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IBTEX No. 158 of 2021 August 10, 2021

US 74.36| EUR 87.29| GBP 102.97| JPY 0.67

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INTERNATIONAL NEWS

USA: ‘Once-in-a-Generation Sourcing Shift’ Drives Apparel Imports Surge

The first half of 2021 saw a major surge in U.S. apparel imports–38.39 percent to 13.37 billion square meter equivalents (SME)–as retailers and brands restocked and traditional powerhouse suppliers solidified their positions, but they can feel the heat of many competitor nations nipping at their heels.

In the January-to-June period, several Asian and Western Hemisphere countries flexed their production prowess following 2020’s unprecedented Covid-caused shutdowns, manufacturing pivots to personal protective equipment (PPE) and labor and geopolitical issues influencing sourcing strategies.

Steve Lamar, president and CEO of the American Apparel & Footwear Association, said while China and Vietnam have been top apparel sourcing destinations for some time, though the latter recently slipped to No. 3, sourcing diversification is top of mind for many companies looking to spread their risk.

“What we’re seeing now is a once-in-a-generation sourcing shift,” Lamar said. “It’s been playing out for a couple of years, and I think it’s going to continue to play out for some time to come. It’s going to lead to a global realignment…and factors contributing to it include the China diversification.”

He said that’s coming from factors, including the Trump and Biden tariffs on Chinese imported goods, Xinjiang’s forced labor issues in China and “the U.S.-China Cold War” that has emerged.

China and Vietnam did lead the apparel import comeback, with six-month gains of 45.21 percent to 4.45 billion SME for top supplier China and 29.69 percent to 2.24 billion SME for No. 2 Vietnam, according to the Commerce Department’s Office of Textiles & Apparel (OTEXA).

However, OTEXA’s data and sourcing experts indicate a change in the landscape is underway. Julia K. Hughes, president of the United States Fashion Industry Association, said there’s “a clear shift by many companies to diversify their sourcing base and moving away from China to other key suppliers."

Among Top 10 Asian suppliers, increases in apparel shipments were documented across the board. Imports from No. 3 supplier to the U.S. market Bangladesh gained 37.14 percent to 1.22 billion SME, while shipments from India soared 49 percent to 649 million SME and imports from Pakistan jumped 65.18 percent to 421 million SME. Also contributing from the region were Cambodia, up 22.07 percent to 559 million SME, and Indonesia, rising 1.49 percent to 536 million SME.

Also driving sourcing diversification, Lamar noted, is the booming e-commerce business and the speed-to-market requirements it brings. This includes being closer to market for production, arranging vertical operations to minimize supply chain disruptions, operating more sustainably and leveraging available technologies to efficiently manage supply chains.

The countries and regions that stand to benefit from the sourcing shift, Lamar said, include Central and South America because of nearshoring opportunities if the U.S. reforms country of origin requirements.

Among those countries, imports from Honduras increased 65.18 percent in the period to 421 million SME, shipments from Mexico gained 30.71 percent to 413 million SME and goods arriving from El Salvador vaulted 84.96 percent to 320 million SME. Taken as a whole, apparel imports from the Western Hemisphere rose 52.86 percent in the first half to 2.03 billion SME and a 14.64 percent market share, putting it third behind China's 36.71 percent and Vietnam's 16.02 percent.

Central America has significant potential to grow as a supplier to U.S. retailers and brands, according to Diego Cuenca, senior sales manager for Mercados Internacionales, based in El Salvador.

"There's a lot of opportunity being so close to the largest end market in the world and it's slowly been getting better but we have to make it go faster if we work more together," Cuenca said.

"Also important to note is that Central America has been producing garments for 30 to 40 years now, so the labor force is very experienced. Right now, it's been crazily growing. Almost all spinning mills are booked and most of the manufacturing is also fully booked. We got out of the pandemic into this huge demand and we're trying to make it and hopefully it continues."

Meanwhile, Lamar noted that several Africa countries are poised to benefit from the sourcing shift, notably Egypt, Ethiopia, Lesotho and Kenya, all of which posted substantial gains in the first half. In Asia, outside of Vietnam's potential for growth, Lamar cited Cambodia, Bangladesh, Indonesia, India and Thailand.

Source: sourcingjournal.com– Aug 09, 2021

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USA: Ocean Freight Strategies for Surviving 'Perfect Storm' Shipping Surge

As Covid-19 has disrupted usual operations around the globe, logistics has not been immune to pandemic pressures.

Over the past year, consumers stuck at home shifted their spending from experiences like dining, travel and entertainment toward "stuff." This product demand, coupled with the supply chains restarting after stagnating lockdowns, has created an upswing in freight volume and traffic. During a media briefing in June, Seko Logistics' chief growth officer Brian Bourke described the current situation as a "perpetual peak season."

Ports from California to China have experienced backlogs tied to labor, equipment shortages and volume. According to Philip Damas, managing director, head of supply chain advisors at maritime research and consulting firm Drewry, more than half of the current challenges can be tied in some way to the virus. Workers might be off for sickness or vaccination, and those still working are adhering to safety guidelines that differ from usual working conditions.

Although ports have previously faced bottlenecks and capacity shortages due to events like union strikes, Damas says this moment is unique because of continued undersupply. "This is not unprecedented, but it's the first case where it's lasting such a long time," he said.

Myrna Aguilar-Sanchez, vice president of brokerage operations at Casas International Brokerage, summed up the situation as "controlled chaos." As an example of the impact of delays, she said the typical three- to five-day timeline to move an ocean container from Long Beach, Calif. to Baja California in Mexico has recently ballooned to seven to 12 days.

For routes from Asia to North America, delays have turned what is normally a 20-day lead time into a 40-day trip, according to Damas. "If you have to replenish your product range every 30 days, there's no chance you can meet your objectives," he said, adding that in May, only 39 percent of vessels headed to North American ports arrived within 24 hours of their scheduled day.

Aguilar-Sanchez noted that just as things begin to improve, something occurs to create new roadblocks, such as the Covid-19 resurgence in China.

"It's like the Little Engine That Could," she said. "We start gaining some speed, and then we get sideswiped again."

Following a Covid-19 outbreak at the Yantian port in Shenzhen and subsequent measures to curb the virus, Akhil Nair, vice president global carrier management and ocean strategy at Seko Logistics – Hong Kong, estimated it would take about a month to clear the backlog after the port resumes full capacity. In addition to backed up containers at the port, there were also finished goods sitting in factories, warehouses or trucks waiting to ship.

Adding to the delays is limited booking availability. Per Damas, 95 percent of ship capacity traveling from Europe to the U.S. is occupied. This can cause rollovers, in which cargo that cannot fit on its scheduled vessel gets bumped to a later ship.

Due to capacity constraints, costs for containers have skyrocketed. During a Sourcing Journal webinar on July 8, Vincent Iacopella, executive vice president growth and strategy at Alba Wheels Up, mentioned pricing for trans-Pacific containers can be four times what companies have budgeted. Seko Logistics' senior vice president global ocean Craig Grossgart said that among high $25,000 prices for standard containers, he saw an outlier $32,000 quote for a container from Shanghai to Los Angeles.

"There's no such thing as standard ocean service anymore," said Bourke. "Everything is premium." Companies booking on the spot market, as opposed to those with contract rates, might even see the original quoted price change by the time they book.

Importers are also being hit with demurrage fees for the time their goods are sitting, and with port delays, these charges add up. Inland, congested rail lines may charge for storage, adding extra cost to the delays.

Freight forecast

Those in the field don't expect this situation to ease anytime soon. "It's going to take a year or two for us to get back to whatever the new norm is going to be," said Aguilar-Sanchez.

Both Bourke and Damas expect the status quo to remain until at least Lunar New Year 2022, if not beyond. In terms of pricing, Damas expects a "dramatic" drop in spot rates in the second quarter of 2022. However, the timing of this pricing normalization could negatively impact those with contracts. “If the market is still really saturated, stressed and undersupplied in February and March when everybody is negotiating with their shipping companies, they may end up with very high contract rates for the year ahead,” he said. For companies that last negotiated in early 2021, which benefited from shallower increases, Damas said rates will likely go up in 2022.

During Seko’s briefing, Brian Baskin, managing director of Seko LAX, noted that some summer merchandise is arriving in August, meaning a potential congestion uptick in August and September. “It’s going to be a big peak because back-to-school is going to be massive,” noted Grossgart, pointing to the pent-up fall clothing demand for both children and adults.

Shipping prices are receiving governmental attention. On July 9, President Biden issued an executive order that directs the Federal Maritime Commission to “ensure vigorous enforcement against shippers charging American exporters exorbitant charges.” In a letter to the president, the American Apparel & Footwear Association’s president and CEO Steve Lamar applauded the move as “an important step in the right direction,” adding that more immediate solutions are needed to address the “shipping crisis.”

“Brands and retailers need to get clothes and shoes to store shelves before the critical back-to-school and holiday shopping season, but this is proving to be cost-prohibitive or sometimes impossible as runaway freight costs, clogged ports and stranded container ships trip up our ability to meet growing consumer demand,” Lamar wrote.

Shipping solutions

As importers face a chaotic, competitive and costly scenario, what can they do to get goods into the country?

If companies are concerned about understocks, particularly for short e-commerce delivery timeframes, air freight is one option to circumvent ocean congestion. However, air capacity is tight and prices are high due to reduced passenger flight volume. “Our preference will always be to work with the passenger airlines because it’s the most efficient, it’s the easiest, it’s what works for everybody,” said Bourke. But to find the needed capacity for clients, Seko has used freighter conversion aircraft from passenger airlines, passenger capacity, cargo operators and chartered flights to move product.

Bourke noted that at one point, he calculated that it would cost three times more to move a client's merchandise via air rather than ocean freight, but it would only take a handful of days rather than months. If a shipment is urgent, the higher costs can be worthwhile.

Air freight's congestion issues extend to the ground. This spring, Aguilar-Sanchez faced delays in gaining access to a client's goods because terminal pickup appointments were in short supply. Adding to the "perfect storm," drivers waiting to move the merchandise repeatedly reached the end of their maximum working hours.

Another option is to focus on cutting transportation risk. By positioning merchandise in a warehouse closer to the end consumer, Damas said, companies leave less up to chance that something will break down en route.

After merchandise has arrived, storage becomes the next problem given the limited real estate vacancies for warehouse facilities. As a solution, Baskin has seen competitors work together, with one leasing out space to another.

Aguilar-Sanchez has seen carriers limit how much space a single company can reserve daily to balance out booking opportunities. She advises that companies remain patient and adaptable.

Relationship management with transportation vendors is paramount, and Damas suggests becoming known as easy to work with. "You have to become a shipper of choice so that if there's a queue of products trying to look for a slot on the vessel…you will be the company that the vendor chooses," he said.

Seko also sees the need for collaboration and communication. To help plan for the upcoming peak holiday season, the freight forwarder is asking clients to share forecasts that are as accurate and forward-looking as possible. Per Grossgart, precise projections can improve the potential of locking down a booking.

For those shipping via the spot market, a speedy response is key. As space opens up, the decision-making window is tight. "You no longer have overnight; we have to make the decision in real time in Asia on the spot market like a stock trader," said Nair. If companies take more than an hour or two, they could lose their space.

Seko has also been advising clients to "pull the trigger" on purchase orders and bookings. Bourke pointed out that since Seko is making bookings about four to eight weeks in advance, companies that decide to hold out could be waiting months.

"Make bold decisions now, because if you're waiting for the rain to clear, the sun's not coming out for a while," Bourke said.

Source: sourcingjournal.com– Aug 09, 2021

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China central bank to keep monetary policy 'flexible and appropriate'

China's central bank said on Monday it would keep monetary policy flexible and appropriate to maintain stability as the pandemic persists and domestic economic recovery is uneven. In its second-quarter monetary policy implementation report, the People's Bank of China said it would keep liquidity reasonably ample and step up support for technology innovation, small firms and the manufacturing sector.

"The global epidemic is still evolving, the external environment is becoming more severe and complex, and the domestic economic recovery is still unstable and uneven," the central bank said. On the external environment, the PBOC cited a rebound in COVID-19 cases globally and the risk from expected policy shifts in developed countries that could affect cross-border capital flows.

It pledged to "grasp the strength and rhythm of policy" according to the domestic economic situation and price trend to maintain the overall stability of the economy. China is poised to accelerate spending on infrastructure projects while the central bank supports with modest easing steps, as risks from the Delta variant and floods threaten to slow the country's recovery, policy insiders and analysts said.

Effective July 15, the PBOC cut the reserve requirement ratio (RRR) for banks, releasing around 1 trillion yuan ($6.48 trillion) in long-term liquidity. Analysts expect another RRR cut this year. At the end of June, the excess reserve ratio of Chinese financial institutions was at 1.2%, down 0.4 percentage point lower from a year earlier, the central bank said.

The weighted average corporate lending rate was at 4.58% in June, down 0.06 percentage points from a year earlier, it added.

China will promote the healthy development of capital markets and better protect the interests of investors, the central bank said.

Source: business-standard.com– Aug 10, 2021

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China state cotton auction review in July, 2021

The China state cotton auction policy has been implemented from July 5, 2021, lasting to September 30, 2021, with a total quantity of 600kt. The policy maintains the normalization and mechanism and it is in line with the market regulation. So far, the state cotton auction remains hot. This insight report will analyze from the trading volumes and prices of reserved cotton, reserved cotton quality, and participation of spinning mills and traders, to figure out the structure of reserved cotton.

I. Summary of state cotton auction from Jul 5 to Jul 30

1. Trading volumes and prices of reserved cotton

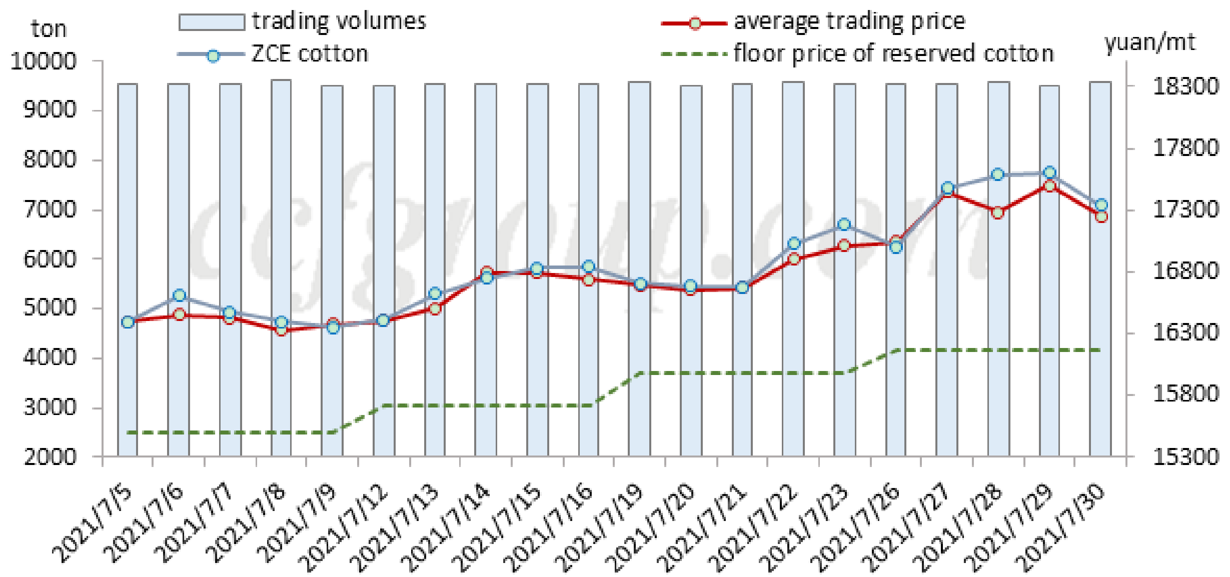
In July, the trading sentiment of reserved cotton at auction continued to be active, with the daily trading proportion at 100% per trading day, and the trading prices were also in upward trend.

State cotton auction in July, 2021						
	Planned selling volumes		Traded volumes		Trading proportion	Average trading price
	Volumes, kt	Proportion	Volumes, kt	Proportion		
2012/13 cotton	7.8	4%	7.8	4%	100%	16784
2013/14 cotton	168.4	88%	168.4	88%	100%	
2019/20 cotton	14.9	8%	14.9	8%	100%	
Total	191.1	100%	191.1	100%	100%	
Xinjiang cotton	125.7	65.75%	125.7	65.75%	100%	16909
Upcountry cotton	65.4	34.25%	65.4	34.25%	100%	16543
Total	191.1	100%	191.1	100%	100%	16784%

The reserved cotton at the auction was Xinjiang cotton and upcountry cotton, and there was no imported cotton till now. And the reserved cotton was mainly from 2012/13 season, 2013/14 season and 2019/20 season. From July 5 to July 30, 191.1kt of reserved cotton was totally transacted via auction, accounting for 31.85% of the total planned quantity. The daily selling volumes were average, basically at 9,500-9,600 tons. The trading volumes of Xinjiang cotton totaled 125.7kt, about 65.75% of the selling volumes and that of upcountry cotton were 65.4kt, about 34.25%. In addition, from July 14, small quantity of 2019/20 reserved cotton appeared, and the total trading volumes were 14.9kt by now. 2013/14 reserved cotton was the major selling variety, with a total volumes of 168.4kt, accounting for 88% in total selling volumes.

In terms of price, the trading prices of reserved cotton was consistent with the trend of Zhengzhou cotton futures, up in fluctuation overall. Currently, the continuous major contract of ZCE cotton is in the range of 16,350-17,180yuan/mt, and the average trading prices of reserve cotton is in the range of 16,331-17,504yuan/mt, both reaching the highest on July 29, at17,600yuan/mt and 17,504yuan/mt respectively. From July to July 30, the weighted average trading price of reserve cotton was 16,784yuan/mt. The base selling price of reserved cotton is also increasing steadily every week. The base selling price was 16,514yuan/mt during August 9-13, which was up 1,013yuan/mt from the first week. The continuous active trading of reserve cotton and the rigid demand from spinning mills will also support the cotton futures market. There is a complementary relationship between the spot cotton market and the futures market. Currently, spot cotton prices are relatively strong and difficult to fall, which benefits cotton futures market, and the rise of futures will drive the spot price upward, which will affect the base selling price of reserved cotton to some extent.

Trading volumes and prices of reserved cotton at auction



2. The quality indicators of reserved cotton

During July, the reserved cotton sold was mainly the Xinjiang cotton in 2013/14 season, accounting for more than half, with a selling volumes of 103.9kt, The reserved upcountry cotton was all from 2013/14 season, accounting for 33.73%, mainly from Hebei Province, with a volume of 17.6kt.

For the color indictors, the yellow stained cotton accounted for the largest proportion as the most cotton was from 2013/14 season.

But as there were small quantity of 2019/20 cotton, some reserved cotton was with good color indicators, white grade-3 cotton, white grade-2 cotton and white grade-1 cotton, with selling volumes of 11.9kt, 2.6kt and 0.3kt respectively.

In terms of the length and strength, reserved cotton with high quality was limited in July. The proportion of cotton with length above 29mm and strength above 29gpt was less than 5%, and that of cotton with length 28mm and 28gpt was only 10.8%. The strength was mostly below 27gpt.

The trading prices of reserved Xinjiang cotton with length above 29mm and strength above 29gpt were close to the current 2020/21 cotton, and reserved cotton with other quality has price edge compared with spot cotton.

Reserved cotton quality in July, 2021					
	Quality	Volumes, kt	Volumes, kt	Proportion in total	Trading price
Xinjiang cotton	27mm and 27gpt	27.097	7.326	3.83%	16774
	28mm and 28gpt		9.447	4.94%	17032
	29mm and 28gpt		1.79	0.94%	17896
	29mm and 29gpt above		8.534	4.47%	18138
Upcountry cotton	27mm and 27gpt	12.067	0.398	0.21%	16220
	28mm and 28gpt		11.144	5.83%	16554
	29mm and 28gpt		0	0.00%	/
	29mm and 29gpt above		0.526	0.28%	16620
Total		39.164	39.164	20.49%	17033

3. The trading volumes and participation of spinning mills and traders

In July, 199 enterprises participated in the reserved cotton auction, including 127 spinning mills, with a total trading volumes of 64.1kt, and 72 traders, with a total trading volumes of 127kt.

In early July, more spinning mills participated in the auction, but later, as traders gained profits from the auction and its capital structure was better than spinning mills, so they continued to take part in, to be the dominant force.

Top 10 spinning mills			
Item	Enterprises	Traded volumes (ton)	Average trading price (yuan/mt)
1	Henan Maidike Industrial Co., Ltd.	2358	16655
2	Tiemenguan Xingyu Xinda Textile Co., Ltd.	1925	16231
3	Weishi Textile Co., Ltd.	1785	16496
4	Jiangsu Gaoyou Jingwei Textile Co., Ltd.	1586	16637
5	Ji'nan Boyue Textile Co., Ltd.	1437	16827
6	Shaanxi Jinrunde Industrial Co., Ltd.	1323	17898
7	Changyi Huachen Yuesheng Textile Co., Ltd.	1295	16478
8	Shandong Daiyin Textile Group Co., Ltd.	1270	16300
9	Xuzhou Texhong Textile Co., Ltd.	1173	16512
10	Nantong Yongan Textile Co., Ltd.	1155	17058

Top 10 traders			
Item	Enterprises	Traded volumes (ton)	Average trading price (yuan/mt)
1	Xiamen Baoda Textile Co., Ltd.	16310	16744
2	Shandong Xinghui Guotai Logistics Co., Ltd.	9350	16424
3	Zhejiang Sibang Industrial Co., Ltd.	7721	16454
4	UnionCotton (Huizhou) E-commerce Co., Ltd.	7662	16854
5	Beijing CNCGC Yitong Information Technology Co., Ltd.	5454	16679
6	China SDIC International Trade Nanjing Co., Ltd.	5408	16729
7	CNCGC Nangong Hongtai Cotton Co., Ltd.	5235	16932
8	Xinjiang Miaotuo Trading Co., Ltd.	4141	16841
9	Beijing China-Cotton International Ltd.	4078	16545
10	Zhejiang Xintiandi Textile Raw materials Co., Ltd.	3948	16700

II. Summary of state cotton auction in July and situation analysis

1. Summary of state cotton auction in July

From July 5 to July 30, 191.1kt of reserved cotton has been totally transacted, accounting for about 31.85% of the total planned selling volumes this year. Reserved Xinjiang cotton was the major selling variety during the month, with a trading volumes of 125.7kt, accounting for 65.75%.

In terms of the crop year, the reserved cotton was mainly from 2013/14 season, accounting for 88%. The weighted average trading price was pegged at 16,784yuan/mt. The quality structure of the reserve cotton in July was relatively average. The major color indicators were yellow stained, a nd the proportion of reserved cotton with length above 29mm and strength above 29gpt was less than 5%. Traders gained more reserved cotton in July, about 127kt, taking a share of 66%, and spinners gained 64.1kt.

2. A brief analysis of reserved cotton auction in July

From the perspective of the overall supply and demand of the cotton market, supply has increased somewhat in July, with the start of state cotton auction on July 5 and the allocation of sliding-scale duty quotas from July 21, but it has no big impact on the cotton prices.

By contrast, with the continuous active sentiment of reserved cotton, reserved cotton prices are in upward trend, stimulating the spot cotton market. Chinese cotton prices are likely to keep up, especially for high-grade cotton. Nevertheless, there will be other influencing factors to fluctuate cotton prices, such as expectations over 2021/22 cotton, epidemic situation in China and overseas markets and weather condition.

On spot cotton market, the demand for cotton remains good, and some domestic spinning mills require high-grade cotton. However, the spot cotton market has limited quality cotton at present, and the reserved cotton auction is mainly from 2013/14 season. The quantity of high-grade cotton is limited, which may lead to larger price spread between high-grade and low-grade cotton. High-grade cotton prices are supposed to keep upward later.

Source: ccfgroup.com– Aug 09, 2021

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Child Tax Credit helps lift US retail sales growth to 10.9% in July

US retail sales grew for the 11th consecutive month in July, says Mastercard SpendingPulse, which measures in-store and online retail sales across all payment forms. With more cash in hand—fueled in part by the Child Tax Credit and pent-up savings—consumers drove retail spending growth excluding automotive and gasoline to 10.9 per cent compared to July 2020.

This is nearly quadruple the average growth in the month of July.

At a national level, back-to-school shopping is well under way, affecting a number of sectors as anticipated in the company's forecast.

Child Tax Credit boosted department stores and apparel sales. The first of six monthly Child Tax Credit payments provided parents with an infusion of cash during the peak back-to-school shopping season, with apparel (80 per cent year on year) and department store (44.8 per cent year on year) sectors seeing an uptick in sales for the month. This was concentrated in the days immediately following the first distribution on July 15.

Brick-and-mortar browsing is making its return, with in-stores sales making up 81.9 per cent of total retail sales (ex auto) for the month. In-store sales were up by 15.5 per cent year on year in July and weekends experienced positive spikes in spending as a result of in-store shoppers returning to physical stores, MasterCard said in a press release.

"While e-commerce continues to play an increasingly significant role for retail, nothing replaces the in-store experience," said Steve Sadove, senior advisor for Mastercard. "July numbers reflect a return to the store. Consumers are shopping, spending and splurging across channels," he added.

Source: fibre2fashion.com– Aug 10, 2021

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CHIC Shanghai trade event moved to October 9-11

Asia's leading trade fair for fashion and lifestyle CHIC Shanghai, slated to take place on August, has been postponed to October 9-11, 2021 due to increased precautionary measures. Around 500 brands from the Chinese fashion market, had registered to showcase at the August event and close to 60,000 visitors were expected to attend the event.

The fair has been taking place physically since July 2020, always in compliance with strict safety and hygiene regulations and various digital platforms were also set up in parallel.

Industry players like Jintianshi (menswear), Vini Bespoke (menswear), Zaijiu (womenswear), Jiebeidi (womenswear), Cofna (childrenswear), Laura Vita (shoes), Hattershub (headwear), Mannylonq (CHIC-Young Blood) and Dragon Heart (CHIC-Young Blood) and exciting up-and-coming designers such as Kimusso, Yujiantian and Wuma, will not display their products at the autumn edition of the trade show, the organisers said in a media release.

“As the most important meeting place for the fashion industry in China, the safety of all exhibitors and visitors of CHIC is our top priority. For this reason, we have decided to postpone the next edition of CHIC in Shanghai to October in order to support the measures to combat the pandemic and enable all stakeholders to participate safely and efficiently,” said Chen Dapeng, president of China National Garment Association and CHIC - China International Fashion Fair.

The expected 60,000 visitors will be able to attend seminars and workshops on current topics such as Recognition and New Opportunities of New Retail in AI Fashion or 2021 Maker of Silk Road & Innovation of Design Infinity and the Innovation and Entrepreneurship Competition of China Textile & Apparel SME.

CHIC is the reliable partner and service provider for the industry and trade and offers all participants flexible and individual solutions for their business. As the essential platform for the important consumer market in China, CHIC regularly gathers the entire industry. This October in Shanghai and a month later with an additional edition in Shenzhen – two locations that serve the entire breadth of the Chinese fashion market.

As the fashion capital of China, Shanghai has long been established among the international fashion hotspots. With the additional trade fair edition in the boom town of Shenzhen, CHIC is opening up further access to the fashion and retail clusters in the growth regions of southern China, Hong Kong and Macau. The international participations eg from Italy etc are concentrated on in this CHIC edition.

The Chinese market continues to develop positively as retail sales of consumer goods rose by 23 per cent in the first half of the year, and growth of 13.9 per cent was announced for the second quarter. The trend towards ‘premiumisation’ in the fashion market is being further fuelled by China's growing middle class, which will make up 65 per cent of households by 2027. High-quality niche brands are particularly popular with young, fashion-conscious consumers.

In parallel to physical participation, CHIC has developed special solutions for digital participation via the CHIC digital platforms, as well as a range of innovative hybrid options that effectively combine digital communication and product presentation. Individual business needs are matched via CHIC´s digital tools and social media networks, efficient business talks are being coordinated using CHIC´s broad network in the industry.

As the interface between exhibitors and all sales channels CHIC connects brands with the right partner, shopping malls, multi-brand stores, brand agents, e-commerce platforms etc. The CHIC e-catalogue is directly integrated into the CHIC WeChat mini programme, ensuring maximum user-friendliness and high visibility. Communication in real time and in English is made possible by the CHIC communication tools. Individual matchmaking takes place both before and after the trade fair, as well as directly in the CHIC business centre on site.

CHIC Shanghai presents the entire selection of fashion segments in clearly structured, curated exhibition areas, from women's fashion, men's fashion, children's clothing, shoes, bags and accessories to designer collections.

After CHIC Shanghai in October, the next edition of CHIC will take place from November 3-5, 2021 in the southern Chinese metropolis of Shenzhen.

Source: fibre2fashion.com– Aug 09, 2021

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

China's cotton yarn imports increased by 66.24 per cent year on year in May'21 to 168,700 ton, estimates GACC. As per Textile Focus, from January-May 2021, China's Cotton yarn imports increased by 35.82 percent totaling 975,200 ton.

A report in Apparel Resources attributes this increase in cotton yarn imports to the revival of cotton textile and garment production and sales in China.

According to cotton yarn traders in customs clearance zones at Guangdong, Jiangsu, and Zhejiang markets, quotations for cotton yarn sourced from India, Pakistan, and Vietnam are comparable to domestic cotton yarn prices of the same count and quality.

The per ton yarn prices are falling. Light textile market quotations in coastal areas are concentrated at $3,937-3,984/ton, while the price of C32 package bleached yarn in India and Pakistan reaches $4,020-4,051/ton.

Source: fashionatingworld.com– Aug 09, 2021

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Bangladesh: Inability to repatriate export proceeds and legal remedies for exporters

In Bangladesh, most of the exporters have to rely on bank loan for procuring the raw materials essential for the production of the goods/articles to be exported. To that end, the exporters have to open BTB LC for procuring raw materials either from local or foreign suppliers.

Additionally, for facilitating the export, the exporters may have to avail several credit facilities from the banks. After exporting and repatriating the foreign proceeds, the liabilities are adjusted against the said foreign proceeds.

This repatriation is not only essential to generate revenue for the exporters but also to satisfy the overdue bills against the BTB LCs and other credit facilities availed for export purposes. As per the provisions of the Foreign Exchange Regulation Act, 1947 (FERA), the exporters are under a legal obligation to repatriate the foreign proceeds against the exported goods. The details of repatriating the said foreign proceeds against export are enumerated in Foreign Exchange Guidelines vol 1 [as of 31 May, 2009], Foreign exchange guideline vol 2 [as of July 31, 2010]- both issued by Bangladesh Bank.

However, over the past few years especially during the world recession and recently for the ongoing pandemic, many Bangladeshi exporters have not been able to repatriate foreign proceeds against export due to insolvency/bankruptcy of the foreign importers or refusal to accept exported goods and make payment by the foreign importers, or for any other situations beyond control. Many exporters have suffered immense loss by failing to repatriate export proceeds.

Finding no other alternative and to minimise their losses, many of such exporters were forced to part with considerable amount of export value by receiving discount payment or nominal amount.

A total of 32 Bangladeshi garments exporters filed suit against the renowned American brand 'Sears' for unjust cancellation of huge volumes of orders. The Court allowed the suit but the affected exporters have received only $6.3 million against the cancelled orders of $40 million where the exporters had already shipped the products worth $22.7 million.

If the foreign proceeds from export are not repatriated in due time or the repatriated amount is less than export value, the issuing banks, in order to discharge their obligations, make the payment against the said BTB LCs and adjust other credit facilities, if any, by creating forced loans against such exporters. These derive the exporters towards unrecoverable losses i.e. on the one hand they loss the export proceeds and on the other hand they have to repay the forced loans along with interests created by the banks.

Under Section 23 of the FERA, non-repatriation or partial repatriation is also a punishable offence. At the same time, the lender bank in order to recover the loan amount (created for export purposes) may take several legal actions against such exporters i.e. selling or taking control and possession of the mortgaged and hypothecated properties, shares etc., listing the name of the exporter along with guarantors as defaulters in the CIB list of Bangladesh Bank, filing Artha Rin Suit under Artha Rin Adalat Ain, 2003, cheque dishonour case under Negotiable Instruments Act, 1881, and more aggressively criminal cases under Penal Code, 1860 for breach of trust, cheating, and others.

Now the question is what legal remedies are available to the affected exporters in case of non-repatriation of foreign proceeds as such. Bangladesh Bank has the legal authority to exempt the affected exporters from the liability to repatriate the foreign proceeds by exercising the powers under Section 12 (2) (b) of the FERA. In recent times, due largely to the pandemic, it is often seen that the foreign buyers refuse to accept the exported goods after the same reach the port of the buyer. In that case, the BB, exercising the power under section 12 (3) of the FERA, may permit the affected exporters to sell the exported goods from the port of the buyer's country and procure the sale proceeds accordingly. In this way, the affected exporter may have the opportunity to sell his exported goods to some persons or entities other than the original buyer by way of 'offshore selling' or through any other convenient way. Even after that, if the affected exporters fail to sell the exported goods, upon request of the exporters, the BB has the authority under Section 12 (3) of the FERA, to direct that the goods be assigned to the Government. If any such assignment is made to the Government by BB, the Government is under a legal obligation to pay such amount to the affected exporters after selling the assigned goods under Section 12 (4) of the FERA. BB also has the legal authority to take protective and facilitative initiatives to protect the lender bank, Authorised Dealer (AD) bank and affected exporters by exercising its regulatory powers under Sections 45 and 49 of the Bank Companies Act, 1991.

Morever, an affected exporter who has not managed to repatriate the export proceeds, has other available legal recourses too. If the 'Sale Contract' contains any provision empowering either of the parties to invoke the jurisdiction of any court to appoint arbitrator and enforce the arbitral award, then the affected exporter can file an application before the empowered court to appoint an arbitrator and to enforce the arbitral award, if any.

Such affected exporter may also file civil suit for realisation of export value along with compensation and interests as well as criminal case for criminal breach of trust against the local agency of the buyers, if any, in exporter's country. The exporters may also file lawsuit against the buyers to recover the overdue export amount in the courts of buyer's country.

Source: thedailystar.net– Aug 10, 2021

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As the world re-opens, opportunity emerges for Vietnam's exports

Data from the General Department of Customs of Vietnam shows that Vietnam's import and export revenue was very impressive in the January-July period of 2021. The total import-export value was estimated at $371.16 billion, up by 29.5% compared to the same period of last year. The total export value was estimated at $184.33 billion, up 24.8% and total import value at $186.83 billion, up 34.4%.

However, the Covid-19 pandemic made a slight impact on Vietnam's import and export of goods in July. The total export value of July was estimated at $26 billion, down 4.4% and the total import value was estimated at $26 billion, down 0.6%. Although 7-month exports increased by more than 50%, the export value of wood and wood products in July 2021 was estimated at $1.3 billion, down 16.6% compared to the previous month.

Export of crude oil decreased by 52.8% month-on-month, footwear export decreased by 11.8% month-on-month; seafood decreased by 5.8%; computers, and electronic products and components were down 15.5%. The Ministry of Industry and Trade said the strong outbreak of the Covid-19 epidemic along with social distancing measures in many provinces and cities such as Hanoi, Ho Chi Minh City, and 16 southern provinces and cities have affected the circulation of goods, leading to a disruption of supply chains and affecting production and business activities.

The index of industrial production (IIP) in July 2021 only increased by 1.8% compared to the previous month and by 2.2% over the same period last year, which is the lowest increase in the past seven months (except for February with the least number of working days).

According to the Ministry of Industry and Trade, in the coming time, import and export growth will depend greatly on disease control as well as the vaccination process in the country.Statistics of the General Department of Customs show that Vietnam's trade balance in July 2021 incurred a deficit of $1.5 billion, raising the total deficit in the past seven months to $2.5 billion.

Outlook remains stable

The Ministry of Industry and Trade forecasts that the demand for exports is still quite high. The fact that countries are vigorously implementing vaccination and reopening their economies has increased demand for Vietnam's textiles, footwear, furniture, and electronics. Besides, a number of economies continue to implement demand stimulus packages, through direct support to people, thereby promoting the consumption of goods, including those imported from Vietnam.

At the same time, free trade agreements are gradually being implemented in a more comprehensive and effective manner, which is expected to promote Vietnam's export industries.

Imports of raw materials for production usually increase in early months and decrease in the second half of the year, which is also the time when exports reach the peak. Demand for Vietnam's exports will continue to increase in the second half of 2021, especially for electronics, machinery and equipment, furniture, textiles and seafood.

The trade balance is forecast to improve in the coming time even though the trade deficit for the past seven months is currently at $2.5 billion.

The prospect for Vietnam's exports in the remaining time of the year comes from the Chinese market. China's slash of production in a number of industries such as iron and steel, textiles, wood and wood products due to factors related to the shift in demand of the US market after US-China trade tension and commitment to reduce emissions will bring many advantages to Vietnam's investment, production and import-export activities.

According to the Ministry of Industry and Trade, over the past, Vietnam has been considered the first choice of American fashion companies to replace part of the sources from China. The reason is that production cost in Vietnam is cheaper than in China and India, and the efficiency is higher in than Bangladesh.

In 2020, Vietnam's garment exports to the US fell the lowest percentage compared to other exporters thanks to Vietnam's competitive advantages. Specifically, China witnessed a decrease of 39.2%, India 25.6%, Bangladesh 11.7%, Indonesia over 20% and Vietnam only 7.2%.

Vietnam's wooden furniture industry in 2020 also surpassed China to become the number 1 exporter to the US. Meanwhile, China's increased demand for imports of raw materials in the first months of 2021 also boosted Vietnam's exports of these items to this market.

Source: vietnamnet.vn– Aug 09, 2021

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Philippines: Garment exporters seen to miss $1.4 billion sales target

The country's garment exports are expected to fall below the $1.4-billion projection for the year given disruptions from the pandemic-induced lockdowns and shipping space constraints, the Foreign Buyers Association of the Philippines (FOBAP) said. "Quick calculation ...we will be lucky if we reach $1 billion by year-end," FOBAP president Robert Young said yesterday.

He said the country's garments exports are expected to be lower than the $1.2 billion to $1.4 billion target for this year as exporters are facing cancellations of orders amid disruptions from the imposition of lockdowns due to the threat of the more transmissible Delta variant. Bataan, where many garments exporters operate, is among the areas that have been placed under enhanced community quarantine (ECQ) or the most stringent quarantine classification from Aug. 8 to 22.

Young said all manufacturing activities by exporting locators in the Freeport Area of Bataan have been ordered to halt operations during the ECQ given the surge in coronavirus cases.

While garment exporters located in Philippine Economic Zone Authority zones and factory suppliers in Clark and Laguna are operational, he said their productivity is affected by the lack of transport, curfew and other restrictions. Apart from the lockdowns, he said garment exporters continue to face other challenges such as the lack of shipping space.

"The shipping space crisis, which caused previous order cancellations too, is still on our shoulders and seems to have no solution yet," he said. "Best effort is to farm out to subcontractors, if with available production space," he added.

With apparel products meant to be sold and used for a specific season, it is important for these items to be shipped out on time. "We understand the cancellations as apparel are seasonal products," Young said.

Source: philstar.com– Aug 09, 2021

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Bangladesh: BGMEA requests India to expedite trade through Bangaon-Benapole land port

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has requested the Indian government to expedite and facilitate trade through the Bangaon-Benapole land port.

BGMEA President Faruque Hassan wrote a letter to Indian High Commissioner in Dhaka Vikram Kumar Doraiswami on Wednesday in this regard.

"We earnestly request you to kindly take up the issue with authorities of your country and resolve the problem at your earliest to expedite the bilateral trade between India and Bangladesh, which is extremely important for our RMG sector," the letter reads.

Hassan said Bangladesh’s apparel exporters are importing substantial volume of raw materials from India and the transit time from India to Bangladesh is crucial.

Recently, he said, they are facing lots of delays in transit of imported goods from India.

"We are hearing from the clearing and forwarding agents in Benapole that due the security measures and lack of manpower at the Indian customs point, particularly Bangaon, trade is facing long delays and the transit time is getting very long for the trucks in crossing the Bangaon-Benapole border," he said.

Due to this, Faruque said, many trucks laden import and export goods are stuck at Indian points which is hampering trade with India and impacting the transit time of raw materials for RMG factories in Bangladesh.

"We have confidence that you can … solve this problem at Indian customs point to expedite the smooth flow of goods from India, and thereby further facilitate the bilateral trade growth," the BGMEA president wrote.

Global trade is facing a very tough time due to the coronavirus pandemic; the entire supply chain of the RMG sector is working on a very tight schedule, the BGMEA chief further said.

Local entrepreneurs have been trying their utmost to turn around from this situation with the help of the government and all the players involved in supply chain operation.

The BGMEA chief said RMG sector of Bangladesh is facing challenges in meeting the lead time given by foreign buyers to export apparels in the middle of the pandemic and the lockdown.

"Foreign buyers are insisting on the shortest possible lead time and deadline to export the manufactured apparels," he also said.

Source: dhakatribune.com– Aug 04, 2021

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Bangladesh: BGMEA urges buyers to nominate more shipping lines, private docks

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) last week urged global buyers to nominate more shipping lines and private docks to help ensure timely shipment of export containers. BGMEA president Faruque Hassan made this request during a meeting with various stakeholders, including representatives of main line operators and global buyers.

The meeting discussed ways to address a container backlog and vessel shortage that are affecting garment exports. Hassan said many export containers loaded with garment items sit idle for as many as 10 to 15 days at their respective inland container depots before being sent to the Chattogram port.

This is to select shipping lines, freight forwarders and off-docks being nominated for the job by international buyers, he said. Many global retailers and brands that import billions of dollars worth apparel products from Bangladesh nominate only one or two shipping lines and freight forwarders to transport their cargo, he said.

The container backlogs also occur since most international buyers chose just four or five off-docks to handle their cargo before shipping. "This causes delays in shipment as well and exporters are forced to bear additional charges for the delay," Hasan was quoted as saying by a newspaper report in the country.

There are 19 inland container depots in and around Chattogram, where the country's premier seaport is located. At the beginning of last month, most inland container depots were overwhelmed with export containers staying longer than usual.

During a meeting between Chittagong Port Authority (CPA) and various stakeholders on July 12, held for solving the container crisis, it was decided that the BGMEA should convince global buyers to refrain from nominating select shipping liners, freight forwarders and off-docks.

Source: fibre2fashion.com– Aug 09, 2021

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NATIONAL NEWS

TEXPROCIL welcomes PM Modi's 4-point emphasis on increasing exports

Prime Minister Narendra Modi's emphasis on four points to increase exports – increase in manufacturing, reduction in transport and logistics cost, government walking shoulder to shoulder with the exporters and expansion of international markets for domestic goods – will help achieve the goals of Make in India and Atmanirbhar Bharat, according to TEXPROCIL.

"Prime Minister's address was very inspiring and will certainly encourage all the exporters to strive to increase exports and achieve the national target of $400 billion in 2021-22," Manoj Kumar Patodia, chairman, the Cotton Textiles Export Promotion Council (TEXPROCIL), said in a statement.

PM Modi interacted with the heads of the Indian Missions abroad and with stakeholders such as the Export Promotion Councils, Chambers of Commerce, secretaries of various departments and state government officials via video conference on August 6, 2021. He emphasised on the need to increase exports manifold in the country's effort to move towards the mission of Atmanirbhar Bharat.

Patodia also stated that PM's "personal intervention will ensure that all the Indian Missions abroad will actively participate along with the Export Promotion Councils in ensuring that the target set for each importing country is achieved by promoting India's products with the overseas buyers."

Many exporters – large, medium and small – located across the country have conveyed to TEXPROCIL that they are highly inspired by the Prime Minister's address, which is an initiative taken for the first time, and they will make all out efforts to excel in exports, informed Patodia.

As pointed out by some of the ambassadors of Indian Missions abroad, the acute shortage of containers and the need for greater focus on logistics development were emerging as major challenges. Patodia urged the Government to step in urgently to address the issue of container shortages faced by the exporters which is turning out to be very serious day by day.

The chairman also appealed to the government to include textiles in the priority list while negotiating FTAs with UK, Canada, Australia and the EU.

Patodia also expressed his gratitude to the Prime Minister for extending the RoSCTL scheme to made ups and garments for three years which will lead to a significant growth in exports and contribute towards the Prime Minister's vision of increasing exports manifold.

Source: fibre2fashion.com– Aug 09, 2021

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Textile industry should use local cotton: government

The government on Monday said there is excess availability of local cotton, which the textile and apparel industry should tap into and support farmers hit by a surge in imports.

Minister of state for finance Pankaj Chaudhary told Lok Sabha in a written reply to a question that a 5% basic customs duty and a 5% agriculture infrastructure and development cess was imposed on raw cotton in FY22 budget to benefit domestic cotton farmers.

Chaudhary said cotton import surged significantly in last few years even though India is the largest producer of cotton in the world.

“All varieties of cotton, including those which were produced in India were being imported in large quantities. This has impacted the Indian farmer adversely.

Cotton is domestically available in excess of demand. Therefore, the garment industry can source the domestically produced cotton including high quality and extra-long staple cotton," the minister said.
Chaudhary also said that reduced import dependence would help the domestic garment industry.

The minister acknowledged that trade associations have made representations that difficulties were being faced by textile and apparel industry due to the import duty.

Chaudhary argued that garment exporters have various duty-free import schemes and would not be affected by the duty on cotton.

The cotton Association of India has sought withdrawal of the 10% duty levied on imports saying the commodity has become costly and it was not in the interest of domestic textile industry, the minister said.

“The decision to impose duty on imports of cotton has been taken to benefit domestic cotton farmers which in turn would help in higher domestic value addition and reduce import dependence," the minister said.

Source: livemint.com– Aug 09, 2021

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Containing transport costs

By eliminating arbitrage, which makes pricing complex, costs can be reduced

With increasing container traffic and environmental concerns, double-stack container trains are gaining ever -greater importance worldwide.

In India, Prime Minister Narendra Modi flagged off the world's first double-stack container train under electric wire in January 2021. The 3,300-km long dedicated freight corridors (DFCs) are projected to move about 5.3 million TEUs [twenty-foot equivalent unit] per year owing to lower operating costs of higher-capacity wagons in longer trains. Arbitrage is one of the existing pricing issues that can reduce the cost of container transport further.

For the railways, double-stacking of containers can double the revenue, while leading to only a minor increase in variable costs. In order to incentivise double-stacking, the railways charges the containers loaded in the upper-stack position at 50 per cent and in the lower-stack at 100 per cent of the prevailing rates. An analysis of container train operations and haulage charges shows that the haulage charges provide an arbitrage opportunity to container train operators (CTOs) due to the loading of multiple types of containers in different loading patterns (eg, double-stack, single-stack, and empty wagon).

For a simple illustration, let's consider a set of three 40-ft containers, one empty and the others with gross weights of 25 and 30 tonnes, respectively, loaded on the two wagons (see figure). For about 1,200-km haulage of these three containers according to plan A, a CTO would pay ₹90,000.

However, the CTO can also pay much lower charges, ₹80,000, by adopting load plan B. Both plans A and B satisfy all the safety and operational requirements. And both load plans A and B can be used for transporting the same set of containers having the same weight loaded on the same train dispatched at the same time on the same route.

However, the charges corresponding to plan B is 11 per cent lower than that of plan A because the 50 per cent saving on the charges of the upper-stack container increases with an increase in the container weight.

Here, arbitrage gain refers to the guaranteed risk-free saving for the CTO accrued by swapping a heavier container in the lower stack with a lighter container in the upper. For example, the arbitrage gain is ₹10,000 in the figure.

Extending the above real-life example to a train of 45 wagons, a CTO can make an additional profit of up to ₹2,20,000 per train by exploiting the potential 22 arbitrage opportunities in the train. Practically, the CTO has the flexibility to pay any amount between ₹19.8 lakhs and ₹17.6 lakhs to the railways depending on the exploitation of the arbitrage gain for this train. Therefore, arbitrage gain for the CTOs can be seen as a loss of revenue for the railways. This arbitrage has existed since 2006. A research study shows that the average total arbitrage gain for a CTO can be about 3 per cent of the total haulage charges. Therefore, the total annual arbitrage gain can exceed one billion rupees on DFCs by 2022.

Implications

Due to the incentive for loading of heavier containers in the upper stack, the exploitation of arbitrage increases the weight of the upper-stack containers unnecessarily. Compared with plan A in the figure, load plan B increases the weight of the upper-stack container by 21 tonnes, which is not productive but quite profitable due to the pricing anomaly. Plan A for the train is also safer than plan B.

There are other externalities of arbitrage for the container supply chain. Arbitrage makes the container haulage operations and pricing more complex. It also increases the average time and cost of container handling at terminals. Moreover, it also provides an incentive to delay certain containers, whenever possible, just to maximise the arbitrage gain.

Overall, arbitrage reduces the efficiency of container supply chain because the same container transport can be carried out at a lower total system cost without compromising the utility for any entity (railways, CTOs, port operators, and shippers). Therefore, by eliminating arbitrage, the container supply chain can become more efficient. Until the pricing formula is revised, the CTOs can optimise their arbitrage, which can also reduce the transportation cost for end-users.

Source: thehindubusinessline.com– Aug 09, 2021

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E-way bill generation maintains momentum in August

Daily e-way bill generation for goods transportation under the Goods and Services Tax (GST) system came in at 19.5 lakh in the first eight days of August, 1.3% higher than the average for the first 11 days of July, indicating continued momentum in economic recovery.

However, the daily average e-way bills for the first eight days of August were 5.8% lower than the daily average for the full month of July. Going by the trend, the daily average is expected to pick up in August.

Average daily e-way bill generation was 19.24 lakh in the first 11 days of July, 20.4 lakh in the week ended July 18, 20.2 lakh in the week ended July 25 and 24.3 lakh in the last six days of July.

Between August 1 and 8, as many as 1.56 crore e-way bills were generated.

Thanks to easing of lockdowns, e-way bill generation by businesses rose to 6.42 crore in July from 5.5 crore in June and 4 crore in May.

GST collections came in at an impressive Rs 1.16 lakh crore in July (largely June transactions), up a third on year and a quarter on month, reflecting a smart economic recovery after the second Covid-19 wave.

Source: financialexpress.com– Aug 10, 2021

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India's textile exports to the US surges 66.69% from January-May

From January to May this year, India's textile exports to the US increased by 66.69 per cent to $2.28 billion, reports OTEXA, a trade body of the US Department of Commerce.

As per Textile Focus, US' textile imports, during the same period, increased by 39 per cent to $12.47 billion. India's share in these imports remained at 18.32 per cent. On the other hand, China's share increased to 34.65 per cent to value $4.32 billion.

The share of India's textile exports increased over 3 per cent. Made-ups accounted for a larger portion of total shipment from India to the US, valued at $1.92 billion and increasing by 64.54 percent year on year. Yarn exports increased by 88.37 per cent to $55.16 million, while fabric exports totaled $302.92 million.

Source: fashionatingworld.com– Aug 09, 2021

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Despite COVID-19 pandemic, Telangana attracts Rs 6,600 crore investments

Even as several States are reeling under the impact of COVID-19 for the last 16 months, Telangana has managed to attract a large number of investors from across the globe with its industrial-friendly policies, officials claim.

Though the main attraction is the State's policies like TSiPASS, T-IDEA and other similar schemes, officials say that they have helped in attracting global companies to invest in electronics, textiles, aerospace and different sectors.

According to data with the Telangana Industries Department, since the beginning of 2020, MoUs for investment of over Rs 6,600 crore have been signed and several of them have started construction work for their units.

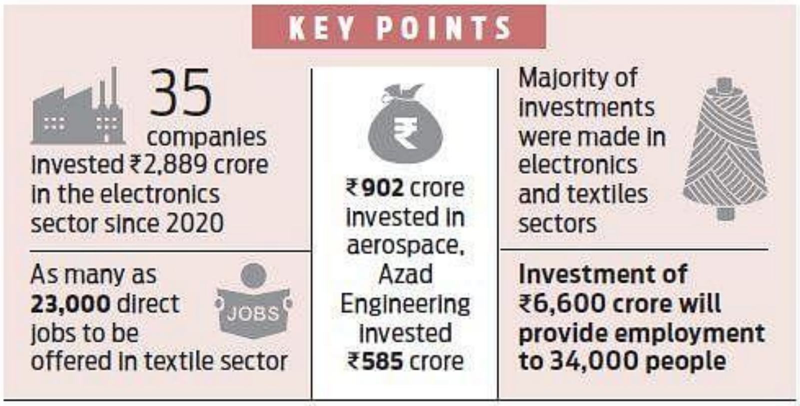
Apart from this, several global companies have held talks with the State government evincing interest in Telangana. Already, a Canada-based company Ivanhoe Cambridge has discussed with the State to invest Rs 750 crore in the life sciences sector.

Recently, discussions were held between Telangana and Taiwan to set up the first Taiwan-specific industrial cluster in India.

Of the Rs 6,600 crore investment, the State attracted investments of Rs 2,889 crore in the electronics sector, Rs 2,855 crore in textile sector and Rs 902 crore in aerospace sector (Rs 585 crore (Azad Engineering) and Rs 317 crore (Safran Aircraft Engines).

The investments in different sectors are slated to provide direct employment to more than 34,000 people. In the electronics sector, companies like Gayam Motors, Exicom Tele systems Limited, Roshan Energy Technologies Pvt. Ltd have come forward to manufacture electric three-wheelers, two-wheelers, chargers and charging infrastructure for electric vehicles (EV), batteries and energy storage applications.

Under textiles sector, 23,000 direct jobs are coming with textile exporters such as Welspun India Limited setting up a second project at a cost of Rs 415 crore for advanced textiles project, Ganesha Ecosphere investing Rs 500 crore and Kitex Garments Limited looking to set up an apparel park at the Kakatiya Mega Textile Park in Warangal at a cost of Rs 1,000 crore.



The Korean textile and apparel company, Youngone Corporation, would be providing 11,700 direct jobs by setting up its unit at a cost of Rs 840 crore. For Kitex, which aims to offer 4,000 jobs, customised incentives are yet to be approved. The construction of these textile units are either in progress or at the beginning stage.

Speaking to The New Indian Express, Jayesh Ranjan, Principal Secretary (Industries & Commerce and Information Technology), said that the convenience of operations and factors like continuous power supply and access to resources are making investors show interest in the State.

"Our State is the only one in south India to provide trained manpower for industries. We are helping industries in every possible way to make Telangana an ideal destination for investments," he said.

While commending the high quality of infrastructure in the State, he added, "With policies like TS-iPASS, which offers speedy processing of applications for issue of various clearances required for setting up of industries at a single point, our State has become best in south India for investments."

Source: newindianexpress.com– Aug 09, 2021

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Exports, FDI and startups fire on all cylinders to get Indian economy back on resilient track

Until February 2021, India had only ever had five months where goods exports had surpassed $30 billion. These five months were spread over the preceding decade. Since March 2021, India has had five straight months where goods exports have exceeded $30 billion every month. In fact, July 2021 was the first month ever that India crossed $35 billion in goods exports.

While the goods exports have topped $130 billion in the first four months of this financial year, services exports have gone past $55 billion in the first quarter as reported by the Reserve Bank of India. For the first time ever, India may hit $600 billion in cumulative exports this financial year.

What is noteworthy is that these stupendous increases have in the middle of the COVID-19 pandemic. Global trade has been impacted directly by the pandemic, as well as due to derivative issues like delays and capacity constraints in the shipping industry. And yet, the Indian exports have not just turned a corner, but have shown remarkable strength in a host of sectors. Agriculture, engineering goods, gems and jewelry, petroleum products and textiles – the numbers have been strong in each of these areas this financial year.

It is not just export bounce-back and upward trajectory. It is also the year for India's promising technology sector to shine. The first half of this year has seen fresh investments of $11 billion in Indian start-ups. Twenty unicorns – firms with a valuation of more than $1 billion – have flown in the Indian entrepreneurship skies already this year. And these encouraging numbers have come in at a time when the all-pervasive Chinese capital took a break from the Indian markets after investment restrictions were imposed after the Galwan Valley incident in the summer of 2020.

The Indian start-up ecosystem is now the third-largest in the world. The number of start-ups recognised by the Department of Promotion of Industry and Internal Trade has crossed 50,000 and is spread across 623 districts in India. Nearly 1.8 lakh formal jobs have been created by 16,000 start-ups which were recognised in the last financial year. Several times more indirect jobs get created with a formalisation of jobs being created as well as aggregated by the start-up ecosystem.

Once these startups achieve scale, they will be the fuel to power India's growth trajectory. They are the lynchpins of tomorrow's business ecosystem. That several of them have started to consider listing in India is an additional positive. Many of these listed start-ups will eventually create wealth for not just their founders but for their employees and retail investors alike.

Indian start-ups have indeed become a magnet for global investors. But more broadly, the Foreign Direct Investment (FDI) has also been buoyant. FDI is critical for business growth as well as for achieving export competitiveness. By liberalizing the FDI policy in several sectors and improving ease of doing business, India has been able to garner historic Inflows.

The highest ever FDI inflow of $82 billion was clocked in the last financial year. This was 10 percent more than the 2019-20 figure. The positive momentum on FDI has also continued this financial year. The month of May saw $10.5 billion coming in. Again, these figures become doubly critical in the context of the pandemic-led disruptions.

With India focusing on the Production Linked Incentives (PLI) programme for 13 key sectors for five years, this trifecta of forces – Indian entrepreneurship, risk capital and potential for rapid market expansion can further come together in the time to come. The government has made an outlay of Rs 1.97 lakh crore for the PLI program to enhance cost-competitiveness, quality, efficiency and technological maturity of Indian manufacturing and for creating and nurturing global champions.

Prime Minister Narendra Modi had announced the Aatmanirbhar Bharat ambition in the middle of last year as India sought to rebuild the economy after the first wave of the pandemic. The program, expected to reinvigorate the country, after a once in a century crisis with no playbook to tackle, has started in the right earnest. After a series of discussions with the industry captains on Aatmanirbhar Bharat last year, Modi spoke to Indian missions, which can play a pivotal role in attracting capital and projects for India.

Trade and Industry have the power to write the growth story of a nation. As the world learns to live with the virus, India has a key role to play in the global order as a reliable and trusted partner. The Tridevs of the economy – exports, FDI and start-ups – have sent a resounding signal of India's potential and promise to the world.

Source: firstpost.com– Aug 09, 2021

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Prepare, properly present all your complaints against big online retailers before CCI: Piyush Goyal to traders

Hours after the Supreme Court rejected the pleas of Amazon and Flipkart against a CCI probe, Union minister Piyush Goyal on Monday asked the traders' community to "prepare themselves" and present all their complaints against big online retailers before the regulator to get "justice". The commerce and industry minister also said that large companies, which were spending crores on lawyers to ensure that nothing happens on retailers' complaints, have failed.

The apex court has refused to entertain the pleas of Amazon and Flipkart, challenging an order permitting the CCI to carry out a preliminary investigation into the alleged violation of the competition law. Goyal, who has been vocal in supporting domestic traders, assured full support to the trader community from the government and asked traders to bring violations in the laws to the notice of the government.

He urged the traders to prepare themselves and "whatever complaints you have, present all those in front of CCI so that justice can be done". The Supreme Court has rejected the pleas of large e-commerce companies, which were running from "your complaints in CCI," he said while addressing traders' fraternity on the occasion of National traders' day.

On Monday, the Supreme Court refused to entertain pleas of Amazon and Flipkart, saying that challenging the enquiry is like wanting a notice before the registration of an FIR under the criminal law and asked the e-commerce giants to submit themselves to the CCI probe.

On January 13, 2020, fair trade regulator CCI ordered a probe against Flipkart and Amazon for alleged malpractices, including deep discounting and tie-ups with preferred sellers on their platforms, following which both the companies had moved the high court seeking quashing of the probe order. According to Goyal, if businesses want to do e-commerce in India, they need to take domestic retailers along.

The government is working towards simplifying legal metrology and creating a single-window online system to stop harassment of traders, he said, and urged the traders to boost 'Swarojgar, Swadeshi and Sugam Vyapar'.

Source: timesofindia.com– Aug 09, 2021

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Ending retro tax to boost $5-trn economy dream: FM Nirmala Sitharaman

The Finance Ministry on Monday said a Bill to end retrospective taxes imposed on indirect transfer of Indian assets will encourage companies to invest in India and help the country become a $5-trillion economy.

The Rajya Sabha on Monday returned the Taxation Laws (Amendment) Bill, 2021 to the Lok Sabha after main opposition parties staged a walkout. Following this, only the President's assent is required to make it a law.

"(The Bill) will spur companies that are on the cusp of deciding their investments into investing in India. (It) will provide impetus to the country's goal of becoming a $5-trillion economy," Finance Minister Nirmala Sitharaman's office tweeted.

The office said the legislation will instil confidence on the Indian economy among foreign and domestic investors. "It (will) avoid unnecessary litigation and save time and costs of the government," the ministry said on the microblogging site.

The Bill will boost the policy of the government to have a predictable tax regime. Replying to the debate in the Upper House, Sitharaman said, "This (Bill) is appealing enough and will put an end to this ghost which we have been carrying all this while since 2012... I seek support of the House to make India look very clear, transparent and fair taxation land."

The Congress, the TMC, the DMK walked out of the House before the Bill was taken up for discussion. The minister also told the House that the Bill provides for no payment of interest on refund made under this and the parties seeking relief would not pursue further appeals or litigation in these cases.

The Bill proposes to amend the Income Tax Act, 1961 so as to provide that no tax demand would be raised in future on the basis of the said retrospective amendment for any indirect transfer of Indian assets if the transaction was undertaken before May 28, 2012, the date on which the Finance Bill, 2012, received the President's assent.

Source: business-standard.com– Aug 10, 2021

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SME Chatroom: Duty drawback permitted on FOB value without bank charges

Q. For our exports we are paid through inward remittances, where foreign banks deduct their charges of euro 20-50 many times. We received notice from the Customs asking us to refund the drawback received by us in 2014-15 alleging non-realisation of export proceeds. When we submitted all bank realisation certificates to them, they prepared a list of 17 invoices where we have a shortfall in realisation of euro 35-50 due to foreign bank charges. Are we liable to pay this pro-rata drawback back to the government with 18 per cent interest?

CBIC Circular no.33/2019-Cus dated September 19, 2019 clarifies that duty drawback may be permitted on FOB value without deducting foreign bank charges. It also says that since agency commission up to the limit of 12.5 per cent of the FOB value has been allowed, such deduction on account of foreign bank charges is allowed within this overall limit of 12.5 per cent of FOB value.

From the average rates of agency commission and foreign bank charges in respect of export shipments, it is seen that these deductions fall within the aforesaid overall limit of 12.5 per cent of FOB value allowed by the Board. Agency commission and foreign bank charges, separately or jointly, exceeding this limit should be deducted from the FOB value for granting duty drawback, the CBIC says.

Q. Eight years back, we imported certain equipment. We recently sent it back to the foreign supplier for repair and refurbishment under EDF waiver. However, the design and model have undergone changes due to technological advancement. Now we would like to bring in the latest version. A huge amount has to be paid through a new purchase order, which cannot be shown as repair cost. How can we comply with the EDF waiver condition?

The import of the latest version of the equipment must be treated as fresh imports and not as re-import against the EDF waiver condition. For closure of the EDF waiver, you may approach the Reserve Bank of India through your bankers, explaining why you cannot or do not want to re-import the equipment sent abroad for repairs.

Q. We are an EOU. The Tuticorin Customs are not allowing us to export our goods on payment of IGST under refund claim. We have written to them explaining that we import our inputs under the notification 52/2003-Cus dated March 31, 2003, and that we pay IGST and avail only the exemption from BCD and that the Customs at other ports are allowing our exports on payment of IGST under refund claim. However, the Tuticorin Customs are not responding to our letter despite reminders. Please advise.

I suggest you represent to the higher authorities at Tuticorin Customs and explain with evidence that all your imports of inputs are on payment of IGST and that on all your domestic procurement, refund of IGST has not been availed under notification 48/2017-CT dated October 18, 2017, and that this is not a case of export through a merchant-exporter.

Source: business-standard.com– Aug 10, 2021

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Digital payments surge from 1459.02 crore in FY 2017-18 to 4371.18 crore in FY 2020-21

It is the policy of the Government to move towards less cash economy and a digital payment ecosystem. This was stated by Union Minister of State for Finance Shri Pankaj Chaudhary in a written reply to a question in Lok Sabha today.

Giving more details as per weekly statistical supplement of Reserve Bank of India (RBI), the Minister stated that the Notes in Circulation (NIC) were Rs 17,74,187 crore as on 4th November, 2016 and Rs 27,80,045 crore as on 29th January, 2021.

On digital payment ecosystem, the Minister stated that the total volumes of digital payments have also increased from 1459.02 crore in FY 2017-18 to 4371.18 crore in FY 2020-21 due to sustained efforts towards digitalisation.

The Minister further stated that the quantum of bank notes in the economy broadly depends on the requirement for meeting the demand for bank notes due to GDP growth, inflation, and replacement of soiled bank notes and growth in non-cash modes of payment.

Source: pib.gov.in– Aug 09, 2021

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Status of MSMEs and SMEs

The COVID-19 epidemic has temporarily affected various sectors including Micro, Small and Medium Enterprises in the country. Economic activity contracted due to the strict lockdown measures imposed by the Government. This contraction has also had impact on the MSME sector.

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

Achievements regarding Credit Guarantee Scheme during 2019-20 to 2021-22

Financial Year	**No. of Credit Facilities Approved**	**Amount of Guarantees Approved** (Rs in crore)
2019-20	8,46,650	45,851.22
2020-21	8,36,065	36,954.72
2021-22*	2,44,300	13,315.95

Click here for more details

Source: pib.gov.in– Aug 09, 2021

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Allocation of funds to MSMEs

The Government of India has taken various measures to strengthen the MSME sector under Aatmanirbhar Bharat Abhiyan (ABA), which includes Rs.3 Lakh crore Collateral-Free Automatic Loans for businesses, Rs. 20,000 crore subordinate debt for stressed MSMEs, Rs. 50,000 crore equity infusion through MSME Fund of Funds, no global tenders for procurement upto Rs. 200 crores along with revision of definition of MSME, etc.

Further, as on 02.07.2021, an amount of Rs. 2.73 lakh crore have been sanctioned under Emergency Credit Line Guarantee Scheme (ECLGS) in the country, including Tamil Nadu, of which an amount of Rs. 2.14 lakh crore has been disbursed.

All proposals that are eligible under the relevant guidelines for a collateral free loan are generally accepted. However, Ministry of Micro, Small and Medium Enterprises (MSME) sometimes receives complaint regarding denial of collateral free loan by the banks.

As there is a prescribed procedure for obtaining a collateral free loan, such complaints received in the Ministry of MSME, are accordingly forwarded to concerned bank for consideration as per the rule/procedure.

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

Source: pib.gov.in– Aug 09, 2021

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MSMEs in machine tools manufacturing impacted due to increase in raw material costs, says IMTMA

The increase in the cost of procuring raw materials in machine tools manufacturing, especially when the costs of imported aggregate goods and components scale up that lead to supply chain impact, is a challenge for MSMEs as it impacted product delivery and affected business, Anbu Varathan, Director General & CEO, Indian Machine Tool Manufacturers' Association (IMTMA) told Financial Express Online. The association, formed in 1946, represents nearly 500 machine tool makers – around 90 per cent of the organised machine tools and allied equipment manufacturers in the country. The machine tools market has been among the worst-hit sectors due to a significant impact on the auto industry that had plummeted to zero sales in April 2020 due to the national lockdown.

"The jump in the cost of aggregates has impacted us as well. For example, steel prices have gone up, and currently, we are not in a position to pass it on to our customers. Hence, our margin will take a hit. Sheet metal prices have also increased 20 per cent due to an increase in steel prices," Chandrashekara Bharathi, Founder, AceMicromatic Manufacturing Intelligence Technologies and member, IMTMA told Financial Express Online. Also, exchange rates have risen steadily over the years, whether it's USD or Yen, hence, "whatever imports we have made such as control systems from Japan and Germany, it has impacted our profitability particularly at a time when customers demand better pricing," he added.

The auto sector witnessed an impressive growth during the first quarter of FY22 amid ease in lockdown restrictions and phased restart of factories and businesses. As per the data by the Society of Indian Automobile Manufacturers (SIAM), Q1 saw 113 per cent growth in domestic sales to 3,180,039 units vis-a-vis 1,492,612 units during the year-ago period.

"Indian machine tools industry has been largely dependent on the auto sector. Whenever the auto sector is strong, the machine tools industry is strong. Emerging user industries such as aerospace, defence, railways, power, medical equipment, electronics, etc. also provide good business opportunities for the machine tools industry. However, whenever there is degrowth in the auto sector or any of these other user industries, the machine tools industry is impacted," added Varathan.

However, MSMEs have been reluctant to invest in new technologies as a large amount of capital investment is required. Varathan said companies also shy away from investing in digital technologies as they evolve at a very fast rate even as companies need to create a ready pool of workforce that can use those digital technologies. “Around 50 per cent of our customers are MSMEs who are experiencing cost pressure on the labour front and procurement front. While growth in the auto sector is good for the machine tools sector but it isn’t enough to potentially create a large-scale difference to what is happening to machine tools companies in the short term,” said Bharathi.

According to the association, the increase in budget outlay for railways, power, infrastructure, etc., is expected to trigger demand for capital goods and machine tools. The new growth sectors identified by the government with Production-Linked Incentives are also expected to spur the demand for machine tools. Moreover, IMTMA said the Reserve Bank of India’s one-time loan recast for companies under stress due to the Covid outbreak is expected to benefit MSMEs that are under financial stress besides helping their cash flow situation. “The Indian machine tools industry expects a growth of around 8-10 per cent, primarily driven by infrastructure spending and investments in emerging and champion sectors,” Ravi Raghavan, Vice President, IMTMA told Financial Express Online.

Source: financialexpress.com– Aug 09, 2021

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Khadi's new products launched by Government

Khadi & Village Industries Commission (KVIC), under the Ministry of MSME, has launched two new products- Khadi babywear and handmade paper 'Use and Throw' Slippers on 15.07.2021.

it is true that the Khadi handmade paper 'Use and Throw' Slippers have been developed by Khadi & Village Industries (KVI) with the objective of supporting handmade paper industry, strengthening traditional art and creating sustainable employment for artisans. These slippers use thick handmade paper board and soft handmade paper as raw material and hence creates a new line of product which will not only increase the consumption of handmade paper but will also create sustainable employment for handmade paper industry artisans.

One handmade paper 'Use and Throw' Slippers fabrication unit of the capacity of 500 pairs per day employs 20 persons per day for cutting, pasting, packaging and logistics.

Manufacturing of 500 handmade paper 'Use and Throw' Slippers require 225 sheets of handmade paper. This further creates employment for 9 persons per day in producing handmade paper industry.

The salient features of Khadi babywear and handmade paper 'Use and Throw' Slippers are given below:-

Salient features of Khadi Babywear:-

- KVIC has introduced Babywear for the first time for the age group of new-born and upto 2 years.
- Khadi babywear is made of high quality hand-spun and hand-woven Khadi Cotton fabric.
- The fabric is eco-friendly and made using natural fibres to suit the sensitive skin of new born babies.
- The fabric is free from any chemical treatment and harmful dyes to prevent babies from any skin irritation.
- Fabric used in Khadi babywear is breathable and skin friendly.
- The idea behind introducing babywear is to further diversify the product range for more consumption of Khadi fabric and ultimately creating more income for Khadi Artisans.

Salient features of Handmade Paper ‘Use and Throw’ Slippers:-

- Khadi handmade paper ‘Use and Throw’ Slippers have been developed for the first time in the country.
- Khadi handmade paper ‘Use and Throw’ Slippers are made of fine-textured handmade paper and are 100% eco-friendly and cost-effective.
- Suitable for travel and indoor usage like in homes, hotels, hospitals, places of worship, laboratories, etc.
- Hygienic from pandemic point of view.
- Available in two types- flip flop and slip-on.

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

Source: pib.gov.in– Aug 09, 2021

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SFURTI scheme: 433 clusters approved so far; annual clusters commissioned jump 5.5x in FY21

The government's Scheme of Funds for Regeneration of Traditional Industries (SFURTI) to organise traditional industries and artisans into clusters to make them competitive and boost their income has approved 433 clusters since 2014. According to the data provided by the MSME Minister Narayan Rane in the Rajya Sabha on Monday, around 2.5 lakh artisans have benefited through these approved clusters.

However, as per the available online data by the Ministry of MSME, while the number of clusters approved declined from 157 in FY20 to 107 in FY21, the number of clusters inaugurated or commissioned grew 5.5X from 17 in FY20 to 94 in FY21. Overall, the number of approved clusters increased from 30 in FY16 to 68 in FY19 and the clusters inaugurated or commission grew from one in FY16 to 14 in FY19.

"A major chunk of the activity under the scheme is in the construction of common facility centres (CFCs). So, while Covid tried its best to cut down the speed, the enthusiasm of the entire team overcame it successfully and in fact reduced the period of CFC creation from over one year to six-nine months. One good indicator of success is how many CFCs have been commissioned. That has increased significantly," Tamal Sarkar, Executive Director of MSME cluster development body Foundation for MSME Clusters had told Financial Express Online.

Rane informed the Parliament that the amount spent during the last three years increased from Rs 86.03 crore in FY19 to Rs 181.82 crore in FY20, and Rs 349.11 crore in FY21. As of July 31, 2021, Rs 82.02 crore was spent. Moreover, the number of artisans benefitted on an annual basis had also increased from 28,270 in FY16 to 84,171 in FY20 before it dipped to 62,408 in FY21. The clusters included coir, bamboo craft, stitching and embroidery, handloom, garments, khadi, pottery, furniture, etc.

Importantly, the government's Cluster Development Programme (CDP), which focuses on enhancing capacity building for MSEs through setting up of projects including CFCs and Infrastructure Development (ID) centers, had witnessed the lowest number of annual projects completed in FY21 since FY18. The data shared earlier by Rane in the Lok Sabha showed that total projects completed in FY21 had declined to 20 from 22 in FY20, 28 in FY19, and 24 in FY18.

According to Rane, a study was conducted by IIM Lucknow in FY21 to evaluate the scheme so far. The major findings of the scheme including artisans' shareholding in the Special Purpose Vehicle (SPV) constituted in the cluster needed to be enhanced and suitable measures were required to be initiated to ensure that funds are released to the clusters in a timely manner and they are made functional within the stipulated timelines avoiding delay.

Moreover, it noted that turnover and profitability of enterprises has not significantly increased when compared to the investment made. Hence, necessary forward and backward linkages and marketing connect is needed to ensure higher income of the cluster and artisans. The study also suggested convergence of the scheme with other similar government schemes.

Source: financialexpress.com– Aug 09, 2021

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The LLP ecosystem has been revitalised

The decriminalisation of minor defaults and addition of new concepts should incentivise limited liability partnerships

Rabindranath Tagore in his immortal poem Gitanjali had written: “Where the mind is without fear and the head is held high... my Father, let my country awake.”

These verses by one of India’s greatest minds have been the inspiration for the Government in its pursuit to take a new and young India towards greater heights and enhance the quality of lives of citizens by making their daily lives and businesses more productive, easier and stress free.

During the last seven years, a host of bold and transformative initiatives targeted towards corporates, the common citizens and the youth associated with them have been taken.

Another path-breaking step has now been taken by the Government. After a span of more than a decade, the Limited Liability Partnership Act, 2008 (LLP Act) has been amended for the first time, with the passage of the LLP (Amendment) Bill, 2021 in Parliament.

The amendments are primarily aimed at decriminalisation of two-thirds of the compoundable offences involving minor procedural or technical defaults, akin to the process of decriminalisation carried out under the Companies Act, 2013 based on the recommendations by the Company Law Committee, while at the same time promoting ‘Ease of Doing Business’ for LLPs.

This would provide a strong incentive for the unorganised unincorporated types of businesses to shift to an organised incorporated LLP form of business structure now that minor technical and procedural defaults which do not involve fraud or intent to deceive have been de-criminalised. So far, the fear and stigma of having to face criminal prosecution for even minor defaults acted as a disincentive for budding entrepreneurs and the youth.

While the LLP Act has retained the suppleness of a traditional partnership by allowing the partners to carry out their objects and manage their governance in accordance with their agreement, as a corporate vehicle LLP has three-fold advantages over a partnership simpliciter — that is, unlike a partnership, LLP has a separate legal identity, distinct from its partners; it allows the liability of the partners to remain limited to the extent of their contribution; and it has a perpetual succession.

Historically, the vehicle of LLP first gained relevance in the US, to provide the benefit of limited liability to professional firms, which could not organise themselves as companies. It was the Naresh Chandra Committee which, in its report submitted in 2003, had initially recommended that there should be a law for establishing LLPs in India.

Gaining traction

In India, the vehicle of LLP has gained a lot of traction during the last few years. This is evident from the fact that the number of active LLPs have risen to 2,13,014. There has been an annual growth of about 17 per cent in the number of LLPs incorporated during the fiscal year 2020-2021. A lot of these LLPs are part of the MSME sector, and many are run by budding entrepreneurs as start-ups. The services sector accounts for about 75 per cent of the LLPs, the industrial sector 23 per cent, and about 1.75 per cent of the LLPs are working in the agricultural sector.

This Bill has therefore, rightly, introduced new concepts of ‘small LLP’ and ‘start-up LLP’, to provide benefits of lesser compliances, lesser fees and lesser penalties in case of minor violations by such classes of LLPs.
The quantum of additional fees, in case of delayed filings, had got hard-coded in the LLP Act in 2008 and was the source of much agony for many LLPs, which had to pay a large amount on account of additional fees for delayed filings.

In a significant relief, now, the Government would exercise powers to provide the quantum of additional fee through rules, thereby allowing itself the judgment to fix it for a class of LLPs, based on size.

Besides this, the minimum criteria to qualify as a “resident in India” has been reduced from 180 days to 120 days. This would facilitate foreign partners in the process of nomination of a resident designated partner in the LLP as also professionals who travel frequently even as they run their LLPs.

This Bill rides on the regulatory architecture created under the Companies Act, insofar as it leverages the concept of Special Courts, already designated under the Companies Act for speedier trial of offences under the LLP Act, and creation of an internal adjudication mechanism by appointment of adjudicating officers for dealing with violations by levying civil penalties, post-decriminalisation.

Prescribing standards

Considering that public interest may also get involved after an LLP attains a particular size, a new provision allows the Central Government to prescribe the Standards of Accounting or Standards of Auditing for such LLPs.

Underlining the approach of the Government that decriminalisation should not be seen as dilution of the enforcement mechanism when it comes to dealing with fraudulent actions of the corporates, the period of imprisonment in case of fraud has been increased from two years to five years.

The Bill represents an earnest reform brought in by the Government, which has taken a frontline position to bring about greater 'Ease of Doing Business' for the law-abiding corporates, by creating a facilitative environment which allows doing of business without unnecessary threat of prosecution.

The passage of this Bill represents a watershed moment for the business community in the country, as the reform of decriminalisation has been carried out in respect the two most important business entities of the organised sector — company and the LLP. It is expected that this reform would give rise to a more organised economy and spur growth, so that we can achieve the goal of a $5 trillion economy.

Source: thehindubusinessline.com– Aug 09, 2021

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H&M, Indian fashion designer brand Sabyasachi tie up for global collaboration

Swedish apparel retailer H&M on Monday announced its global collaboration with Indian fashion designer brand Sabyasachi, taking the country's rich hand-crafted textile and designs to a wider audience in India and worldwide.

The collection, which comprises womenswear and menswear collection having around 65-70 articles, would be introduced at selected H&M flagship stores in 17 markets and on 48 online markets through hm.com worldwide, besides the domestic market.

As part of this, H&M is also introducing 'saree' for the first time, which is designed for customers in India through its collaboration.

"The Sabyasachi x H&M collaboration themed 'Wanderlust' will present rich textiles in modern as well as classic Indian silhouettes that resonate with the modern global nomad mindset," according to a statement.

The collection, which will be available at a price point between Rs 799 and Rs 9,999, would be released on August 12 and would be available at H&M stores at Delhi, Ahmedabad, Gurgaon, Bengaluru, Mohali, Chennai, Hyderabad, Noida and Lucknow.

Besides, it would also be launched on H&M's e-commerce portal and Myntra, it added.

Sabyasachi brand CEO and founder Sabyasachi Mukherjee said, "I am happy to announce the new date for the collaboration with H&M, as it gives us the opportunity to spread the Sabyasachi aesthetic to a wider audience in India and worldwide."

H&M Head (New Development) Maria Gemzell said, "At a time like this, we believe people value the use of homegrown crafts and textiles more than ever and that's something no one can do better than Sabyasachi. We look forward to taking this stunning collection to as many people across the global as we can."

While replying to a question during the virtual press meet, Gemzell said India is an important market for H&M.

However, she did not share any numbers over sales expectations.

The Sabyasachi x H&M collection will offer a complete fashion wardrobe for both ladies and men, including accessories, jewellery, footwear and sunglasses at accessible price points.

Source: retail.economictimes.indiatimes.com– Aug 09, 2021

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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

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