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INTERNATIONAL NEWS

Post-Brexit Irish-UK freight traffic 'significantly altered': IMDO

Trade frictions following Brexit have ‘significantly altered’ freight traffic between Ireland and Britain and have led to a steep rise in volumes to and from Ireland and other European Union (EU) nations, according to the Irish Maritime Development Office (IMDO), which recently said the most significant factor behind this is traders abandoning the once-speedier British 'land bridge'.

At the ‘land bridge’, hauliers took a short sea crossing between Dublin and Holyhead in Wales, drove across Britain and then took another ferry to mainland Europe.

Many are shunning the route over concerns about delays and disruption due to new customs controls, IMDO's quarterly report found.

The introduction of checks on some goods since neighbouring Britain left the EU's trading orbit on December 31 last year cut imports from Britain by 35 per cent in the first five months of this year while the number of shipping routes to mainland Europe more than doubled.

So-called roll-on/roll-off (RoRo) traffic between Irish and British ports was 20 per cent lower in the second quarter compared to the same pre-coronavirus pandemic period in 2019 while volumes on Irish/EU routes were up 99 per cent on 2019, IMDO was quoted as saying by a global newswire.

Overall volumes were 0.2 per cent lower than the second quarter of 2019, providing a more reliable comparison than previous quarters, which were distorted by pre-Brexit stockpiling and tough COVID-19 restrictions.

Traffic between Irish and British ports now accounts for 67 per cent of all Irish Ro-Ro volumes compared to 84 per cent two years ago. Direct routes to the EU have doubled their share to 33 per cent.

This does not automatically imply greater trade with other EU member states, IMDO said, but rather a reconfiguration of supply chains away from the UK land bridge.

Freight traffic through ports in Northern Ireland also rose to the highest level since 2007 as hauliers who traditionally accessed markets in the English midlands and southeast via Dublin Port instead shipped goods directly from Northern Ireland.

While some checks have been introduced on goods travelling from the rest of the United Kingdom into Northern Ireland, goods can travel freely the other way. However, before Brexit, shipping via Dublin was a speedier option for hauliers.

Source: fibre2fashion.com– Aug 16, 2021

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China's textile sector sees strong growth in H1

China's textile industry posted robust growth in the first six months, with both revenue and profits logging double-digit growth, official data showed.

The profits of textile firms with annual operating revenue of at least 20 million yuan (about 3.1 million U.S. dollars) reached 107.9 billion yuan in the first half, surging 41.1 percent year on year, according to the Ministry of Industry and Information Technology (MIIT).

The operating revenue of these firms totaled 2.34 trillion yuan, jumping 20.3 percent from the same period a year ago.

MIIT data also showed China's garment exports amounted to 71.5 billion U.S. dollars during the period, an increase of 40.3 percent year on year.

Source: bignewsnetwork.com– Aug 14, 2021

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UNCTAD, IATA extend partnership to facilitate global trade

The United Nations Conference on Trade and Development (UNCTAD) and the International Air Transport Association (IATA) recently extended their collaboration to facilitate international trade, particularly e-commerce. This will focus on enabling UNCTAD's automated customs management system, to manage e-commerce shipments more efficiently.

It will include adding a risk assessment for mail shipments and facilitating access to the IATA enhanced partner identification and connectivity (EPIC) platform. Both sides have earlier successfully integrated air cargo messaging standards (Cargo-XML) into ASYCUDAWorld.

For the 100 counties choosing to deploy the latest version of ASYCUDAWorld, this enables more efficient processing of air cargo shipments, an UNCTAD press release said. "Through this extended partnership, we look forward to leveraging the leadership of UNCTAD and IATA in their respective fields to boost e-commerce in developing countries through improved exchanges of trade data," said Shamika N Sirimanne UNCTAD's technology and logistics director.

This year marks the 40th anniversary of ASYCUDA, an integrated customs management system that plays a key role supporting countries' efforts to mobilize domestic revenues through implementing trade facilitation policies, efficient procedures and regional integration, while building capacity and safeguarding natural resources.

This will enable customs authorities to share advance cargo/mail information requirements across the digitized supply chain (airlines, freight forwarders, ground handlers and third-party messaging service providers).

The collaboration will also include the potential exchange of additional operational electronic information such as air cargo rules, flight schedules and others that can assist customs officials in their risk assessments. "UNCTAD and IATA are working together to support the economic opportunities of e-commerce by modernizing the data exchange needed for customs clearance," said Nick Careen, IATA's senior vice president for the operations, safety and security division.

Source: fibre2fashion.com– Aug 16, 2021

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China economy stalls as factory output, retail sales growth slow

'Recovery uneven on sporadic COVID outbreaks, weather'

China's factory output and retail sales growth slowed sharply and missed expectations in July, as new COVID-19 outbreaks and floods disrupted business operations, adding to signs the economic recovery is losing momentum.

Industrial production in the world's second-largest economy increased 6.4% year-on-year in July, data from the National Bureau of Statistics (NBS) showed on Monday. Analysts had expected output to rise 7.8% after growing 8.3% in June.

Retail sales increased 8.5% in July from a year earlier, far lower than the forecast 11.5% rise and June's 12.1% uptick. China's economy has rebounded to its pre-pandemic growth levels, but the expansion is losing steam as businesses grapple with higher costs and supply bottlenecks. New COVID-19 infections in July also led to fresh restrictions, disrupting the country's factory output already hit by severe weather this summer.

Asian share markets slipped on Monday after the data showed a surprisingly sharp slowdown in the engine of global growth.

Fu Linghui, an NBS spokesperson, said at a briefing on Monday that China's recovery remains uneven due to sporadic COVID-19 outbreaks and natural disasters.

"The domestic economic recovery still faces many challenges, and constraints on production increased," said Mr. Fu.

Source: thehindu.com– Aug 17, 2021

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Yarn, product exports drive record cotton consumption in Vietnam: USDA

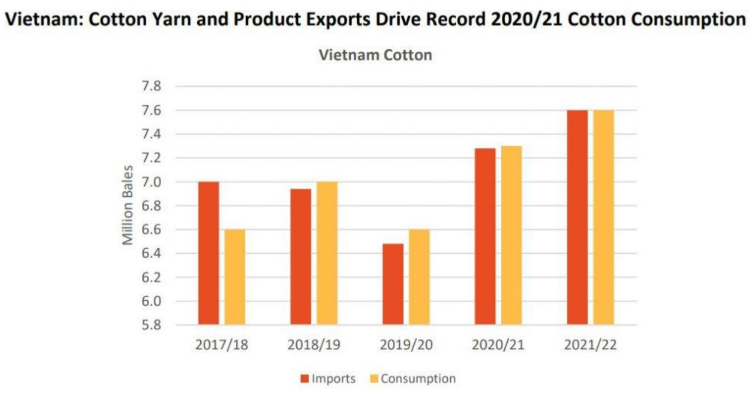
ROBUST growth in Vietnam's cotton yarn and product exports is projected to drive 2020/21 cotton consumption to a record 7.3 million bales, 700,000 higher than the previous year's downfall from COVID-19, according to the latest report from the United States Department of Agriculture.

Yarn exports from Vietnam in 2020/21 have already exceeded the previous year's record by more than 10 per cent through the first 11 months of the marketing year.

Foreign demand has been primarily driven by China, with Vietnam's cotton yarn exports to the country accounting for roughly 60pc of Vietnam's total cotton lint consumption.

China is the world's largest cotton yarn importer and Vietnam's largest customer with the geographic proximity and foreign investment by Chinese companies driving record exports.

China's August to June imports of Vietnamese cotton yarn were a record (for the period) and equal to roughly 4 million bales of cotton lint consumption.



China's robust demand is expected to persist with projected growth in China's cotton fabric and product exports, in addition to greater domestic consumption of cotton products.

The United States WRO (Withhold Release Order) on cotton lint from China's Xinjiang region is further supporting current and future demand for Vietnam's cotton yarn.

Practically all cotton yarn spun in Vietnam is produced with cotton lint imported from outside of China.

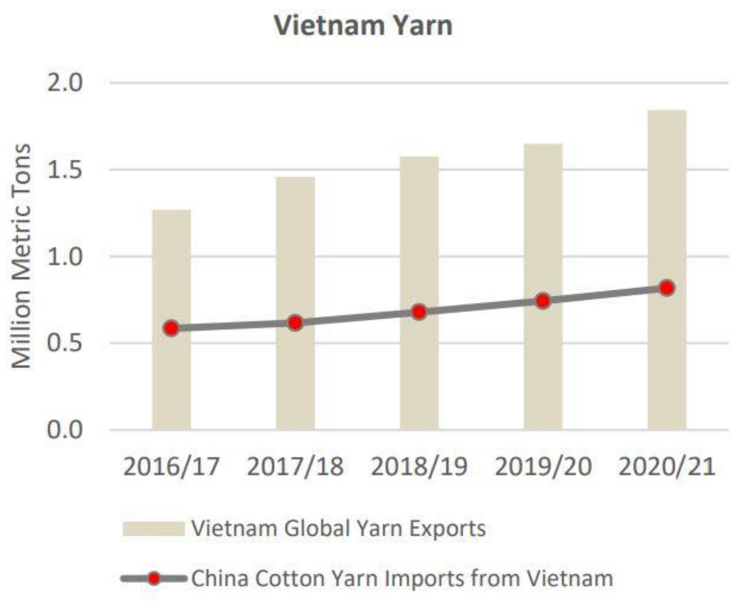
Garment and textile manufacturers in China seeking to circumvent the WRO are likely substituting imported cotton yarn for domestic with roughly two-thirds containing Xinjiang lint.

Yarn consumption rising

Greater domestic consumption in Vietnam of cotton yarn is also driving cotton consumption higher.

Significant foreign and domestic investment in Vietnam's garment industry has driven greater demand for cotton knitted fabrics and thus domestic consumption of cotton yarn by knitters.

According to Vietnam customs data, garment and textile exports in 2020/21 are expected to recover from the previous year's decline and rise to more than $30 billion; the garment industry is one of the country's largest valued source for exports.



Vietnam's largest export market for cotton textiles and garments is the United States, which is also the world's largest importer.

US imports from Vietnam were a record in the first 11 months at more than $5 billion.

Knitted cotton sweaters, pullovers, and other similar articles of clothing were the largest product category, accounting for roughly 30 percent of the total value of U.S. cotton product imports from Vietnam.

This particular category has historically been dominated by China, however, two factors have driven Vietnam's market share of U.S. imports higher:

- the 2020 and 2021 Withhold Release Orders (WROs) mentioned earlier
- ongoing tariffs specific to China (Section 301 dispute in September 2019)

Both have lowered US imports of knitted cotton sweaters, pullovers, etc. from China nearly 20pc thus far in 2020/21 (Aug–Jun) despite US imports of this product category rising over 10pc year-over-year during the same period.

Robust export prospects for both cotton yarn and products are expected to boost 2021/22 cotton consumption even higher to 7.6 million bales, and further support Vietnam's rise as a major global cotton importer as well as exporter and consumer of cotton yarn and products.

Source: graincentral.com– Aug 16, 2021

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Sri Lanka trade deficit widens

Sri Lanka's trade deficit widened in June driven by rising import of intermediate goods and a decline in remittances, the Central Bank of Sri Lanka (CBSL) said on Saturday.

The CBSL's external sector performance report for June showed that merchandise exports and imports rose 12.6 per cent and 57.2 per cent, respectively, year-on-year in the month, reports Xinhua news agency.

The country's trade deficit stood at $652 million, up from $161 million in the same month last year.

Data showed that intermediate goods like fuel, textiles and textile garments, chemical products, and base metals were major contributing factors to increased imports.

Investment goods categorised as machinery and equipment rose 81 per cent year on year.

Meanwhile, the country's export volumes in June surpassed pre-pandemic levels, with revenue from industrial exports growing 17 per cent year-on-year.

However, workers remittances declined 16 per cent in the month of June.

Sri Lanka's gross official reserves stood at $4.1 billion at the end of June, enough to cover 2.6 months of imports.

The country repaid a $1 billion sovereign bond in July.

Source: news.webindia123.com– Aug 14, 2021

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Pakistan: Where do the benefits go?

Our economic managers lack the courage to take steps that could take our textile exports to new heights. This government announced some facilitation that mostly benefited larger exporters; the smaller ones still operate without any helping hand.

Some emerging economies in Asia have moved far ahead of Pakistan in the last three decades. The first was Bangladesh that overtook us in textile exports in 2010, and currently its textile exports are more than double compared to ours.

The Vietnamese were the next and they have gone ahead of even Bangladesh, Cambodia is rapidly closing in. Even Myanmar has emerged as a challenger for textile exporters.

All these economies promoted value-added textiles, particularly apparel exports. None of these countries are cotton producers.

They do not have a strong basic textiles sector (spinning and weaving). They import yarn and fabric to produce value-added apparel.

Pakistan was a major cotton producing country at the time of its independence and still is though it has lost its ranking among cotton producing economies in the last decade.

A decade back we were self-sufficient in cotton. Now we have to import it.

We established a strong basic textile industry that exported yarn and fabric to the apparel producing countries, and even to China and India that produced cotton in their countries.

Many critics accuse all Pakistani governments of adopting textile centric policies and neglecting other sectors. Then why is it that we are losing our share in global textile trade?

Our textile policies were not textile centric but basic textile centric. All the subsidies and the concessions that governments announced served mostly the basic textile sector.

The interest rate subsidy on import of machinery for instance is very high as spinning and weaving machines are very expensive. A 25,000 spindle weaving unit employs 600 workers, and in the modern textile mills the number of workers ranges from 150-200.

The amount of interest subsidy provided to a textile mill could be utilised in providing interest subsidy to more than 30 garmenting and knitting units.

Each of these units could employ 3,000 workers. That means an employment of 30,000 workers against employment of 150-600 workers against the same subsidy to a spinning unit.

When the government allocates a budget for interest subsidy, it could announce 100 percent interest subsidy on import of garments and knitting machines that could accelerate establishment of more apparel units to increase value-added exports.

Coming to the basic textiles, we see that they are protected from imports through protective duties. The yarn is the basic raw material of the textile sector and it should carry no import duty.

It will benefit the value-added sector. Yarn prices in Pakistan are slightly higher than global yarn rates despite the fact that the spinning and weaving mills are beneficiaries of 80 percent of the gas and power subsidies provided by the state. They operate on inefficient machines. The government should not subsidise their inefficiencies.

Gas and power subsidies for the basic textiles should be curtailed by 50 percent and that of apparel units increased by 100 percent, this would make apparel producers more competitive in the global market.

Total subsidy that government parts with now will also reduce. Moreover the spinners would be forced to update their equipment and increase efficiency.
Legislation should also be made so that industrial land does not get used for residential or commercial purposes so that sick units strive for revival and not to mint money like the Ittefaq Foundry owners, who got three times more money than their defaulted amount on auction because the land was converted for the new buyer as a residential colony.

The refund cases of large exporters have largely been streamlined, but smaller exports still complain of long delays.

This issue should be resolved through technology because the small exporters cumulatively export more than the large exporters. If their issues are addressed, we might see textile exports surging by 30 percent immediately.

Larger units import polyester yarn and cotton in their bonded warehouses, whereas the small exports cannot do that because of their size.

Commercial entities under public private partnership should be allowed to import these raw materials on the same conditions as exporters maintaining bonded warehouses, so small importers can benefit from lower costs of inputs.

In bonded warehouses for instance the imports are not charged even the punishing anti-dumping duties on polyester, which gives them an edge over small exporters, who buy the fibre from the local market that factor in the impact of duties and antidumping duties in their costs.

Source: thenews.com.pk– Aug 15, 2021

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Pakistan: LSM growth hits 16-year high in FY21

Pakistan's large scale manufacturing (LSM) sector grew at a 16-year high level of 14.85% in the fiscal year ended June 30 as government's pro-growth policies led to expansion in food, textile, automobile and construction-allied sectors.

The outstanding growth in industries' output was partly backed by higher export orders received mainly by the textile producers in the country. Besides, the growth helped firms to rehire the staff laid off in the wake of nationwide lockdown imposed in March 2020 to deal with the first wave of Covid-19 pandemic. The increased industrial production also helped the concerned authorities collect higher revenue in form of taxes.

"The overall output of LSMI (large scale manufacturing index) increased by 14.85% for July-June 2020-21 compared to a negative growth of 9.8% in July-June 2019-20," the Pakistan Bureau of Statistics (PBS) reported on Friday. "LSMI output is up by 14.85% during FY21, the highest growth since FY05," Arif Habib Limited (AHL) said on its official Twitter handle.

To recall, Pakistan's economy turned around with significant support coming from the revival of industries, especially those involved in large scale manufacturing, in FY21. The gross domestic product (GDP) grew 4% in the year compared to a negative growth of 0.5% in the prior fiscal year 2019-20 due to temporary suspension of industrial output under the lockdown.

Out of total 15 sub-sectors in manufacturing, 10 reported revival in output while the remaining five continued to face decline in production.

The production significantly increased in textile, food, beverages and tobacco, coke and petroleum products, pharmaceuticals, chemicals, non-metallic mineral products, automobiles, iron and steel products, fertilisers and paper and board sectors in FY21 on a year-on-year basis.

However, the output in electronics, leather products, engineering products, rubber products and wood products decreased during the year under review compared to the preceding year, data from PBS revealed.

The last month of the prior fiscal year (June 2021) also ended the downward streak in LSM output, which was seen consecutively for the past four months (February-May 2021). The LSMI output increased by 18.42% to 145.2 points on the monthly quantum index of manufacturing (QIM) in June 2021 compared to 122.62 points in the same month last year.

The QIM had fallen to 139.14 points during February-May from 175.46 points at the end of January 2021. “This (growth in LSMI) is a good sign of recovery (in the broader economy),” Pakistan Business Council CEO Ehsan Malik said while talking to The Express Tribune.

However, he stressed that there was a need to take a deeper look inside the increased industrial output, which was once again on the rise on the back of domestic consumption instead of export-led growth. “Our import payments and trade deficit (higher import payments compared to export earnings) kept surging on the back of the local consumption,” he said.

“The growth in the economy should have largely come from export-oriented sectors instead of import-dependent ones...so that our current account balance as well as balance of payment would remain favourable.” Acknowledging the 13% growth in export earnings in FY21, he said that increase in exports remained largely limited to the textile sector, which alone attracted around 60% of the total export earnings of the country during the previous fiscal year. Pharmaceutical sector also made a nominal contribution in export earnings.

However, the significant growth in LSM output was witnessed in domestic consumption led sectors like automobile, foods and construction-allied segment like cement and steel. “The government has rightly announced incentives for IT and telecom sector this week in a bid to achieve higher exports by the sector,” he said.

Source: tribune.com.pk– Aug 14, 2021

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FDI in Bangladesh's textile, weaving sector jumps by 11% in 2020

Bangladesh's foreign direct investment (FDI) inflow to the textile and weaving sector last year was worth $271 million—an 11 per cent rise from $244 million the preceding year, according to data from the Bangladesh Bank. South Korea was the largest investor in the sector with an investment of $50.32 million, followed by Hong Kong at $35.11 million.

They were followed by China ($25.19), the United Kingdom ($14 million), the Netherlands ($6.18 million), the United States ($11 million), the British Virgin Islands ($26.46 million), Sri Lanka ($22.36 million) and India ($11 million).

However, the overall foreign investment in Bangladesh declined by 10.80 per cent to $2.56 billion in 2020compared to $2.87 billion in 2019.

As the country has the capacity to over-produce traditional garment items, it is gradually moving towards higher-value goods, Centre for Policy Dialogue (CPD) research director Khondaker Golam Moazzem told a newspaper.

FDI should also come into backward linkage and textile sector as the country is still importing huge amounts of fabrics, he added..

Source: fibre2fashion.com– Aug 16, 2021

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Bangladesh: BGMEA wants easy rules to import raw materials to cater for increased work orders

Garment makers have urged the government to ease the conditions for import of yarn, cotton and fabrics as an increased number of work orders are coming to Bangladesh from international retailers and brands.

"We have a lot of work orders from the international retailers and brands. We need ready raw materials like yarn, cotton and fabrics," said Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The quantity of work orders from the international retailers and brands is so high that the local raw material suppliers are also facing difficulties to ensure timely supply of goods, said Hassan.

That is why Hassan sent a long letter to Commerce Minister Tipu Munshi on Saturday with the demand for easing the rules in import of yarn from India by removing different non-tariff barriers and improving the infrastructures at the land port areas.

In the letter, he also demanded the government allow import of yarn, cotton fabrics and other raw materials through other land ports, particularly through Bhomra and Sonamasjid, under bond facility.

"It is not possible to import yarn without bond," said Mohammad Ali Khokon, president of Bangladesh Textile Mills Association.

"The local industry will face challenges if all ports are opened up and the government will lose a lot of revenue. So it is not possible to import yarn without bond."

"The garment manufacturers want to import yarn without bond, which is very dangerous for the local industry," he said.

Currently, importers can import yarn, cotton and fabrics from India only through the Benapole land port from India under the bond facility, as there is a storing and warehousing facility in the port.

BGMEA also demanded the government for allowing partial shipment facility through the land ports, including the Benapole land port.

Partial shipment in garment raw material import is allowed only through the country's premier sea port in Chattogram now.

Partial shipment is allowing import and unloading a portion of whole consignment under letters of credit (LCs).

Businessmen choose for partial shipment mainly for timely use of raw materials and to reduce the storing and warehousing costs of imported goods.

Suppose, despite opening an LC to bring in 100 tonnes of yarn from other countries, an importer currently has a capacity to use 50 tonnes of yarn.

So he wants to import 50 tonnes for the time now and will import the rest later at his convenience.

However, the importers have the scope of partial shipment of raw materials only through Chattogram port.

So, the businesses have to import the whole consignment at one go if those are not unloaded in Chattogram port.

"Partial shipment is very much needed for us as we also need to reduce the cost of storing and warehousing. The government should also construct more warehousing facility in the land port areas so that the goods can be stored well," Hassan told The Daily Star by phone.

Source: thedailystar.net– Aug 15, 2021

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NATIONAL NEWS

Commerce Ministry to fix export targets for foreign missions to accelerate growth

Will collaborate with MEA to help commercial wings of embassies and consulates work in a goal-oriented manner to achieve $ 1 trillion export target over 5-6 years

The Commerce & Industry Ministry plans to rope in the country's various embassies and consulates overseas to contribute towards reaching overall export targets— tentatively fixed at $ 400 billion in the current fiscal and $1 trillion over next five-six years-- by giving them individual sub-targets to meet based on assessed potential.

"The idea is to fix an export target for the foreign missions so that each has a goal to pursue. A detailed exercise has been carried out by the Commerce Ministry analysing the market shares and trends in the last five years and the potential opportunities for increasing exports. Based on the analysis, export targets are being disaggregated product wise, country wise and region wise," an official familiar with the development told BusinessLine.

The Ministry of External Affairs (MEA) has been doing its bit in helping exporters find larger markets through its missions and posts but fixing a goal would help channelise their efforts in a particular direction, the official said.

The MEA's economic diplomacy division has a budget for 'market expansion activities' which includes handling of routine trade and investment enquiries, providing information on economic and business climate, and identifying new business opportunities by undertaking promotional activities such as market surveys, seminars, workshops and outreach activities.

"There is a need for coordination with the commercial wings of our embassies and consulates so that they know exactly where to put in efforts to get the maximum benefits and reach their given targets. The Commerce and Industry Ministry can certainly help them be more focussed and goal-oriented," the official said.

Prime Minister Narendra Modi, too, highlighted the important role of Indian missions could play in accelerating exports, in a recent virtual interaction with the Heads of various embassies and consulates. He asked all missions to add 75 new products in addition to the products already being exported to those countries

The US, China, UAE, Hong Kong and Bangladesh were the top five markets for India in 2020-21 while petroleum products, pharmaceuticals, pearls, precious & semi-precious stones and electric machinery & equipment were the top export items

"The Commerce & Industry Ministry, in collaboration with the MEA, hopes to soon have all foreign missions on board with their individual export targets and plans of how to meet them," the official said.

Source: thehindubusinessline.com– Aug 16, 2021

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Input duty rebate scheme for garments, made-ups to continue for 3 years

Exporters say move will bring in stability, help fight competition from Vietnam, Bangladesh, Cambodia

In a move aimed at enhancing global competitiveness of the textile sector, the Centre has notified continuation of a popular scheme for remitting embedded taxes and levies on export of garments and made-ups for about three years, from January 1 2021 to March 31 2024, with the same rates as notified earlier by the Ministry of Textiles subject to periodic review.

The decision is in line with the Union Cabinet's decision last month which approved extension of the scheme, called the Rebate of State and Central Taxes and Levies (RoSCTL), till March 2024. The maximum rate of rebate fixed earlier by the Textile Ministry for the scheme is 6.05 per cent for apparels and 8.2 per cent for made ups.

The extension of the scheme, however, is subject to review of the rates periodically. "A mechanism for such revision shall be decided separately by the Ministry of Textiles and Ministry of Finance," said a notification issued by the Textiles Ministry on Friday.

Eligibility criteria

The eligibility criteria under RoSCTL shall remain unchanged and the scheme will be available for only export of garments and made-ups (which include items such as bed sheets, curtains, pillow-covers and towels. "The other textiles products which are not covered under the RoSCTL shall be eligible to avail the benefits, if any, under the RoDTEP, as to be finalised by Department Commerce from the dates which may be notified in this regard," the notification added..

"The decision adds to the stability of the export policy of textiles. We now look forward to being a stronger global player with this continued RoSCTL support.

The scheme will promote start-ups and entrepreneurs to start exporting their products. It will rejuvenate the textiles sector and, in three years, the Indian textile value chain can attain annual exports of $100 billion," said A Sakthivel from the Apparel Export Promotion Council.

Many export bodies, including the Apparel Export Promotion Council, are of the view that the continuation of the scheme would help Indian exporters compete against countries like Vietnam, Bangladesh and Cambodia, that have tariff advantage on account of LDC status or owing to effective free trade agreements.

Despite the growing challenge in the global market, garments and made-ups are among the top export items from the country.

Source: thehindubusinessline.com– Aug 13, 2021

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RoSCTL extension: Textile exporters to enter long term contract

'Continuation of the RoSCTL Scheme till 2024 lays down the foundation for reaching the target of $100 billion in the textile and apparel sectors'

The extension of the Rebate on State and Central Taxes and Levies (RoSCTL) scheme for garments and made-ups exports till 2024 would help exporters to sign long term contracts and achieve the target of $100 billion set by the government.

Manoj Patodia, Chairman, The Cotton Textile Export Promotion Council of India, said the government has recognised the potential of the made-ups and home textiles sector as an engine of economic development by providing employment, promoting inclusive growth and ensuring empowerment of women.

Reaching the target

The continuation of the RoSCTL Scheme till 2024 lays down the foundation for reaching the target of $100 billion in the textile and apparel sectors, he added.

With a stable policy regime, he said, the exporters will also be encouraged to enter into long term contracts with their buyers which will lead to higher export growth.

The textile and clothing sector will make a significant contribution realising the overall export target of $400 billion by 2024, he said.

Source: thehindubusinessline.com– Aug 16, 2021

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TEXPROCIL welcomes RoSCTL Scheme for garments & madeups sector

The Cotton Textiles Export Promotion Council (TEXPROCIL) has welcomed the notification of the Scheme for Rebate of State and Central Taxes and levies (RoSCTL) for the garments and madeups sector.

The continuation of the RoSCTL Scheme for four years till 2024, lays down the foundation for reaching the target of $100 billion in the textile and apparel sector.

Terming it as a historic step, Manoj Patodia, chairman of TEXPROCIL, thanked Prime Minister Narendra Modi for recognising the potential of madeups/home textiles sector as an engine of economic development by providing employment, promoting inclusive growth and ensuring the empowerment of women.

The exporters will also be encouraged to enter into long term contracts with their buyers in view of the stable policy which will lead to higher export growth.

The vision of the Prime Minister has set the country on the path of achieving the target of $400 billion this year and the textile and clothing sector will make a significant contribution in realising the same, the council said in a press note.

Source: fibre2fashion.com– Aug 16, 2021

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Delhi High Court order on shipping, freight station charges bites trade

Court says no directive restraining shipping lines from charging penal detention charges could have been issued by any authority

The Delhi High Court has dealt a big blow to exporters reeling under skyrocketing container shipping rates by observing that the "State (government) has no direct causal connection" with the charges levied by shipping lines. "The relationship between shipping lines and their customers was expressly contractual in nature, and the prerogative to decide on the charges leviable from the customers for continuing to retain the containers beyond the "free period" vested in the shipping lines, is governed by negotiated contract ad idem.

The State has no direct causal connection with these charges," the Delhi High Court said while disposing a batch of petitions filed by aggrieved traders seeking relief from the payment of penal charges collected by container freight stations, inland container depots, and shipping lines for holding containers beyond the free period during the pandemic-induced lockdown imposed by the government last year.

The Court ruled that the government and its agencies have no jurisdiction to issue directives to CFSs/ICDs and shipping lines restraining them from levying penal charges on ground rent and container detention charges beyond the free period from importers/exporters during the lockdown imposed last year to deal with the pandemic.

Exorbitant freight rates

The order written on August 10 assumes added significance as it comes amidst a clamour from exporters to rein in container shipping lines from levying exorbitant freight rates including a slew of surcharges in the backdrop of equipment shortages and space constraints on vessels.

Exporters have been saying that skyrocketing freight rates was hampering India's recent surge in exports. While the Court order pertained to petitions filed against collection of penal charges on storing cargo containers beyond the free period, its observations on the absence of a law to regulate the rates charged by shipping lines gains importance in this context.

“The provisions of the Merchant Shipping Act – under which the Directorate General of Shipping (DGS) purports to have issued its three orders (in March/April last year) – do not contain any provision permitting interference with the levy, collection or recovery of penal detention charges, by shipping lines, from their customers, for failure to return containers in time,” the Court said.

“We are constrained, therefore, to hold that no directive restraining shipping lines from charging penal detention charges from their customers for failing to return containers in time could have been issued by any authority, including the MOS (Ministry of Shipping) and the DGS,” it stated. The petitioners’ submitted that by virtue of the instructions contained in office orders and circulars issued by the MOS, the DGS and the Central Board of Indirect Taxes and Customs (CBIC), in March/April last year, they were entitled to waiver of penal charges levied by CFSs/ICDs and shipping lines, during the entire period of lockdown.

The office orders and circulars “advised” the major port trusts, CFSs/ICDs, and shipping lines to desist from collecting penal detention, demurrage, ground rent or other charges for the delay, on the part of the importers, in either releasing their containers from the ICDs/CFSs, or in returning the containers to the shipping lines during the lockdown period.

However, despite issuing these “advisories”, the MOS in written submissions to the Court noted that it does “not have any control or supervision over activities or practices or cost structures of the CFS or ICD service providers”.

Except in the case of goods which are detained, seized or confiscated, there is no other statutory control, in any Parliamentary enactment or subordinate legislation, on the levying, charging or collection of charges, penal or otherwise, by CFSs or ICDs from importers or exporters.

The direction to the “ports” to ensure implementation of the circulars was therefore “abortive and ineffective ab initio”, the Court said while disposing off the petitions.

Source: thehindubusinessline.com– Aug 14, 2021

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SEZs may get freedom to sell at home, too; forex condition to go

Exports from SEZs now form 32 per cent of total exports

Vacant slots may be opened for local units; moves to compensate for I-T sunset clause

The Centre is considering giving full flexibility to SEZ units on selling their products in the international or domestic market, by removing the net foreign exchange earning obligation, an official tracking the matter has said. Another reform being considered is allowing de-notification of vacant areas in SEZs so that domestic units can set up shop and take advantage of the infrastructure.

The easing of rules for SEZ units, to ensure that they remain attractive despite exhaustion of income-tax sops, may be part of the new five-year Foreign Trade Policy likely to be implemented in October. “Many of the reforms being considered by the government have been recommended by the Baba Kalyani Committee report submitted in December 2018. With the sunset clause on income-tax exemptions kicking in, idea is to come up with new incentives, so as to retain the attractiveness of the zones. The idea is to promote them as economic or employment zones,” the official told BusinessLine.

New proposals

The Commerce Ministry is in discussions with the Finance Ministry on the new proposals for SEZs.

By doing away with the NFE positive obligation (earning more in foreign exchange than spending), SEZ units will not feel compelled to export if they find a good market within the country. “This can easily work out as SEZ units, choosing to sell in the domestic market, can pay the Customs duty on inputs that they got an exemption for earlier while importing,” the official explained. So, in a way SEZs can function as a customs bonded zone, he added.

Source: thehindubusinessline.com– Aug 14, 2021

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Afghanistan situation to impact trade with India: Exporters

India's outbound shipments to that country include tea, coffee, pepper and cotton.

With Kabul falling into the hands of the Taliban, bilateral trade between Afghanistan and India will get impacted significantly in these uncertain times, according to exporters.

Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said domestic exporters should follow caution looking into the political development in Afghanistan, particularly with regard to payments, for which adequate credit insurance may be availed by them.

"The trade will be impacted. It would reduce due to the growing uncertainty in Afghanistan," he said on Monday.

Former FIEO president and country's leading exporter S K Saraf too said there will be a significant fall in the bilateral trade.

"We may not lose all because they need our products," Saraf said.

Afghanistan stares at an uncertain future as President Ashraf Ghani left the country just before Kabul fell into the hands of the Taliban on Sunday.

Sharing similar views, FIEO Vice-President Khalid Khan stated there would be a complete standstill in the trade for a certain time, as the situation is out of control in Afghanistan.

"It is a landlocked country and the air route is the main medium of exports and that has been disrupted. Trade will resume only after the uncertainty will get down," Khan said.

Biswajit Dhar, a professor of economics at Jawaharlal Nehru University said India's aid to Afghanistan was creating a market for domestic products and due to the current situation, "all this will stop".

Chairman of Plastics Export Promotion Council of India (PLEXCONCIL), Arvind Goenka said now private players will have to deal through third countries to export to Afghanistan.

Rajiv Malhotra, proprietor of Sai International and an exporter to Afghanistan said exports from India would completely stop as now there will be an issue of timely payment.

“We are watching the situation to decide on our next move,” Malhotra said. The bilateral trade stood at USD 1.4 billion in 2020-21 as against USD 1.52 billion in 2019-20. Exports from India were USD 826 million and imports were aggregated at USD 510 million in 2020-21.

Afghan exports to India include dried raisin, walnut, almond, fig, pine nut, pistachios, dried apricot and fresh fruits such as apricot, cherry, watermelon, and medicinal herbs. India’s outbound shipments to that country include tea, coffee, pepper and cotton.

Source: financialexpress.com– Aug 16, 2021

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GST: E-way bill generation gathers pace in August

The daily average e-way bills for the first 15 days of August were marginally lower (about 1%) than the daily average for the full month of July.

Daily e-way bill generation for goods transportation under the goods and services tax (GST) system came in at 20.5 lakh in the week ended August 15, 5% higher than the daily average for the first eight days of the month, indicating a spurt in business transactions.

The daily average e-way bills for the first 15 days of August were marginally lower (about 1%) than the daily average for the full month of July.

Going by the trend, the daily average is expected to pick up further 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 15, as many as 3.07 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 17, 2021

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Company needs to return PLI benefits with interest for midway exit: DPIIT

A company availing benefits of production linked incentive (PLI) scheme, if for any reason, fails to make full committed investment and exits midway will have to refund the incentives taken along with interest and its bank guarantee will also be invoked, according to FAQs released by the DPIIT on Monday.

In a set of FAQs on PLI scheme for white goods - ACs and LED lights, the Department for Promotion of Industry and Internal Trade (DPIIT)said that midway exit by a selected applicant without fulfilling investment criteria thwarts one of the selection criteria of maximizing gross value added (GVA) to economy, as also deprive selection opportunity to another eligible firm under the scheme.

"Therefore, if any selected applicant declines the offer of approval under the scheme at any stage or exits the scheme without making full committed investment for reasons whatsoever; in such case, the bank guarantee furnished by the selected applicant shall be invoked as per the provisions...

"... the applicant shall have to refund the incentive availed by it under the scheme till such date along with interest calculated at the prevailing three year SBI MCLR compounded annually," the FAQs said.

The DPIIT clarified on a query relating to PLI disbursement in case investment schedules are not met due to various dynamics and external factors and what would happen if a selected applicant exits midway.

The scheme for white goods, notified in April, would provide financial incentive to boost domestic manufacturing and attract large investments in the white goods manufacturing value chain. It was approved with a budgetary outlay of Rs 6,238 crore. It will be implemented over 2021-22 to 2028-29.

It has also clarified that in case an applicant does not meet criteria of threshold investment and net incremental sales for any given year, it would not be eligible for disbursement of incentive for that particular financial year.

However, it added that the applicant will not be restricted from claiming incentive for subsequent years during the tenure of the scheme, provided eligibility criteria of cumulative committed investment and threshold net incremental sales are met for such subsequent financial years.

Further it stated that LLPs are not covered under the Companies Act, 2013, they cannot avail the benefits under this scheme, besides an applicant which is availing benefits under any other PLI scheme of the government for the same product(s).

Besides, value-added resellers also do not qualify under the scheme, be.

Regarding when will the PLI be disbursed, it said that actual disbursement of the PLI for a respective year will be subsequent to that year.

"For example, if the applicant chooses initial investment period as 1st April 2021 to 31st March 2022 then subject to fulfilling the conditions of cumulative threshold investment up to FY 2021-22 over base year and threshold incremental sales of manufactured goods over the base year in FY 2022-23, PLI will be disbursed in FY 2023-24," it added.

Source: economictimes.com– Aug 16, 2021

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New duty refund scheme due this week, commerce ministry plans to increase exports ahead

The Central government's announcement on the new duty refund scheme for exporters, Refund of Duties and Taxes on Exported Products (RoDTEP) is due this week and will unfold right after a green flag from the commerce and industry minister Piyush Goyal, according to TOI.

The said scheme intends to replace incentives that are not compliant with the World Trade Organisation (WTO). Exporters have been waiting to get their dues paid for the last eight months while the scheme was only implemented in January this year. A clearance from Commerce Ministry would partly quench their long overdue question on fund requirements.

Government sources recently said that these refunds could come handy at a time when cost of fuel and freight are soaring globally while also affecting domestic price structure.

As higher budgetary has been allocated by commerce and finance ministries for the scheme to cover all products, some paperwork is yet to be processed. Allocation was increased from Rs 13, 000 crore to Rs 17, 000 crore.

The commerce ministry is aiming at $419 billion of exports and for that a detailed analysis has been carried out and the target was disaggregated at the level of country, commodity, region, and states across 31 commodity groups.

A similar scheme- Rebate of State and Central Taxes and Levies (RoSCTL) was rolled out last week letting textile exporters get tax rebate on central and state tax till March 2024.

Government owes roughly Rs 28,000 crores to the exporters just from three schemes namely- RoDTEP, RoSCTL and payments from the now defunct Merchandise Exports from India Scheme (MEIS).

Over and above the aforementioned amount the exporters are owed, they've been complaining of the tax refunds from earlier schemes (MEIS and SEIS-Service Exports from India Scheme) that were abandoned after the US dragged India to WTO over non-compliance with global trade rules.

"We have actually laid down a roadmap on how we hit $500 billion in merchandise exports and when we hit a trillion-dollar exports. Our guess is that, by 2027-28, very very modest estimates, we should touch $1 trillion figure in exports of merchandise," Commerce Secretary BVR Subrahmanyam said said at the CII's Annual Meeting 2021.

Plans for a market intelligence network for exporters as well as simplification for special economic zones are also underway to increase overall exports.

Source: economictimes.com– Aug 16, 2021

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'Brisk demand' from mills to lift cotton consumption in 2020-21: CAI

India's cotton consumption for the year 2020-21 is likely to remain firm as traders body Cotton Association of India (CAI) sees brisk demand coming up from the millers.

In its July estimates, the Cotton Association of India (CAI) has projected cotton consumption to be higher by 5 lakh bales to 330 lakh bales (each of 170 kg) for the year 2020-21.

The Crop Committee of the CAI has made this revision considering the brisk demand for cotton yarn despite disruptions caused on account of the lockdown implemented to arrest the second wave of Covid-19 pandemic, it said after the committee's meeting on August 11.

Cotton output estimate

On the production side, CAI has reduced the cotton output estimate for the year 2020-21 to 354.5 lakh bales as against the previous estimate of 356 lakh bales. Imports are likely to be at 10 lakh bales, but the exports are likely to rise by 5 lakh bales to 77 lakh bales, "based on the input received from exporter-members," CAI noted.

The arrivals between October 2020 to July 2021 are estimated at 348.61 lakh bales compared with the projected output of 354.5 lakh bales.

Meanwhile, the US Department of Agriculture (USDA) has noted a shift in crop pattern for the current kharif season.

It noted that Cotton area in Gujarat "is making way for increased plantings of lentils and soyabeans. Similarly, Maharashtra is seeing expanded plantings of soyabeans, sugar, and pulses (especially urad/black gram). However, in Karnataka and Odisha the cotton planting is replacing paddy rice acreage.

In its forecast for the year 2021-22, USDA estimated cotton output at 29 million US bales (363.66 lakh Indian bales of 170 kg each) on an area of 12.9 million hectares. "Kharif cotton planting is now underway in central and southern India as the two-week monsoon delay has been followed by intense rains across the major cotton producing states," the report said.

“With market arrivals slowing, seed cotton prices are rising. Mill consumption is good at 25.5 million bales (320 lakh Indian bales) buoyed by strong export orders, and the recent government announcement of a three-year extension of the Rebate of State and Central taxes and Levies (ROSCTL) scheme for the export of apparel/garments and made-ups,” added the report, which was released on August 6, 2021.

Crop condition would remain a challenge for the farmers as the season progresses. In northern states of Punjab and Rajasthan, the cotton crop is in its flowering/vegetative stage.

"Farmers are being advised to keep cotton fields free from weeds. They are told to monitor for whitefly infestation, since conditions are favourable for whitefly as well as for green teal and thrips infestation," the USDA report noted.

Source: thehindubusinessline.com– Aug 14, 2021

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Goods exports rise 49.85% to $35.43 billion in July

Imports post a higher growth of 62.99% to $46.40 billion, trade deficit widens

India's goods exports touched a high of $35.43 billion in July 2021, posting a 49.85 per cent growth over the same month last year, driven by petroleum products, gems & jewellery and engineering goods.

Non-petroleum and non-gems and jewellery exports grew 28.18 per cent to $26.12 billion, indicating that growth was spread across sectors and not restricted to just the two high-value items.

Imports of goods during the month increased 62.99 per cent to $46.40 billion fuelled by petroleum products, gold and pearls, precious and semi-precious stones, according to quick estimates of trade data released by the Commerce & Industry Ministry on Friday. Trade deficit in July widened to $10.97 billion compared to $4.83 billion in the same month last year.

Exports in July 2021 were higher by 35.05 per cent when compared to exports in July 2019 (the year of normal production), a fact highlighted by the Commerce & Industry Ministry to show that improvement in performance this year was not just a factor of the lacklustre performance of exports last year due to Covid-19 disruptions.

"Many labour-intensive sectors were the main contributors, which itself is a good sign, further helping job creation in the country," pointed out a statement issued by the Federation of Indian Export Organisations.

In the April-July 2021 period, exports posted an increase of 74.52 per cent to $130.82 billion compared to the same period last fiscal. As compared to April-July 2019, exports in April-July 2021 grew 22.09 per cent.

Non-petroleum and non-gems and jewellery exports in April-July 2021 were 54.55 per cent higher at $99.36 billion, compared to the same period last year.

Total value of imports

Total value of imports for the period April-July 2021 stood at $172.55 billion which was 94.08 per cent higher than imports in the same period last fiscal.

Trade deficit widened to $41.73 billion in the first five months of the current fiscal compared to $13.95 billion in the comparable period of 2020-21.

While exports increased across wide-ranging sectors in July 2021, there were certain sectors where exports posted a fall include oil seeds, oil meals, meat, dairy & poultry products, tobacco, tea, spices, cashew, iron ore and coffee.

Imports of silver, project goods and newsprint fell in July 2021, as per figures shared by the government.

The high growth in exports in the first five months of the fiscal needs to continue if the country were to reach the target of $400 billion for the year, fixed by the Commerce Ministry.

In the fiscal year April-March 2021, exports declined by 7.26 per cent to $290.63 billion compared to the previous fiscal as Covid-19 disruptions slowed down production and demand worldwide.

Source: thehindubusinessline.com– Aug 14, 2021

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India business resumption hits record high

Nomura India Business Resumption Index crosses a milestone, rising to 101.2 for the week ended August 15

The Nomura India Business Resumption Index (NIBRI) crossed a milestone, rising to 101.2 for the week ended August 15, from 99.6 last week, above the pre-pandemic level of 100 for the first time since the pandemic began.

Google mobility indicators continued their uptick, with the workplace and retail & recreation index rising by 1.7pp and 3.4pp, respectively, while the Apple driving index fell by 0.8pp. Power demand rose a solid 5.7 per cent week-on-week, while the labour participation rate eased to 40.4 per cent from 41.5 per cent.

The recovery from the second wave has been very swift: it took the NIBRI nearly 10 months to crawl back towards the 100 mark after the first wave of Covid-19, but less than three months to cross 100 after the second wave. "

This supports our more positive growth outlook. We expect Q2 (April-June) GDP growth (data due 31 August) to contract sequentially (-4.3 per cent q-o-q, sa), but rise 29.4 per cent y-o-y, above both the consensus (19 per cent , as per Bloomberg) and RBI expectations (21.4 per cent)," Nomura said.

" Moreover, the continued rise in NIBRI during July-August suggests a strong sequential rebound is likely in Q3. To be sure, the economy is not yet out of the pandemic woods, but current dynamics support our above-consensus GDP forecast of 10.4% y-o-y in FY22 (year ending March 2022)," it added.

Source: thehindubusinessline.com– Aug 16, 2021

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Explained | Impact of removing anti-dumping duty on viscose staple fibre

Fibre will be available in India at competitive prices

The Union government recently revoked anti-dumping duty (ADD) on viscose staple fibre originating in or imported from China and Indonesia. Viscose is largely used by the textile and clothing industry to make apparel, mainly for women and children, in the domestic market.

How is viscose used by the textile and clothing industry?

India's clothing patterns are more woven-based products. With changes in fashion trends, use of comfort wear such as leggings and lounge wear are seeing a growth. Women and children comfort wear are made of 100% viscose or viscose blends. Viscose products are seen as easy to maintain too and viscose consumption in India has witnessed 11% CAGR for the last five to six years.

Of the 40 products identified under the Product Linked Incentive Scheme, announced by the Union government for textile sector, 18 are viscose blended. This means India's production of viscose-based products will increase.

With opportunities, viscose consumption will continue to see at least 11% growth every year. Viscose fibre and yarn imports attract 5% Customs Duty and the ADD on viscose fibre was introduced in 2010. It was extended in 2016.

Where does the viscose sector stand in India?

China, Indonesia, India, Taiwan and Thailand are the major producers of viscose fibre. India's viscose fibre production capacity in 2019-2020 was 5.78 lakh tonnes, with one domestic producer, and it exported 99,672 tonnes of the fibre.

While the domestic annual viscose staple fibre demand is 6.34 lakh tonnes, the domestic availability is 4.78 lakh tonnes. India imported 46,852 tonnes of viscose fibre and 1,04,200 tonnes of viscose yarn in 2019-2020.

India's import of viscose fibre from China and Indonesia are subjected to ADD in addition to the Basic Customs Duty of 5%. The ADD ranged from $0.103 to 0.512 per kg. The domestic viscose fibre selling prices are fixed based on the imported parity pricing policy (customs duty and ADD).

Hence, textile spinners prefer to import viscose yarn in large quantities. In July 2020, viscose yarn imports were 3,550 tonnes and it increased to 14,231 tonnes in September.

Import of viscose blended garments from Bangladesh, China, Vietnam and Sri Lanka increased 183%, 74%, 1188% and 175% respectively between 2015-2016 and 2019-2020.

Thus, import of value-added viscose products such as yarn and garments by India is on the rise. The price of viscose fibre and yarn in India is relatively higher than other key global textile markets.

What is the impact of removal of ADD on viscose fibre?

The fibre will be available in India at competitive prices and thus benefit downstream sectors — weaving and garmenting. Indian textile units will be able to export viscose products at internationally competitive prices and produce more of viscose-based products.

Source: thehindu.com– Aug 14, 2021

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'e-retail market is expected to touch $120-140 bn by FY26'

India's e-retail market is expected to grow by 25%-30% annually over the next five years to touch $120-$140 billion by FY26, surpassing modern trade. Much of this growth will be fuelled by small-town India which accounts for four of every five new shoppers, analysts at Bain & Company said in a report.

As more consumers moved online amid the pandemic, India's count of e-retail shoppers touched 140 million in 2020. The country already has the third largest online shopper base globally, only behind China and the US. Even as the total retail market shrunk by 5% at the end of FY21 on the back of the Covid-induced operational restrictions, the online segment surged by a considerable 25% to reach $38 billion. "Covid-19 provided a massive stimulus to India's e-retail penetration, accelerating it by 12 months to reach approximately 4.6% in FY21. This increase was even greater in metro cities, as one in three people shopped online at least once across the top eight metro cities last year. Bengaluru led the way…," analysts at the firm said in the report.

Fashion, electronics, general merchandise and mobiles continue to be "key gateway categories" for new online shoppers. As brands set their eyes on the next batch of users, investments in voice and vernacular capabilities as well as incorporating the convenience of social commerce will be imperative. One in 10 users have tried voice search while one in three new users avail a vernacular platform interface.

"The role of voice, vernacular and social media in online shopping is expanding. Voice and vernacular are vital to attract the next generation of online shoppers," analysts said. Influencers and social media channels are also increasingly shaping up the shopping trajectory of consumers. For instance, almost 40% of online shoppers made at least one purchase through platforms like Facebook, Instagram and WhatsApp last year.

Indian e-retail that had largely been led by Flipkart and Amazon have seen the entry of deep-pocketed players like Reliance and most recently the Tata Group. Reliance and Tata Group are banking on a strategy of acquisitions to fight global major Amazon and Walmart-controlled Flipkart. Besides, there are a host of other online brands that are focusing on specific segments like beauty, health and wellness products among others.

“Growing popularity of online shopping has pushed established and digitally native brands to opt for a D2C (direct to consumer) channel via their websites…Growing relevance of the online channel has made it a must-play and must-win frontier for brands.

Winning an outsized share of online consumer spending requires a series of investments. This includes investments in visibility, supply chain, merchandising, conversion, and key capabilities,” analysts said.

Source: financialexpress.com– Aug 17, 2021

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CAI lowers cotton crop estimates for 2020-21 to 354.50 lakh bales

The Cotton Association of India (CAI) has reduced its cotton crop forecast by 1.50 lakh bales in its July estimate for 2020-21, beginning October, to 354.50 lakh bales compared to the previous month, following lower output exceptions in Gujarat and Telangana.

The total cotton production in 2019-20 (October 2019-September 2020) had stood at 360 lakh bales, CAI said in a statement on Friday.

The CAI has maintained its cotton crop estimate for the Northern Zone at the same level as in its previous month's estimate of 65.50 lakh bales. While, for the Central Zone, it reduced by 0.50 lakh bales to 193.50 lakh bales, from 194 lakh bales estimated during the last month.

CAI also said there is a reduction of 2.50 lakh bales in the crop estimate for Gujarat; while for Maharashtra and Madhya Pradesh, it has been increased by 1.50 lakh bales and 0.50 lakh bales, respectively, compared to the estimates of these states made in the previous month.

The cotton crop estimate for the Southern Zone has been reduced by one lakh bales to 90.50 lakh bales as compared with the previous estimate of 91.50 lakh bales made during the last month, according to the CAI data.

For Telangana, cotton production is estimated lower by 1 lakh bales; whereas estimates for Andhra Pradesh, Karnataka and Tamil Nadu have been maintained at the same levels as estimated previously, it said adding that there is no change in the cotton crop estimate for Odisha.

Meanwhile, CAI estimated the total cotton supply during October 2020-July 2021 at 482.61 lakh bales, which included the arrivals of 348.61 lakh bales, imports of 9 lakh bales up to July 31, 2021, and the opening stock at the beginning of the season on October 1, 2020, at 125 lakh bales.

Further, the CAI has estimated cotton consumption during October 2020-July 2021 at 275 lakh bales, while the export shipment of cotton up to July 31, 2021, is estimated at 70 lakh bales.

The stock at the end of July is estimated by the CAI at 137.61 lakh bales, including 80 lakh bales with textile mills and the remaining 57.61 lakh bales with the Cotton Corporation of India (CCI), Maharashtra Federation, and others (MNCs, traders, ginners, etc).

CAI estimated the total cotton supply till the end of the cotton season (up to September 30) at 489.50 lakh bales, consisting of the opening stock of 125 lakh bales at the beginning of the season, cotton crop for 2020-21 at 354.50 lakh bales and imports estimated by at 10 lakh bales. The imports are lower by 5.50 lakh bales from the previous year's import of 15.50 lakh bales.

Domestic consumption for the crop year 2020-21 is estimated higher by 5 lakh bales to 330 lakh bales considering the brisk demand for cotton yarn despite disruptions caused by lockdown to arrest spread of the second wave of COVID-19, CAI noted.

CAI has also increased the exports estimate for the season from its previous estimate of 72 lakh bales to 77 lakh bales.

The carryover stock at the end of the season is now estimated at 82.50 lakh bales, CAI added.

Source: business-standard.com– Aug 13, 2021

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As cotton prices soar, spinning mills feel the heat

Spinners unable to raise yarn prices as demand is yet to pick up

Spinning mills in the country are facing a tough time as they are unable to raise cotton yarn rates despite cotton prices soaring in domestic and global markets.

"We are unable to raise the prices of yarn since the demand has not picked up as expected. The movement is dull," said K Selvaraju, Secretary-General, Southern India Mills Association (SIMA).

"Yarn movement is a little slow globally too due to Covid restrictions in countries such as Vietnam," said Anand Poppot, a Rajkot-based trade of raw cotton, yarn and spinning waste.

"The prices of yarn in the domestic and international markets are almost at par. However, there is a sudden increase in cotton prices due to a large quantity of cotton being exported by the Cotton Corporation of India," said OP Gulia, Chief Executive Officer, SVP Group that has mills in Rajasthan and Oman.

'Unsustainable realisations'

"Cotton yarn realisations touched an all-time high in June 2021 and moderated marginally in July 2021 despite the increase in cotton prices. ICRA believes that the cotton yarn realisations are unsustainable at current levels," said Nidhi Marwaha, Vice-President and Sector Head, Corporate Ratings, ICRA Ltd.

Cotton prices on the Inter Continent Exchange for October delivery closed at 93.89 US cents a pound (₹55,150 per candy of 356). In India, the comparable export variety Shankar-6 variety is sold at ₹57,000-57,200 a candy. On the Multi Commodity Exchange, cotton for October delivery ruled at ₹26,390 per 170-kg bale (₹55,263 a candy).

Selvaraju said it is normal for domestic cotton prices to rule above global prices at this time of the year since growers and ginners would have low inventories. "But this year, cotton is available with private traders, particularly multinationals and our ending stocks will be higher. Spinning mills usually import 5-10 lakh bales of cotton during the time of sparse arrivals but even that is now a problem as the Centre has imposed 10 per cent customs duty," he said.

Import duty

In the Budget presented in Parliament this year, Finance Minister Nirmala Sitharaman imposed the duty on cotton imports. It has not gone down well with the textile industry, especially since it requires extra long staple (ELS) cotton from the US and Egypt for fine fabrics.

India's ending stocks for the current cotton season to September is expected to be lower than 75 lakh bales, though the Committee on Cotton Production and Consumption (CCPC), a body comprising all stakeholders including the government, has estimated the stocks to be 97.95 lakh bales. The Cotton Association of India (CAI), a body of traders, had projected the ending stocks at 94 lakh bales.

The ending stocks this season are expected to be lower than last season's 120.95 lakh bales. The ending stocks were higher last fiscal as consumption by mills was affected due to Covid.

Ending stocks are expected to be lower than last year's record despite higher production this season. The CCPC has pegged the output this season at 371 lakh bales and the CAI at 356 lakh bales. However, higher exports of 74 lakh bales till now against 50 lakh bales the whole of last season have also helped to reduce the stocks.

"This (domestic cotton prices ruling higher than global rates) is in line with the trend seen during the non-harvest months (April to September) as limited fresh stocks arrive in the market. As most players stock or book cotton during the harvest season, the recent increase in cotton prices is unlikely to be the driving factor for cotton yarn realisations or profitability," said ICRA's Marwaha.

Units start operations

Poppat said export prices of yarn have dropped a tad but the more serious problem was availability of vessels to despatch the consignments. "This has resulted in a hand-to-mouth situation for the textile industry abroad," he said.

But SVP's Gulia said the situation is much better now. "The looms and garment manufacturing units have started operations and there is demand for yarn across the horizon. The international market is also picking up," he said.

Marwaha said a healthy recovery is seen in demand and sales like last year. "Moreover, the impact of the second wave on performance of downstream companies has not been as severe as last year, as the lockdown restrictions were more focused and regional this time around vis-à-vis nation-wide lockdowns last year," she said.

Besides, pent-up demand, ongoing vaccination drive, better export demand prospects for downstream players (with opening of key markets like the US and the EU) and better preparedness for Covid protocols by the downstream players are also contributing to a healthy recovery in demand for the spinners, she said.

Quick recovery

The domestic demand is likely to witness a quick recovery unlike last year, though it is marginally lower than the pre-covid levels currently, Marwaha said.

SVP Group's Gulia said the textile sector is recovering well after the second wave of Covid-19 pandemic. "Lockdowns have been relaxed, retail stores are opening up, people have got vaccinated and manufacturing units are functioning at full capacity again," he said.

The festive season is approaching and the probability of a third wave is doubtful, he said, adding that demand for use-and-throw textile products is higher than other products due to precautions taken for Covid.

Gulia said the garment and apparel market faced a setback during the second wave of pandemic due to fear of unknown and lockdowns.

Corrections on cards?

Marwaha said ICRA expects cotton yarn realisations to correct further from current levels as supply normalises and amid pressures from the downstream players. But they are expected to remain high and average higher than last year, with increased concerns on use of a major Chinese cotton variety for export purposes.

"This should keep demand for Indian cotton as well as cotton yarn healthy, keeping an upward bias in cotton yarn prices as well," she said.

Export prospects for Indian cotton yarn remain healthy, she said, adding that Indian cotton and yarn remain competitive in the international market. "This factor is likely to support export demand for the Indian cotton yarn in the international markets," the ICRA official said.

SVP's Gulia said the worst time for the manufacturing industry, particularly textile, is over. "The industry is well prepared for any eventuality (including a third Covid wage). The worker force has been vaccinated, Covid protocols are followed and medical preparations are almost complete. All these factors assure that there will be minimum effect in the short-term," he said.

Marwaha said with corrections in global and domestic stocks (domestic cotton acreage likely to be affected because of erratic rainfalls) and increase in MSP, cotton prices are expected to stay firm and average higher than last year.

She said cotton planting has been affected and the area could be six per cent lower than the pre-Covid levels. This could keep cotton prices firm in the new season too, Marwaha said.

However, Selvaraju said cotton prices could ease during the peak arrival season and even drop below the new minimum support price of ₹5,726 a quintal.

Source: thehindubusinessline.com– Aug 14, 2021

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Cairo-New Delhi trade exchange grows to $1.10bn in Q1 2021, despite COVID-19 impact: Indian Ambassador

Trade exchange between India and Egypt increased to $1.10bn in the first quarter (Q1) of 2021, compared to $ 968.6m in Q4 of 2020, which shows a steady improvement, and promises optimistic trade figures in the future, according to India's Ambassador to Egypt Ajit Gupte.

India's exports to Egypt increased to $628.2m in Q1 of 2021, compared to $575m in Q4 of 2020, while Egyptian exports to India increased from $393.6m to $474.2m in the same comparison period.

During an interview with Daily News Egypt, Gupte said that the trade exchange between the two countries reached $4.16bn in fiscal year (FY) 2020/21, down from $4.5bn in FY 2019/20, a slight decline due to the coronavirus (COVID-19) pandemic.

"We are happy to note that despite the pandemic, the trade volumes have been reasonably good, which gives more confidence that as the situation improves, the volume of trade between India and Egypt will go up. In 2020, India was Egypt's 6th largest export destination and the 8th largest source of import. India was also the 8th largest trade partner for Egypt," said the Ambassador.

He added that the top Indian exports to Egypt were meat, tobacco, vehicles, and cotton yarn. The top Egyptian exports to India were crude oil, fertilizers, and cotton.

As India celebrates on 15 August its Independence Day, Daily News Egypt sat down with the Indian Ambassador to learn more about the cooperation aspects between the two countries.

In your opinion, what distinguishes the Egypt-India relationship?

India and Egypt, two of the world's oldest civilizations, have enjoyed a history of close contact from ancient times. Egypt has traditionally been one of India's most important trading partners in the African continent. Cultural exchanges between the two countries have existed since time immemorial. Ashoka's edicts refer to his relations with Egypt under Ptolemy-II. In the 20th century, Mahatma Gandhi and Saad Zaghloul shared common goals on the independence of their countries. An exceptionally close friendship between President Gamal Abdel Nasser and Prime Minister Jawaharlal Nehru led to a Friendship Treaty between the two countries in 1955. The Non-Aligned Movement was a natural outcome of this relationship. The strong ties between India and Egypt are evident from the affection towards India amongst the Egyptians. The strong people-to-people connections and business relations have continued to strengthen. After President Al-Sisi in Egypt and Prime Minister NarendraModi in India came to power, we witnessed a new phase in bilateral relations defined as "*New Partnership in New Era*".

What are India's priority files in terms of its diplomatic relations with Egypt?

The immediate agenda is revitalization of the bilateral mechanisms, which have taken a hit due to COVID-19. There are multiple MoUs in the pipeline towards achieving these objectives and we are hopeful that the relationship will improve rapidly, overcoming the limitations imposed by the pandemic. Improving defence cooperation via joint exercises, sharing of expertise, joint production, counter-terrorism cooperation, etc. are also important aspects of our relations which we intend to explore further in the future.

Expanding bilateral trade and commercial relations, with more Indian investments in the fields of renewable energy, pharmaceutical sector, etc. in Egypt is also one of our key objectives.

Both India and Egypt are young and vibrant societies, but it is imperative that we ensure food and health security of our people, their education, sustainable employment opportunities etc. as well. As such, exchange of best practices on meeting SDGs provide another major avenue for India and Egypt to collaborate further. India's efforts towards enhancing technical and economic cooperation through scholarships, exchange programmes, etc. are designed to meet these goals through capacity-building in developing countries.

India has witnessed great economic, technological, and industrial leaps. How can Egypt benefit from Indian expertise in these areas?

Indian private investment in Africa has surged, particularly in telecommunications, IT, energy, and automobile sectors, and sources estimate Indian investment at over $32bn. Much of the current India-Africa trade and investment relationship can be attributed to the steps taken by the Government of India and the initiatives of the Indian private sector.

India is also a pioneer in space research, online education, cyber security, financial technology, etc. This expertise and dynamism is coupled with an increasing receptiveness in Egypt which could help broaden our cooperation significantly.

India's role in higher education and training in Egypt is primarily conducted through the Indian Technical and Economic Cooperation programme (ITEC). This cooperation can be further enhanced through online education. Many African students and professionals have benefited from ITEC derived projects like the Pan-African e-network project and the Special Commonwealth Assistance for Africa Programme (SCAAP).

What about the technical cooperation between Egypt and India?
Technical cooperation and assistance have been a major part of our bilateral relationship. In the 4th Joint Committee Meeting (JCM) on Science and Technology between India and Egypt was held in New Delhi, both sides agreed to support 20 new R&D Projects in areas including Nanotechnology, ICT, and Biotechnology. It is also agreed that Indian& Egyptian scientists will collaborate in a more focused way to develop affordable solutions for common challenges faced by both the countries on water, food, energy and health.

More than 1400 Egyptian nationals have availed scholarships under Indian Technical & Economic Cooperation Programme (ITEC), ICCR, and CV Raman International Fellowship for African Researchers**.** ICAR and the Agricultural Research Center of Egypt are working in the field of agricultural research. In addition to this,'Science & Technology' cooperation is being implemented through biennial Executive Programmes. The Government of India has also provided support to Egypt to establish a Centre of Excellence in Information Technology (CEIT) at Al Azhar University, and upgrade a vocational training centre at Shoubra El Kheima in Cairo.

Could you brief us on India's steps towards digital transformation?

An ambitious initiative that was launched by Prime Minister of India Shri Narendra Modi on 1 July 2015, #DigitalIndia has today turned into a mass movement, touching the lives of the majority of Indians.

Notably, there were 1.10 billion mobile connections in India in January 2021. The number of mobile connections in India increased by 23 million (+2.1%) between January 2020 and January 2021. The number of mobile connections in India in January 2021 was equivalent to 79.0% of the total population. This increase in connectivity has changed the lives of ordinary Indians. There were 624.0 million internet users in India in January 2021.

Internet penetration is growing rapidly in rural India. Mobile data in India is many times cheaper than elsewhere. Indian internet users are paying less than $0.10 per GB. India leads the total number of digital transactions with 25.5 billion real-time payments transactions. We have developed a very robust digital payment infrastructure. Our dream of m-Governance – offering services on Mobile phones and ensuring access to online services to all – is a reality today. Implementation of initiatives like **Aadhaar, UPI, and Digilocker** is ensuring faceless, cashless, and paperless Governance that has laid the foundations of a strong, robust, and secure Digital India.

What about Egypt-India cooperation to combat COVID-19?

Both countries worked closely at all levels to fight the common challenge that the coronavirus pandemic poses to the world. Under its "*Vaccine Maitri*" programme, the Government of India sent over 66 million vaccine doses to 95 countries, including Egypt, which received 50,000 doses of the AstraZeneca vaccine from India. Similarly, when the second wave of Coronavirus hit India, and the cases increased rapidly in May 2021, Egypt was one of the first countries to come to India's assistance and sent three aircraft carrying nearly 30 tons of medical aid and equipment. The Egyptian Pharmaceutical firm M/s EVA PHARMA also provided 300,000 doses of Remdisivir drug to India at the height of the second wave in May-June 2021.

The first quarter of 2021 saw resurgence of hope and economic activity, indicating a return of normalcy since the battle with the global pandemic began in early 2020. When the onset of the second wave of COVID-19 became apparent in May 2021, the Government, corporates, social organisations, and NGOs came forward to mitigate the suffering and to save lives and livelihood. The most important factor that contributed to the decline of the 2nd wave was India's ability to empower its citizens with the right information and take precautions, as per the advisories issued by the Ministry of Health & Family Welfare. India has successfully used open-source digital tools like COWIN app for contact tracing and vaccine management. The positive indications in the last two months are that there has been a sharp decline in cases, a reduction in positivity rate and deaths, and lower active cases.

India has surpassed the 530 million mark in terms of the total number of COVID-19 vaccine doses administered so far. We are hopeful that we can vaccinate the entire adult population of India by the end of 2021.

As Prime Minister Shri Narendra Modi highlighted, India has taken a "whole of society" approach to fighting the pandemic, synergizing the efforts of all levels of the Government, industry, and civil society.

How much is the value of Indian foreign direct investment (FDI) in Egypt? What are the main challenges that Indian companies still face in Egypt?

Indian investment in Egypt exceeds $3bn. Over 50 Indian companies are actively present in Egypt. Major Indian investments in Egypt include TCI Sanmar (with investments of $1.5bn), Alexandria Carbon Black, Kirloskar, Dabur India, Egypt-India Polyester Company (EIPET), SCIB Paints, Godrej, Mahindra and Monginis. Indian companies are present in a range of sectors like apparel, agriculture, chemicals, energy, automobiles, retail and others. It is estimated that overall, these companies provide direct and indirect employment to approximately 35,000 Egyptians.

There should be more outreach activities from Egypt to promote special economic zones in Egypt to Indian companies to attract investments. Egypt is blessed with its strategic geographical location, improved infrastructure and being a member of several free trade agreements. But these factors, along with financial incentives, must be showcased to the Indian business community by Egypt in India.

Also, disruption of travel during COVID-19 prevented many Indian companies from participating in events in Egypt. Indian companies are looking forward to meeting potential counterparts in Egypt and I hope the restriction on air travel will be lifted soon, especially as about 530 million vaccine doses have already been provided in India and most Indians wanting to travel are fully vaccinated.

We hope to see more bilateral investments between India and Egypt. Egyptian investments in India have been around $35m against Indian investments of $3bn plus in Egypt. India is a top investment destination for several sectors like IT, Pharma, Food Processing, Infrastructure, roads, etc. We would like to see top Egyptian companies to invest in India in these fields to make use of the opportunities presented in India by several schemes like Production Linked Incentives (PLI), Make In India, etc.

Does India plan to participate in the Egypt Defence Expo 2021?

Yes, India plans to participate in the Egypt Defence Expo 2021. While the details of the weapons, equipment, and technologies to be displayed have not been finalized yet, we intend to make this a platform to showcase the latest developments in Indian defence technology.

Will India and Egypt cooperate in the manufacture of weapons?

Discussions are ongoing to explore possibilities of Joint Ventures and Transfer of Technologies in the defence sector. Ship-building is also an area of interest for both the countries. Multiple Indian companies like HAL, BDL, GRSE are discussing agreements with Egyptian companies for further cooperation.

Could you brief us on the Embassy's plan to enhance the cultural exchange between the two countries?

The Embassy – through Maulana Azad Centre for Indian Culture (MACIC) – seeks to popularize Indian culture by organising Hindi, Urdu, Yoga classes, dance classes, as well as Seminars and Exhibitions.

The "India by the Nile" (IBN) annual Cultural Festival has emerged as the largest foreign festival in Egypt. IBN showcases Indian styles of classic and folk dance such as Kathak, Bharatanatyam, Odissi, Manipuri, etc., Exhibitions of different art form and handicrafts, Yoga and Ayurveda, Bollywood dance and music, Indian fusion music, Street Food Festival, screening of films, a Writers' Workshop and a number of other events.

The "Egypt by the Ganga" Festival organized by the Embassy of Egypt in India with the support of Indian Council of Cultural Relations (ICCR) has showcased the glory of two ancient civilizations and deep rooted cultural ties.

Indian cultural groups have participated at the International Festival for Drums and Traditional Arts, Samaa International Festival for Chanting and Spiritual Music, Ismailia Folk International Festival, Aswan International Festival, International Festival for Art and Culture, etc. In its outreach activities, the Indian Cultural Centre also organizes India Day(s) in Egyptian Governorates and Universities.

Yoga has gained immense popularity in Egypt with many schools in Cairo, besides Centres in other cities. The International Day of Yoga is celebrated with growing enthusiasm. The International Day of Yoga 2021 was celebrated in cooperation with the Ministry of Youth and Sports, Heliopolis club and the Child Museum. The event included the presence of the Deputy Minister of Youth and Sports. I myself gave TV Interviews to many major TV channels, which has reportedly been seen by a very large number of Egyptians.

Film screenings and other activities, including performing arts by visiting Indian cultural troupes, are regularly organized in cooperation with the Egyptian Ministry of Culture all over the country.

“Glimpses of India” painting competition is organized, in close cooperation with the Ministry of Education, annually for the last 25 years for school children at all educational levels and almost in all governorates of Egypt. The last edition of the event in 2019 saw an overwhelming participation of over 17,000 students.

We have recently revived Hindi and Urdu language classes, as well as Yoga classes run by MACIC. These cultural linkages would be strengthened in the near future, once the COVID-19 situation improves.

Source: dailynewsegypt.com– Aug 15, 2021

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Driving a 2nd green revolution via agri-biotech

Encouraging GM crops is a sure shot to doubling farmers' incomes and relieving rural distress

Indian agriculture has come a long way since the country saw the Green Revolution in the late Sixties, which saved the country from food shortages and severe farming distress. The science behind the revolution is what made all the difference. Today, India is once again at the cross-roads, though it's on a much stronger wicket than it was five decades ago.

India is today a leading producer of a variety of crops. They include rice, wheat, cotton, sugarcane and an impressive list of fruits and vegetables. But, in terms of yield or output per unit of land, we lag behind countries that are major cultivators of food crops.

A variety of reasons affect crop yields include climate conditions, access to high-quality farm inputs, mechanisation, access to capital and a good knowledge of the latest farming techniques. But, none of these will mean much if the seeds that go into our lands are not of the best quality or do not have resistance to many of the pests and diseases. Agri-biotech can privide a solution to this challenge. The most popular and commonly-sold product is the genetically modified seeds. These crops are resistant to several common pests and diseases. They also help in producing high quality yield that ultimately lead to better prices.

Simply put, transgenic or GM seeds are nothing but seeds which have some attributes added by introducing genes extracted from another species. There are any number of attributes that can be added to a seed to improve its taste, colour, quality, nutrition value and perhaps, most importantly, make them resistant to common diseases or ward off pests such as the bollworm that attack the cotton plants. Another critical need for future – climate resilient crops – could also be attempted through GM technology.

Benefits of GM tech

In India the benefits of GM technology were almost immediate and, very impressive. Ever since we opened our farm sector to the genetically-modified cotton (Bt Cotton) more recently, the country emerged as one of the major producers of this cash crop and in less than four or five years, became a net exporter.

The benefits enjoyed by the cotton farmers have not spread to other crops. This challenge is perhaps best exemplified by the fact that a major part of China's maize imports come from the North and South American countries. Meanwhile, as China's next-door neighbour, India is unable to profit from these opportunities or have a competitive price because of the current levels of productivity.

So, what is holding us back from investing more in agri-biotech and emerge as a world leader in agriculture? Indian agriculture is not averse to science, if that were true, we wouldn't be enjoying the fruits of the Green Revolution today. Saying we have not kept pace with the adoption of science in agriculture would be closer to the truth. For instance, gene edited crops have shown great promise and are being cultivated in other parts of the world for benefits like quality of produce. This tool provides a route to improve crop attributes by minor modifications to the native genome without introducing any genetic material from another species.

Encouraging home-grown technologies as well and support them with the necessary regulatory steps without any compromise on the science and safety is vital for 'Doubling farmers' income'. Technology development investments can also be encouraged by having a good mechanism to capture the value of the investment. This will further motivate all technology developers to take interest in crops that are relevant to India and using technologies for which there is a clear regulatory framework.

GM crop technologies undergo several years of testing for their trait efficacy, safety and overall performance enhancement of the crop and the testing regime is better than how conventionally developed varieties as well as products of mutation breeding. We should have faith in all the good science in place for evaluating these technologies and what emerges as safe and good for the crop should be made available to the farming community. Farmers should be allowed to choose what is best for them.

Unless the farmers stand to gain in the long run, nobody wins. This is undoubtedly one objective that can bring all stakeholders, including regulators, farmers' lobby, activists and investors closer to create an atmosphere of trust.

Source: thehindubusinessline.com– Aug 16, 2021

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Indian brands help handloom artisans, weavers recover from COVID-19

Indian artisans, weavers and handloom workers were already reeling from the effects of the COVID-19 pandemic last year, when the second wave hit the country to further exacerbate their problems. The unanticipated lockdowns brought high sense of insecurity amongst the weaver communities, while a lack of raw materials severely affected the overall production.

Amid production delays and order cancellations by major companies, various Indian brands joined forces with handloom workers and artisans to keep them afloat.

Indian online fashion brand Tjori worked closely with weaver teams and helped them by providing projects, selling products on its website, and providing insights and knowledge enhancements. On the other hand, Yes!poho, a social impact-based social commerce digital platform, worked to enhance the livelihood and socio-economic conditions of artisans through direct connection with clients and the use of technologies such as AR/VR and S-Commerce to develop trust and relationships.

“There is no denying that the whole scenario has only added to the pain of the local craftsmen and artisans. Wholesale buyers and businesses have shut down due to which payments have not been made. Weavers have lost wages and in the absence of raw materials and working capital, there is no certainty about when they can begin again. The colossal dip in economic activity, income cuts, reduced number of social gatherings and customer demand has made it difficult for them to stay afloat,” Mansi Gupta, founder & CEO of Tjori told Fibre2Fashion.

Talking about the initiatives taken by Tjori to help the artisans, Gupta said, “As a brand, Tjori aims to preserve and improve their traditional lifestyles. Operating out of Delhi, Tjori works towards creating opportunities, both financial and community-based for the craftsmen. We want to help create sustainable jobs and empower women themselves to become self-sufficient. The organisation seeks to empower those who have been neglected by society and denied these opportunities, especially women from urban slums.

"The company is also working to meet the environmental requirements of India and international fair-trade organisations that is vital to the bigger global trade picture. Tjori usually works with independent artisans and weavers along with small rural artisans to revive dying art and crafts."

Tjori collaborates directly with manufacturers, suppliers, artisans, and craftsmen and exhibits exquisite items from hyper-local markets of the globe. "Contributing to our collections, our artisans and craftsmen are from India. We have created jobs for over 700 and they will grow as we grow. Instead of solely operating independently, we highly operated on the concept of #buylocal," added Gupta.

Yes!poho founder and CEO Raghuram Kuchibhatla said: "Yes!poho believes that the best way to enhance artisan livelihoods is to work at the grassroots level, recognise their pain points, educate them on technology and tool use, and assist them in product sourcing. Our partner relationship team spends months educating and onboarding weavers onto the platform."

Yes!poho works directly with artisans to ensure that inventory is controlled, orders are fulfilled on time, and payments are processed after they have been onboarded. The platform measures their livelihood at every step, and since its inception, they have improved their livelihoods by 20 per cent, expanded artisans' worldwide market access by nearly 30 per cent, and increased their average primary income by more than 20 per cent. "On Yes!poho platform, artists interact directly with clients, building trust and relationships, and thereby expanding their global reach," added Kuchibhatla.

India's homegrown e-commerce marketplace Flipkart is also doing its bit to help the artisans and weavers get over the impact of the pandemic. In November last year, it kicked off Flipkart Samarth, which is designed with the intention of democratising e-commerce and building a sustainable and inclusive platform for under-served, domestic communities to empower them with greater opportunities and better livelihood.

Through the initiative, Flipkart aims to provide greater visibility to the made-in-India products on its platform, products that reflect the local diversity, culture and capabilities of a heritage-rich country.

"We are proud to be able to support the rich heritage of India and provide MSMEs, artisans and craftsmen an opportunity to leverage the power of e-commerce," said Rajneesh Kumar, chief corporate affairs officer at Flipkart, while speaking on the issue of market access for under-served seller communities on e-commerce platforms.

As part of its initiative, Flipkart has joined forces with the union territory of Jammu & Kashmir (J&K); Maharashtra Small Scale Industries Development Corporation (MSSIDC) and Maharashtra State Khadi & Village Industries Board (MSKVIB); Tamil Nadu micro, small and medium enterprises (MSME) trade and investment promotion bureau (MTIPB); state of Jharkhand; and Himachal Pradesh State Handicrafts & Handloom Corporation Limited (HPSHHCL) among others.

With these partnerships, Flipkart's goal is to bring the state's local artisans, weavers, handicraft and handloom makers into the e-commerce fold, and provide business and trade inclusion opportunities.

Source: fibre2fashion.com– Aug 14, 2021

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Centre to set up 10 more Handloom Design Resource Centres

In order to promote Handlooms in a big way, Ministry of Textiles has undertaken many new initiatives.

10 more Design Resource Centres (DRCs) are in the process of being set up by National Institute of Fashion Technology (NIFT) at Weavers' Service Centres (WSCs) of Kolkata, Chennai, Bengaluru, Hyderabad, Kannur, Indore, Nagpur, Meerut, Bhagalpur and Panipat with the objective to build and create design-oriented excellence in the Handloom Sector and to facilitate weavers, exporters, manufacturers and designers access design repositories for sample/product improvisation and development.

Ministry has roped in NIFT keeping in view the fact that it is an inhouse organization of MoT, of which Handloom also is a part, and also the expertise of NIFT in fashion and design trends which can be utilized by Handloom Sector for greater market linkage. DRCs are being established by NIFT in all WSCs in a phased manner, wherein vast inventory of designs and resources will be available for use by exporters, Manufacturers, Designers, Weavers and other stake holders.

DRCs have been set up and inaugurated in WSCs of Delhi, Mumbai, Ahmedabad, Bhubaneshwar, Guwahati, Jaipur and Varanasi. The eighth DRC at Kancheepuram was inaugurated by the Hon'ble Minister of Textiles on National Handloom Day, August 07 2021.

Initially, Handloom Design Centres at Mumbai, Chennai and Varanasi were set up in 1956. Activities of these Design Centres later expanded to cover other aspects of handloom textiles, which were then Re-designated as the Weavers' Service Centres (WSCs). Over a period of time each of the Weavers' Service Centres accumulated a large number of handloom designs and samples.

Meanwhile efforts were made to engage designers of repute and attach them to individual weaver clusters to contribute towards design innovation, training and improve marketability of the handloom products. MoUs were signed with several designers. But the effort met with limited success and after some time fully lost impetus. This led to the concept of having an inhouse design repository where both contributors and beneficiaries can have a common place to share designs, even though in an indirect fashion.

NIFT was entrusted with the responsibility of setting up DRCs in all the WSCs in a phased manner.

Set up in 1986, NIFT is the pioneering institute of fashion education in the country and has been in the frontline of providing professional human resource to the textile and apparel industry. Over the years NIFT, with its 17 campuses in different parts of the country has been working as a knowledge service provider in the area of design development and positioning of handlooms and handicrafts.

Source: pib.gov.in– Aug 16, 2021

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Labour code rollout to be delayed further beyond October 1 deadline

Implementation of rules under the four labour codes passed between 2019 and 2020 is likely to be delayed further beyond the October 1 deadline. The original plan was to implement the reforms from April 1.

The Centre might not immediately give any new date, not even a tentative one, for rolling out the relevant rules, according to sources. This will prolong the wait for increased labour flexibility for existing establishments.

The development will also hit India's prospects of attracting fresh investments at a time when fixed asset creation in the economy needs to gather pace for an economic rebound.

While the Centre had attributed the April 1 deadline miss to states' dithering to frame rules — since labour is on the concurrent list — a conflict between the respective representatives of employers and employees over some provisions in the draft rules is being cited as the reason for the latest delay.

"Neither the employers nor the employees want faster implementation of the rules. Neither side is willing to move an inch from their demands," an official said.

One of the contentious provisions is the definition of wages, which proposes to cap allowances at 50% of the wages. This means if allowances exceed 50%, the employer will have to pay social security, including gratuity, on the excess amount. This will lead to an increased social security burden and hence, the financial burden on employers through an increase in the salary cost.

Employees' representatives are insisting on keeping the definition unchanged even if the take-home salary comes down.

Currently, employers enjoy flexibility in calculating the compensation package by reducing the components liable for social security and increase the allowances. Employers' bodies were arguing that the 50% threshold for basic pay plus dearness allowance should be brought down to 20-30% of the total package.

There is also a demand from trade unions to implement the labour codes on wages and social security at the earliest, but industry bodies want sufficient preparation time for adhering to the new rules.

Sources in the government, however, said all four labour codes — on wages, industrial relations, social security and occupational safety & health — will be implemented at one go.

Amalgamating 29 central labour laws into four codes, the Centre wanted to bring in a change in the way business and industry functions. While the code on wages was passed in August 2019, Parliament approved the other three on September 23 last year.

Among the reform proposals are freedom for businesses to retrench workers or close units without prior government permission and fixed-term employment schemes, which are in sync with the nature of business of several establishments, especially the export-oriented ones.

In consultation with the ministry of law and justice, the Centre has finalised rules under codes on wages, industrial relations and operational safety & health. Rules under the code on social security have been finalised and sent to legislative department for vetting, a source said.

While central rules are applicable for the central sphere, such as ports and railways, the codes empower states to make rules modelled on central rules for establishments under their jurisdiction. States such as Uttar Pradesh, Bihar, Madhya Pradesh, Uttarakhand, Gujarat and Karnataka have framed draft rules under various codes, sources said.

Apart from various industry-friendly proposals, the new laws ensure minimum wages along with timely payment of wages to all workers and propose to bring them all under the social security net.

Source: financialexpress.com– Aug 13, 2021

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Grasim Industries abused its dominant position: CCI

The Competition Commission of India has said Grasim Industries has abused its dominant position in the supply of a certain staple fibre by charging discriminatory prices to its customers, denying market access and imposing supplementary obligations on them. The commission directed the firm to cease and desist from indulging in such practices, which have been found to be in contravention of the provisions of the Competition Act, as per an order dated August 6.

The CCI said the company has "abused its dominant position in the relevant market of 'the market for the supply of VSF to spinners in India' by charging discriminatory prices to its customers, denying market access and imposing supplementary obligations upon its customers".

In a regulatory filing dated August 9, Grasim Industries said "while the Company is yet to receive certified copy of the said order, it believes that on merits it has sufficient grounds for an appeal".

The regulator did not impose any monetary penalty on the firm, considering that a fine of Rs 301.61 crore has already been imposed on it through an order passed in March 2020 with respect to substantially similar conduct.

Besides, the period of contravention in the instant case (2017-18) was in continuation of the period of contravention in the previous case (2012-2017) and thus partly overlapped.

The commission noted that Grasim Industries is the sole producer of viscose staple fibre (VSF) in the country and enjoys a position of dominance in the relevant market for its supply to spinners in India. The only other source of VSF for spinners in the country was through import, which is not an economically viable alternative.

The relevant market considered by the CCI was "the market for the supply of VSF to spinners in India".

The fair trade regulator noted that the conduct of Grasim Industries in seeking details of VSF consumed from the domestic spinners to provide discount is nothing but an attempt by a dominant undertaking to control the entire market in its favour by putting conditions, which not only put supplementary obligations upon small players but also interfere with their freedom of trade.

"The Commission is satisfied that by requiring the spinners to submit production details, OP has asserted its market power upon the small players and has acted in an abusive manner," it said.

In the case of one of the informants, Grasim Industries withdrew all discounts/credit notes, making the supply of VSF costly for it, resulting in the VSF yarn manufactured by it becoming uncompetitive, the regulator noted.

The order came after three informants had levelled various allegations against the firm pertaining to abuse of dominant position by the company. The commission had directed the director-general (DG) to conduct an investigation into the matter and submit a report.

Source: retail.economictimes.indiatimes.com - Aug 12, 2021

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Separate dept will boost textile sector's growth: Associations

Tirupur Exporters' Association welcomed the government's announcement to form a separate department for textiles, stating it would help focus more on the sector's overall growth.

Ashwin Chandran, chairman, Southern India Mills' Association (SIMA) said the textile sector had recorded an impressive growth in the past decade and given the business size, it was the right move to announce the separate directorate of textiles.

The government has also resolved to complete works on the three integrated textile parks in Tirupur, Kanchipuram and Erode at the earliest.

Chandran said the textile parks and SIPCOT facilities would attract huge investments across the value chain of the industry. He said this would create a win-win situation for the government and the industry, while lauding the move to set up new common effluent treatment plants for the processing units in Erode and Namakkal districts.

Source: timesofindia.com– Aug 14, 2021

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