export Promotion Council (AEPC) chairman A Sakthivel explains.

But in April-May, during the peak of the second wave, Tiruppur's garment exporters started to feel the heat. The Tiruppur Exporters Association (TEA) sought financial stimulus measures from Finance Minister Nirmala Sitharaman for garment units under MSMEs. It also sought a moratorium on all loans for at least three months, and additional liquidity support of 20 per cent to revive MSMEs in the ready-made garment sector.
For the first time in the history of the Tiruppur garment industry, exports worth about Rs 2,500 crore were eroded in 2020-21 (see chart), due to the first wave of Covid, as per data from the TEA. Many exporters predict a decline in export growth in 2021-22 too, due to the second wave.

"In early February-March 2021, European markets had reopened, and placed orders for summer wear. But officials at garment units here were shocked by the second wave and the lockdown. Several exporters had only completed half of their orders, so buyers started questioning them," TEA treasurer P Mohan recalls.

The first wave was different as many buyers and European importers too felt the heat of the pandemic, and were willing to adjust their business deals. But during the second wave, many garment companies were forced to send their goods via air cargo, since ships weren't available, Mohan adds. "In 2019, the air freight charge was just Rs 80 per kg, but it's now Rs 280-300. In order to retain their clients, many garment units were forced to take this route, which ruined their profit margin."



Besides this, there was a shortage of containers. The waiting time to get containers at all ports globally increased, and freight charges increased due to a shipping crisis, a garment exporter points out. "Last year, the freight charge for a large container was $800, but is now over $8,000. Many cargo shipping firms have reduced their services in Asian countries," the exporter adds.

Making matters worse, several thousand migrant workers at garment units returned to their hometowns (see chart) during the second wave. "Recalling the first wave, they panicked and left. In early May, buyers and European companies started demanding their goods. The workers were asked to return as orders worth several thousand crores were pending. But there were no trains, so garment units had to bring them on flights," says Kumar Duraisamy, CEO of Eastern Global Clothing, one of the top buyers in Tiruppur.

"One of the top players in the market, Classic Polo Group, brought back more than 400 workers from Bihar and West Bengal. During the second wave, more than 6,000 migrant workers must have been flown from Bihar to Tiruppur," he adds. However, many labourers from small garment units didn't return to Tiruppur. The big units offered food and hostel facilities, which helped them retain workers from the North and East, a prominent exporter points out.

However, only a minority of garment units in Tiruppur are big. Most of them have clients from the US and Europe, and in order to retain them, the small units take loans. On the other hand, the bigger units faced bigger losses as they had larger deals. However, they are hopeful about the future, and aim to get more deals before the financial year ends in March 2022, says TEA treasurer P Mohan.

Vaccination mess adds to woes

One of the serious problems amid the lockdown was that migrant workers were unable to get vaccinated in Tiruppur district. At first, they thronged

primary health centres, but this made it difficult for the locals to get vaccinated at the earliest.

To combat this, the district administration made it mandatory to produce a voter's ID card to get vaccinated. This left the migrant workers in a fix as their documents didn't have their local addresses. Besides, there were allegations that some health officials were diverting vaccines to private garment companies. A contract employee from the health department was suspended for this.

Ajay Kumar (31), a migrant worker from Bihar, who works as a supervisor at a unit on Mangalam Road in Tiruppur, says, "When the lockdown was relaxed, I returned home to celebrate Diwali. Though I returned to Tiruppur, some of my colleagues didn't, though their employers promised to pay them if they stayed here."

Abhishek (23) another native from Bihar, adds, "My employer refused to pay me after I returned home during the first wave. A few months ago, I came back to Tiruppur after an employment agency offered me work at another company. But we were shocked to hear another lockdown was beginning. Although my new employer promised to offer us food during the lockdown, many of my friends returned to Bihar."

Why Covid second wave was worse than the first

During the first wave, many foreign buyers too felt the heat of the pandemic, and were willing to adjust their business deals. But during the second wave, many garment companies were forced to send their goods by air, says TEA treasurer P Mohan

Source: newindianexpress.com– Aug 08, 2021

HOME

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Cotton, paddy, redgram gain in Telangana as late rains fill up reservoirs

But farmers still continue to face challenges in accessing institutional credit
With almost all reservoirs brimming with water after two weeks of copious rains, kharif sowing is in full swing in Telangana. Paddy, cotton and redgram have made significant gains over last year's acreage.

The aggregate storage capacity in all reservoirs stands at 861 tmc as on today against 440 tmc last year. After reaping good returns despite a bad patch towards the end of the procurement season, farmers have sown paddy in 11.30 lakh hectares as on today against 6.75 lakh ha last year.

Paddy farmers are now busy sowing the staple crop across the State. Though the average paddy area is put at 13.75 lakh ha, the State has been exceeding it in the last two-three seasons.

Focus on paddy

Cotton, the other major crop in the State with an average area of 20 lakh ha, too, is witnessing significant growth in area. The State government, which has asked the farmers to reduce the excess focus on paddy, wants them to increase cotton area to well beyond 28.30 lakh ha.

The officials are hoping to cross the targeted acreage as sowings are expected to continue for a week or two. Farmers have so far covered 20.23 lakh ha as on today against 18.55 lakh ha last year. Redgram, too, has reported good growth as farmers have covered 3.5 lakh ha so far against 2.83 lakh ha. The State grows the pulse crop in 3.47 ha.

Maize, however, saw a decline, with farmers sowing the crop in 2.37 lakh ha so far against 3.22 lakh ha last year.

Credit woes

Though sowing has picked up after the rains, farmers continue to face challenges in accessing institutional credit. The government has not completed the loan waiver that it has promised. They should have deferred spending on other schemes and completed the waiver," said T Sagar, State Secretary of Telangana Rythu Sangham.

"Denied access to institutional credit, they had to depend on private lenders at high interests, increasing the cost of productions," he said.

Source: thehindubusinessline.com– Aug 06, 2021

HOME

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Indian e-com firm Flipkart announces expansion of warehousing network

Flipkart, India's homegrown e-commerce company, has announced the expansion of its supply chain in Gujarat with four new supply chain facilities to support local sellers and to cater to the growing demand for e-commerce. Flipkart has enabled millions of consumers, sellers, merchants, and small businesses to be a part of India's digital commerce revolution.

The expansion of the supply chain in Gujarat is a testament to Flipkart's commitment to serving customers from the state and nearby region in a fast and seamless manner and contributing to its economic growth by enabling market access to MSMEs and other local sellers. The new facilities are located in Ahmedabad and Surat, and are collectively spread across an area of nearly 5 lakh square feet, helping create more than 5,000 direct and indirect local jobs in the state.

This will further help strengthen the support for close to 35,000 local sellers from Gujarat to get national market access while ensuring wider selection and faster deliveries for the customers. The addition of new facilities will also augment Flipkart's capabilities to cater to more consumers, including lakhs of first-time e-commerce customers as the region witnesses' robust demand for e-commerce services, Flipkart said in a press release.

Over 52 per cent of new Flipkart consumers are from tier-II and beyond cities, a testament to the growing adoption of e-commerce services and more opportunities for sellers from these regions. These fresh investments by Flipkart in the state will support thousands of small businesses. Overtime, the Flipkart group has created over 1.3 lakh direct and indirect local jobs in the state, while bringing market access to under-served communities in Gujarat.

"E-commerce has played a pivotal role in taking the local seller ecosystem to a pan-India customer base and it's heartening to witness the expansion of Flipkart's supply chain in the state which will create thousands of direct and indirect job opportunities and open new avenues for thousands of MSMEs, local traders, and artisans. The Gujarat government is committed to the overall development of the state including the building of an enabling ecosystem for e-commerce by working closely with industry leaders like Flipkart to spur growth in the region," Vijay Rupani, chief minister, government of Gujarat said in a statement.

“A robust supply chain has a cascading impact on almost all aspects of trade and business. Over the past many years, Flipkart has made heavy investments in a world class, tech enabled supply chain and last mile infrastructure that has created lakhs of local jobs and has been pivotal to path-breaking customer experiences.

With a strengthened supply chain presence in Gujarat we will be able to further support MSMEs, sellers from Gujarat and thousands of Kirana partners from the state, while creating thousands of additional local jobs,” Kalyan Krishnamurthy, group CEO at Flipkart said.

Source: fibre2fashion.com– Aug 09, 2021

HOME

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