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INTERNATIONAL NEWS

UK aims to conclude Pacific trade group talks next year

British trade minister Liz Truss speaks to Reuters after signing a free trade agreement with Singapore, in Singapore December 10, 2020. REUTERS/Pedja Stanisic

Aug 28 (Reuters) - Britain aims to conclude negotiations to join the trans-Pacific trade group by the end of 2022, the Financial Times reported on Saturday, citing International Trade Secretary Liz Truss.

“We will be able to have concluded negotiations by the end of next year,” Truss told the newspaper.

She argued that the deal would help Britain benefit from economic growth in the Asia-Pacific region.

Britain received a green light in June to start the process of joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership of 11 countries - Japan, Canada, Australia, Vietnam, New Zealand, Singapore, Mexico, Peru, Brunei, Chile and Malaysia. read more

Truss told the FT she expects trade between the United States and Britain could be liberalised if Washington rejoined the group. Then-President Donald Trump pulled the United States out of a forerunner of the trade pact in 2017.

"The United States was one of the initial parties in the Trans-Pacific Partnership, and the new administration has not indicated they want to join it. But who knows what might happen in the future," she said.

Source: reuters.com– Aug 28, 2021

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Xinjiang cotton stretches out to bigger market

In the workshop of a textile company in northwest China's Xinjiang Uygur Autonomous Region, workers were busy packaging some 70,000 pieces of knitted underwear for orders from Japan.

The enterprise weathered a downturn in its export last year due to adverse effects, including the COVID-19 pandemic and U.S. groundless sanctions over Xinjiang cotton, but the trend has now reversed, said Li Lyuzhi, manager in the foreign trade department of the company based in the regional capital Urumqi.

The company is among some 100 cotton and textile firms displaying their high-quality products at the (China) Eurasia Commodity and Trade Online Expo (EACT Expo) 2021 that opened on Aug. 25, both online and offline. The offline part is to conclude later on Sunday, while the online exhibition will last a year.

The EACT Expo has become a significant platform for promoting economic cooperation and trade exchanges with the world since its inauguration in 2015. "The expo this year has built an interconnected and shared digital platform for global enterprises," said Mamtimin Hadir, acting mayor of Urumqi.

The region's cotton and textile industry has shown resilience by further tapping markets and winning over more customers with its superior quality. The intelligent apparel production equipment brand Qonvolv is participating in the online exhibition. It is under the technical support of a Hong Kong-based textile and apparel manufacturer.

"Last year, our customers, including clothing, fabrics, and textile manufacturers, had to work at full capacity to fulfill orders from domestic and foreign buyers," said Edward Ho, director of the brand. The cotton and textile industry is one of the pillar industries in Xinjiang, and textiles are among the major commodities exported from the region.

The cotton output of Xinjiang, the country's largest growing area for the crop, exceeded 5.16 million tonnes in 2020, accounting for 87.3 percent of China's total, figures show. The regional statistics bureau said Xinjiang's cotton output would remain stable in 2021.

From January to July, Xinjiang's export volume witnessed a robust year-on-year growth of 33.2 percent, reaching 64.87 billion yuan (10 billion U.S. dollars). The exports of textile and garments saw a staggering year-on-year growth of 65.6 percent during the period. As the region opens more to the world, the sustained recovery of Xinjiang's foreign trade has boosted the confidence of foreign business partners to expand a broader market and seek win-win cooperation.

More than 500 government officials and representatives from business associations and enterprises from home and abroad discussed strengthening economic cooperation, trade exchanges and achieving mutual benefits via a video link during the expo. Badar uz Zaman, Commercial Counsellor of Pakistan Embassy in Beijing, said that China is one of Pakistan's largest partners and Pakistan hopes to deepen exchanges and cooperation with Xinjiang in fields like agriculture, industry and infrastructure construction through the expo.

According to Ulakhovich Vladimir Evgenievich, chairman of the Belarusian Chamber of Commerce and Industry, more than 70 Belarusian enterprises participated in the online exhibition of the expo, and he looked forward to further exploring the Chinese market for Belarusian enterprises through the fair. Zhu Junfeng, manager for the Asian Region of Trade and Investment Department of the government of the South Australia state, Australia, said 18 enterprises from the state participated in the expo.

According to Zhu, Australia is a member of the Regional Comprehensive Economic Partnership (RCEP), and South Australia wants to continue to strengthen its exchanges and cooperation with Xinjiang in the economy, trade, and investment.

An Caili, sales manager of a 40-year-old textile enterprise in Xinjiang, said the expo will help their products reach out to an even bigger market both at home and abroad.

"Via the expo, more local textile brands in Xinjiang are expected to go global, and I believe more people will know and buy textile products made of Xinjiang cotton," said An.

Source: china.org.cn – Aug 29, 2021

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Pakistan: Despite pandemic, global demand for Pakistan textile to remain strong

Pakistan's textile sector kicked off FY22 with a strong show, as textile exports witnessed double-digit growth in the month of July.

The strong growth figures, despite the slowdown posed by the Covid-19, have come as a welcome development as Pakistan eyes higher foreign exchange receipts.

Analysts say this is a testament to the strong demand for the country's textiles in the global market, adding that they believe the growth momentum would continue in the coming months.

“We believe that the demand for Pakistan’s textiles globally is likely to remain strong due to continued rerouting of orders out of China and other regional Asian countries,” wrote Abdul Ghani Mianoor, an investment analyst at Intermarket Securities, in a recent report.

“The capacity enhancements by various textile exporters is an indication of strong order flows, while exports’ competitiveness is also supported by recent PKR depreciation, the continued rationalisation of imports tariffs on raw materials and power subsidies from the government.”

Textile exports decline 11.32pc MoM

As per the Pakistan Bureau of Statistics (PBS) latest figures, Pakistan’s textile group exports declined by 11.32% on a month-on-month basis and remained $1.471 billion in July 2021 compared to a record-setting $1.658 billion in June 2021.

However, textile group exports have witnessed a growth of 15.61% on a year-on-year basis and remained $1.471 billion in July 2021 compared to $1.272 billion in July 2020.

The analyst added that a renewed focus on value addition may also allow for organic growth in exports in the coming months, whereas the arrival of the new Textile Policy will further ensure sustained competitiveness of the sector, “and will be another impetus for Textile stocks.”

AKD Securities in its latest report also considered the depreciation of PKR as a positive for textile exports.

“Exports occupy 72% share in total sales of our textile sample universe where bouts of devaluation increase price competitiveness of these players resulting in stronger volumes while net positive dollar exposure translates into exchange gains,” it said.

Pakistan needs higher exports to ensure its trade deficit remains manageable. As the government targets faster economic growth, it is likely to put pressure on Pakistan's import cover.

Hence, stakeholders and policymakers are looking to promote the country's exports as well as other earners of foreign exchange to ensure the deficit remains under control.

Source: brecorder.com– Aug 28, 2021

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Pakistan: Weekly Cotton Review: Panic buying pushes cotton rate to one of the highest levels

The rate of cotton increased by Rs 300 per maund and reached at the highest level of Rs 14300 per maund. The rate of Balochistan Phutti reached at Rs 7200 which is highest in the history. It is hinted that 100 new textile mills will be established in Punjab. Cotton crop in many areas is attacked by white fly and pink ball worm. The month of September may be difficult for the cotton crop. Up till now agreements for the import of one million bales have been signed.

The bullish trend was witnessed in the cotton market during the last week due to the panic buying by the textile and spinning mills. The rate of cotton after increasing by Rs 200 to Rs 300 per maund reached at Rs 14300 per maund while the rate of Balochi cotton reached at Rs 14500 per maund which is highest in last eleven years. In the same way the rate of Phutti reached at Rs 7200 per 40 kg which is highest in the history of Pakistan. The rate of Phutti reached at the highest level in some areas of Balochistan which including Khuzdar.

The reason behind unprecedented increase in the prices of cotton is that US dollar value has been continuously increasing. Another reason behind the increase in the rate of cotton is delay in arrival of imported cotton, as well as, significant decrease in the production of local cotton.

On the other hand, there is a trend of increase in the prices of cotton yarn. Up till now the rate of cotton is manageable for the spinning mills but their margin of profit is deceased. According to the sources of textile spinners, the bullish trend will not continue for long. The government should take corrective measures. However, the cotton farmers are happy because they are getting good price of Phutti.

According to the sources this year cotton production will increase which according to private experts will be eighty five Lac bales while Minister for National Food Security and Research Syed Fakhir Imam cotton says the production will be of one Crore bales. As per information, the position of cotton crop is satisfactory excluding some areas.

Multan Central Cotton Research Institute has evolved a strategy for controlling the attack of white fly and pink ball worm. Last year the month of September was difficult for the cotton crop. This year, September may be not difficult for cotton crop because of rains and floods but because of the attack of the white flies and pink ball worm.

During the last season the rate of cotton was in between Rs 8000 to Rs 8500 per maund while the rate of Phutti Rs4500 per 40 kg.

During the current season the rate of cotton is in between Rs 13750 to Rs 14300 per maund. In this way textile mills are paying Rs 5500 to Rs 6000 more and in the same way ginners have to pay Rs 1000 to Rs 1500 more as compared to the last year. Although, farmers are getting good price of Phutti after increasing in out put. It is expected that if the farmers will get a benefit then in the next season they will be inclined towards growing more cotton.

Textile mills are facing difficulties in giving payments because of the high rates; however, they are getting good rates of cotton yarn and textile products.

There is delay in payments due to delay in export shipment due to which the financial position of some mills is going to be weak.

Sources in the textile sector say that export orders for foreign countries are being received in a large number but due to the difficulty in determining the price of international and local cotton and the value of the dollar, many exporters are uncertain.

The rate of cotton in Sindh is in between Rs 13750 to Rs 14300 per maund. The rate of Phutti is in between Rs 5800 to Rs 6300 per 40 Kg. The rate of Banola is in between Rs 1750 to Rs 1900 per maund.

The rate of cotton in Punjab is in between Rs 13900 to Rs 14300 per maund. The rate of Balochi cotton is Rs 14500 per maund. The rate of Phutti is in between Rs 5800 to Rs 6300 per 40 Kg. The rate of Banola is in between Rs 1750 to Rs 1900 per maund. The rate of cotton in Balochistan is in between Rs 13900 to Rs 14000 per maund. The rate of Phutti after increasing from Rs 6200 to Rs 6900 per 40 Kg reached at Rs 7200 per 40 kg which is highest in the history of Pakistan. The Phutti of Balochistan is of good quality which sometimes is sold at Rs 500 to 700 more than the price of ordinary Phutti.

The Spot Rate Committee of the Karachi Cotton Association has increased the spot rate by Rs 250 per maund at closed it at Rs 14050 per maund.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that after fluctuation in the rate of cotton in international market bullish trend prevails in the market. There is a slight decrease witnessed in exports as compared to last week according to the USDA weekly export report. Increasing trend in the prices of cotton witnessed in Brazil, Central Asian States, Australia and China but in India the rate of cotton decreased by Rs 300 per candy (356 kg) due to partial arrival of new Phutti crop.

Meanwhile, Federal Minister for National Food Security and Research Syed Fakhar Imam said cotton cluster villages will be introduced to promote the crop by ensuring modern technology in the near future.

Addressing a press conference at the Central Cotton Research Institute (CCRI), he said that cotton was a highly profit-generating crop as it strengthened the country's economy and also offered job opportunities to millions of people. He pointed out that one million bales helped to generate Rs97.5 billion, adding that the government had set a target of 10 million bales for the ongoing season.

He remarked that cotton cluster villages comprising two to four union councils would be introduced in different areas. Modern farming techniques would be introduced in these cluster villages with an objective to motivate other farmers. Besides this, the government is paying keen attention to white gold (cotton) and hopefully cotton would become a strategic crop in the future, he stated. Pakistan used to export textile products worth over $15 billion annually. Last year, the country had to import 4.5 million bales of cotton for the local industry.

The minister said that the government was striving to enhance cotton production. "Special focus is on seed quality, enhancing sowing area, mechanisation and upgrading the research institutes." About the current prices of cotton, the minister noted that the government had introduced an intervention price of Rs5,000 per 40 kg in order to facilitate the farmers. He, however, added that prices of cotton were also high in the international market. Imam advised the farmers to ensure clean picking of cotton so that they could fetch handsome prices for their produce.

To a question about the factors behind the decline in cotton output, he stated that climate change and pest attacks were the main causes for the decline in production, adding that present condition of the crop was satisfactory. He said that the government would also promote quality seeds having immense resistance against climate change and pest attacks.

He said that ginning factories would be convinced to modernise their units as per international standards. To a question about wheat, he said that the government was importing wheat to maintain large stocks. He also announced that the issues faced by scientists would be resolved.

Moreover, the last week of August has started and it is the time when crop is in the final stage and the month of September is considered to be most important month for the cotton crop. We can say that now this is a test case for us because the cotton crop has entered in to the most critical stage. At this point, our slightest negligence can turn all our efforts upside down. In the months of August and September we can get about 80% of our production.

According to the report of Central Cotton Research Institute there are chances of attack of pink ball worm in the different districts of Punjab including Khanewal, Multan, Mian Channu, Bahawalpur, Mailsi, Lodhran, Vehari, Muzzafargarh, DG Khan and Rajanpur.

Regarding Sindh, according to the report of Central Cotton Research Institute Sakrand pink ball Worm has attacked different districts of Sindh including Matiari, Hyderabad, Tando Allah Yar, Mirpurkhas, Umerkot, Badin, Tando Muhammad Khan and Thatta. In the same way according to agriculture extension department Sindh there is a severe attack of pink ball worm in the areas of Nawabshah, Shahdadpur and Sanghar.

However, Patron-in-Chief All Pakistan Textile Mills Association (Aptma) Gohar Ejaz has said after the provision of competitive energy rates by the PTI government, the textile sector is ready to establish 100 more textile mills in Punjab that will create three million new jobs.

The garments and home textile sectors have urged the federal government to allow a duty-free import of cotton and its yarn from India, Uzbekistan and Turkey through land routes since local market has run out of the input commodities.

In a letter, also made available to Business Recorder on Friday, Pakistan Hosiery Manufacturers and Exporters Association (PHMA) has sought help from Abdul Razak Dawood, Adviser to the Prime Minister for the struggling apparel textile exporters.

Subject of the letter says that the PHMA wants permission for the duty-free import of cotton and its yarn from India, Uzbekistan and Turkey through roads and railways.

"Cotton yarn prices have been increased by approximately 40 percent to 70 percent (for different yarn counts 20/s, 30/s etc) and even on this exorbitant price cotton yarn is not available," according to the letter undersigned by Chief Coordinator, PHMA Muhammad Javed Bilwani. The available cotton yarn is of a substandard quality that has further forced the exporters to hold up signing fresh deals for global markets, the letter says.

"The situation has also compelled the exporters not to take further new orders and for the reason such export orders meant for Pakistan shall be diverted to other regional countries," it adds.

Source: brecorder.com– Aug 30, 2021

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Pakistan: PBIF for controlling energy prices to improve exports

Chairman of National Business Group Pakistan and President Pakistan Businessmen and Intellectuals Forum (PBIF), Mian Zahid Hussain has suggested controlling hike in value of the dollar, resolve the issue of expansive energy and tackle other issues to improve confidence and exports.

He said that pandemic has reduced the demand for textile products globally which is now improving while Pakistan was getting more orders as the situation here was far better then India and Bangladesh.

Policymakers should try to benefit from the situation and resolve outstanding issues of the textile sector which include prompt payment of refunds so that their liquidity problems could be resolved, he demanded.

He said monthly exports of textile have reached to the mark of almost 1.5 billion dollars which is an encouraging sign.

Textile exports during July last year were 1.272 billion dollars which have now jumped to 1.471 billion dollars, a jump of 15.61 percent, he said.

Mian Zahid Hussain said that local production of cotton should be increased and coupled with some other measures to boost exports.

He said that the exports sector also rely on imports to manufacture products which sometimes reach to 35 percent, therefore, import duties on import of raw material should be reduced to boost exports.

He said that cotton production should be enhanced as 49 thousand tonnes of raw cotton has been imported in a month which is hitting the Forex reserves and increasing cost of doing business.

He noted that ease in lockdowns in the US and EU have contributed to enhanced exports which have prompted an increase of 96 percent in import of textile machinery which also reflects confidence of importers.

Source: brecorder.com– Aug 30, 2021

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‘Bangladesh, India has ample scope to work together’

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan today said Bangladesh and India can reap more mutual trade benefits through further collaboration, especially in the area of apparel and textile industry.

“There are huge opportunities for Bangladesh and India to complement each other in boosting apparel and textile business in both countries,” he remarked during a meeting with High Commissioner of India to Bangladesh, Vikram K Doraiswami who paid a courtesy call on BGMEA leaders at BGMEA office here today.

BGMEA Vice President Shahidullah Azim, Directors Asif Ashraf, Md. Mohiuddin Rubel, Tanvir Ahmed, Abdullah Hil Rakib, Deputy High Commissioner of India to Bangladesh Dr. Binoy George, and Commercial Representative of the High Commission Dr. Pramyesh Basall were also present at the meeting, said a press release.

They had discussions about existing problems in export-import especially in RMG and textile industry and possible ways to address them.

They also discussed potential areas of further collaboration between Bangladesh and India to derive mutual trade benefits.

BGMEA President Faruque Hassan said: “While Bangladesh relies on India for the import of raw materials including machinery, cotton, yarn, fabric, chemicals, and dyes, India is a potential RMG export market for Bangladesh. Indian domestic apparel market is growing, and Bangladesh can tap the opportunity. So, there lies a reciprocal trade benefit for both Bangladesh and India.”

He also called for easing travel procedures including visa and resuming flights especially for business people from Bangladesh.

Faruque Hassan has sought the cooperation of the Indian High Commissioner in exchanging knowledge, and expertise in apparel and textile industry.

Source: theindependentbd.com– Aug 27, 2021

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Explained: Bangladesh garment workers' safety pact with global retailers

Leading global retailers have agreed to extend a health and safety agreement with garment workers and factory owners in Bangladesh. The International Accord for Health and Safety in the Textile and Garment Industry – a legally-binding pact – comes into effect from September 1, and will be valid for two years.

Along with leading brands like H&M and Inditex, which owns Zara and Bershka, the new agreement has also been signed by global unions including IndustriALL and UNI Global Union.

What was the previous accord?

The pre-existing Accord on Fire and Building Safety had come into effect in the aftermath of the collapse of the eight-story Raza Plaza complex in Savar near Dhaka that killed more than 1,100 people.

Put in place by IndustriALL, UNI and 17 textile and garment brands, the accord was the first legally binding agreement that was brought in to ensure and improve the safety of workers. More than 200 companies had signed the agreement.

Brands like Primark and Mango used the factories in the building and were called out to look into the highly unsafe factory conditions that Bangladesh workers had been working in.

The accord made it mandatory for brands to set basic standards of workplace, minimum wages, independent factory inspections, public reports on the factories, constant repairs and renovations.

The 2013 Accord specifically focused on fire, electrical and building safety hazards.

The agreement signatories decided to continue the 2013 Accord for three more years in 2018, until May 31, 2021. It was further extended for three more months until August 31, 2021.

The 2018 accord involved brands to conduct independent safety inspections, remediation programmes, establish safety committees and safety training programmes, disclosure of inspections reports, setting up complaints mechanisms, safely implement the right to refuse unsafe work and take corrective actions plans.

What is the new health and safety accord?

The new agreement is being managed by the Ready-Made Garments Sustainability Council (RSC). According to the International Labour Organisation (ILO), the ready-made garment sector accounts for 80 per cent of Bangladesh's export earnings and employs about 4.2 million people. ILO's 2017 report stated, "It is estimated that over 11,000 workers suffer fatal accidents and a further 24,500 die from work related diseases across all sectors each year in Bangladesh. It is also estimated that a further 8 million workers suffer injuries at work – many of which result in permanent disability."

IndustriALL Global Union general secretary, Valter Sanches, said the new agreement is an important victory towards making the textile and garment industry safe and sustainable. "The agreement maintains the legally binding provision for companies and most importantly the scope has been expanded to other countries and other provisions, encompassing general health and safety," said Sanches.

According to the official website of The Accord on Fire and Building Safety, the new agreement maintains the essence of the earlier accord and includes, "respect for freedom of association, independent administration and implementation, a high-level of transparency, provisions to ensure remediation is financially feasible, safety committee training and worker awareness program, and a credible, independent complaints mechanism."

Instead of specifically focusing on fire and building safety, the agreement broadens its scope of covering general health and safety, according to a report by IndustriALL. It will work towards expanding the scope of the agreement in order to address "human rights due diligence along the brands' global supply chains".

The new accord will also set in place an optional arbitration process to implement its terms in a streamlined manner, stated the report.

Christy Hoffman, General Secretary of UNI Global Union, said, "With its accountability, transparency, and legally binding commitments, the International Accord is an example of what modern due diligence should look like in Bangladesh and beyond. It also recognizes that the work in Bangladesh's garment industry is not done, and this agreement helps strengthen the RSC and deepen brands' commitments to the people who manufacture their products."

What is the Ready-Made Garments Sustainability Council (RSC)?

Ready-Made Garments Sustainability Council (RSC) was formed in 2019 by Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

RSC was handed over the responsibility of looking after the implementation of the 2018 Accord.

RSC was set in place to ease the functioning of businesses under the Accord and to look after the implementation of the Accord in a more streamlined manner.

President of BGMEA, Rubana Huq had told Reuters, "The RSC is an unprecedented national initiative, uniting industry, brands and trade unions to ensure a sustainable solution to carry forward the significant accomplishments made on workplace safety in Bangladesh."

RSC was also set up to work towards encompassing "industrial relations, skill development and environmental standards", Huq added.

Source: indianexpress.com– Aug 29, 2021

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Tracking investments: Ministries asked to move faster on PLI schemes

The Rs 6,238-crore PLI scheme for white goods was notified on June 4 and the application window was opened on June 15 and closes on September 15. The government has nudged line ministries to expeditiously sort out all issues related to the various production-linked incentive (PLI) schemes so that investments flow in soon. While guidelines for some sectors are yet to be framed for others, where the process is complete, industry's concerns about the rules have not been addressed.

Little progress has been seen in most PLI scheme barring the one for smartphones, although schemes for 13 sectors, with a total outlay of Rs 2 lakh crore, were announced by November 2020. This is despite the Cabinet approval having been accorded to 11 sectoral schemes. Only two sectoral schemes – textile products and auto and auto components – are yet to get Cabinet approval because the guidelines have still not been framed.

In certain areas, like IT hardware, white goods and solar PV modules, the guidelines have been framed. However, the industry is yet to respond fully or it has issues with clauses like incentives and supply chains.

Again, the proposed Rs 10,683-crore PLI scheme for products made of man-made fibre and technical textiles is yet to be cleared by the Cabinet because the industry is pressing for a reduction in the "ambitious" turnover and investment targets proposed.

The draft scheme had pledged an incentive of as much as 11% for large companies for investments over Rs 500 crore in greenfield projects. The benefit, however, was linked to an incremental turnover of Rs 1,500 crore in the first year and a 25% rise in turnover each year after that.

The garments sector, comprising mainly MSMEs and dominated by cotton-based players, also wants value-added cotton products included in the scheme so that a large number of businesses will be benefited.

However, the demands go against the government's intent of luring mainly large companies to create a few champions in key sectors through the various PLI schemes.

Interestingly, some players, who are struggling to cope with a Covid-induced liquidity squeeze, want the roll-out of the scheme to be deferred so that they have time to ready themselves to take advantage of the schemes.

As reported by FE, the dilemma over fixing the base year and whether to allow suppliers of Chinese origin to invest are the two major impediments delaying the framing of guidelines, and Cabinet approval for the Rs 57,042-crore auto sector PLI. For the 11 sectors where approvals have been granted so far, the base year is FY20. The problem with the auto sector is that the industry's sales numbers so far in the current fiscal have not been able to touch the FY20 levels.

The Rs 6,238-crore PLI scheme for white goods was notified on June 4 and the application window was opened on June 15 and closes on September 15. A senior government official said some companies have already evinced interest and some others are in the process of filing applications.

For solar PV modules, the Indian Renewable Energy Development Agency (IREDA), had in May-end invited applications from solar module manufacturers for availing the Rs 4,500-crore scheme. The Cabinet had cleared the scheme on March 31. The last date for submitting applications was initially set as June 30, later extended to August 31, and subsequently to September 15.

"The legal and financial aspects of the scheme call for elaborate documentation and paperwork, like the submission of audit reports and compliance with specific formats, for which firms have sought extension of the deadline for filing applications for the scheme," Rajat Gupta, general manager of marketing and communications of Goldi Solar, told FE. "Since the scheme is new, a number of clarifications are being raised by the industry leading to the postponement of the bid submission timelines," a senior official from a major renewable energy company said.

In the IT hardware sector comprising laptops, tablets, all-in-one personal computers (PCs) and servers, the scheme was notified on March 3 and subsequently 14 companies were selected – 4 global and 10 Indian – but problems continue right from the start. First, even before the scheme got operationalised, the government had to cut the output as manufacturers turned up with low bids.

When the government had announced the scheme on February 24, the outlay was fixed at Rs 7,350 crore over a four-year period. During this period, the government had estimated a production of up to Rs 3.26 lakh crore, of which exports was expected to be of the order of Rs 2.45 lakh crore. But finally when the names of the selected companies were announced in May, the production target was slashed to Rs 1.60 lakh crore of which exports would be of the order of Rs 60,000 crore.

The manufacturers blamed this on the low incentive structure which works out to an average of 2-2.5% over a four-year period which does not justify relocating units from China or Vietnam, especially for hardware products where import duties are nil as they fall under Information Technology – I products.

The industry has once again taken up the matter of higher incentives with the ministry of electronics and IT without which it fears that targets may not be achieved. The other issue highlighted by the industry recently to the government is related to localisation. Since investments from China is technically not allowed, it will be difficult for companies to set up manufacturing/assembly lines in India for the components like PCBA, battery packs, power adapters, etc.

Source: financialexpress.com– Aug 30, 2021

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We are fast progressing in FTA discussions with nations like UK, UAE: Goyal

The world is looking for a trusted partner and that partner is India's business community

India is fast progressing in discussions on different free-trade agreements (FTAs) with countries, including the UK and the UAE, to further enhance trade and investment ties, Commerce and Industry Minister Piyush Goyal said on Saturday.

Under an FTA, two trading partners reduce or eliminate customs duties on the maximum number of goods traded between them. Besides, they liberalise norms to enhance trade in services and boost investments.

Goyal said India is engaging for such pacts with economies having transparent rule of law and with whom India can have confidence that it will get a fair deal and reciprocal benefits.

“We are fast progressing in our discussions with the UK, with the UAE and other GCC (Gulf Cooperation Council) countries. Canada and Australia are really on a fast track,” Goyal said while addressing the JITO Trade Mahakumbh.

The minister also stated that recently, he had discussions with the USA’s Charge’d Affairs in Delhi Atul Keshap, and both agreed to aspire for a USD 500-billion trade between the countries at the earliest possible time. The world is looking for a trusted partner and that partner is India’s business community, he added.

He added that whether it is FDI (foreign direct investment), forex reserves, foodgrain reserves, agriculture production or manufacturing; all sectors are on a growth path.

Source: financialexpress.com– Aug 28, 2021

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India, US to aspire for $500 billion trade in near future: Piyush Goyal

Union Commerce and Industry Minister Piyush Goyal on Saturday said India and the United States have agreed to aspire for USD 500 billion trade in near future, adding that the world is looking for a trusted partner and that partner is India's business community.

While addressing business and trade fraternity at Jain International Trade Organisation (JITO), Goyal said, "Government is working towards making India Aatmanirbhar. An Aatmanirbhar Bharat is about building capacity and confidence to engage with all. This will empower our industry to interact with all with quality, cost competitiveness and innovation."

According to a statement by the Commerce Ministry, India has emerged as the world's second most desirable manufacturing destination overtaking the US. This shows the potential and promise of India to become the "Manufacturing hub" of world. He added that along with that, "we should also become a trading hub. The place where world comes to shop."

The minister noted that India is fast progressing in discussions on different free-trade agreements (FTAs) with countries, including the UK and the UAE, to further enhance trade and investment ties.

Goyal said traders and exporters are the twin pistons powering the economic growth engine of the nation. The minister said as policymakers, "we firmly believe in the capabilities of the business community as well as start-ups, which can make India the top economy globally in the next 25-30 years."

"Be it Ease of Doing Business or Ease of Living, Be it Transparency or Transfer of Benefits. Today, a robust foundation laid in last seven years, inspires us to dream big and write our own destiny. This is a New India, which will be built on mantra of Sabka Saath, Sabka Vikas, Sabka Vishwas & Sabka Prayas," said Goyal. The JITO is organising a 12-day long virtual expo connecting 1000s of businesses and entrepreneurs together to learn, earn and grow, the release stated.

Source: economictimes.com– Aug 29, 2021

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India-UK FTA: UK govt lists out the benefits to its industry

The proposed India-UK Free Trade Agreement(FTA) can bring in gains for the British industry in terms of increased market access, the UK government has pointed out to its industry.

At present, the average tariffs in India on UK exports are more than three times the average tariffs levied on Indian goods in the UK. New Delhi also put in place higher non-tariff barriers affecting trade, it said.

In an information note for the consultation relating to the India-UK FTA prepared by the UK Department of International Trade, it was noted that while the simple average tariff on goods imported into the UK from India was 4.2 per cent, while it was at 14.6 per cent for UK exports to India. The FTA can help reduce these tariffs, it said.

Manufacturers and exporters in the UK have time till August 31 to submit their inputs on the proposed FTA with India, following which the UK Department for International Trade will go through the suggestions to finalise its negotiating position. The formal negotiations are likely to begin before the end of the year, as per indications given by both sides.

Higher market access

Majority of product lines, about 66 per cent, exported by India to the UK faced no tariff lines while only 3 per cent of product lines from UK could enter India tariff-free, it added.

"It is clear that the UK would seek higher market access for a large number of items apart from automobiles and wines & spirits. India, too can gain in goods, by looking for market access in sectors where it faces high tariffs such as garments and textiles and footwear," a person tracking the developments in India told BusinessLine.

Highlighting, the growing scope of India-UK economic relations, the note pointed out that UK's total trade in goods and services with India increased by 51 per cent from £9.8 billion in 2011 to £14.8 billion in 2019, its exports of goods and services to India have increased by 3 per cent from £8.2 billion to £8.5 billion over the same period.

Role of FTAs

Evidence suggests that FTAs can lead to large, sustained increases in trade in goods between partner countries, by around 32 per cent, the note said.

India also has more non-tariff barriers, the note pointed out. “In comparison to the UK, India has a greater number of sanitary and phytosanitary measures, technical barriers to trade, quantitative restrictions, tariff-rate quotas, and safeguards,” it stated quoting data from WTO’s Integrated Trade Intelligence Portal. “India, too, could gain considerable market access if there is an agreement on bringing down non-tarrif barriers,” the source said.

In services, India’s restrictions are substantially higher than the UK across all sectors covered by the OECD Services Trade Restrictiveness Index, the note stated. The sectors with greatest restrictions are rail freight transport, legal, accounting and architecture, it said.

“While the index may show high restriction in services trade in India, in the UK too, Indian service providers face various kinds of barriers which may lessen through mutual recognition agreements for service providers. India’s gains in services will also come from a more liberal visa regime that will ease movement of workers,” the official said.

Source: thehindubusinessline.com– Aug 29, 2021

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India's macroeconomy more healthy, ready for faster growth, says economist Ashima Goyal

Ashima Goyal pointed out that the government is leading infrastructure investment and more durable foreign direct investment has a larger share in recent capital inflows.

Notwithstanding the pandemic severe shock, India's macroeconomy is more healthy and ready for faster growth, eminent economist Ashima Goyal said on Sunday, observing that recovery from both the first and second waves was faster than expected points towards inherent strengths of the economy.

Goyal in an interview to PTI said there are already signs of a rise in private investment in sectors where capacity constraints have appeared. "Despite the Covid-19 severe shock, India's macroeconomy is more healthy and ready for faster growth than it has been for a long time. That recovery from both the first and second waves was faster than expected points towards inherent strengths of the economy," she said.

The Reserve Bank of India (RBI) has lowered the country's growth projection for the current financial year to 9.5 per cent from 10.5 per cent estimated earlier, while the World Bank has projected India's economy to grow at 8.3 per cent in 2021. Goyal, who is also a member of the Monetary Policy Committee (MPC) of the Reserve Bank, said that although many Indian start-ups are doing well but "we should not, however, expect the private infrastructure investment boom of the 2000s."

"Portfolio inflows into India are not only due to the quantitative easing of rich countries' central banks, they are also attracted by India's growth prospects. All emerging markets do not get such inflows," the eminent economist opined. She pointed out that the government is leading infrastructure investment and more durable foreign direct investment has a larger share in recent capital inflows.

"India, moreover, has enough reserves to ride out any volatility while ensuring interest rates are aligned to the domestic policy cycle," she said. On the stock market boom at a time when economic growth has slowed down, Goyal said stock markets are forward looking, so normally they do move ahead of the real economy.

"Low interest rates also increase the present discounted value of future earnings and reduce the attractiveness of fixed deposits. A wider Indian public has started participating in stock markets giving them a more diversified portfolio of assets," she said.

Observing that having different investor-types makes markets more stable and reduces volatility, Goyal said "gradual rise in policy interest rates need not lead to a major correction if the rise accompanies a growth recovery, which is positive for markets and long term growth prospects remain good."

On recent calls for using the huge forex reserves for infrastructure development or recapitalisation of public sector banks, the economist said Indian forex reserves are not earned by an excess of exports over imports. "They are borrowed reserves built up from foreign inflows that create liabilities. Reserves have to be kept in a liquid form and capital-value preserved to meet repayment obligations," she said, adding they give security but are costly.

According to Goyal, the best way to prevent excessive reserve accumulation is to increase absorption of foreign inflows in productive investment. "Until this happens, inflows could be mitigated using market-based capital flow management tools. A push for better international regulation and safety nets should also continue," she said.

Replying to a question on the RBI's proposed digital currency, Goyal said correctly designed digital currency would have many advantages. "It could build on India's exemplary innovations in payment systems, ease cross-border flows, reduce costs, improve transparency, financial inclusion and monetary policy transmission all in partnership with banks," she said. On the Asset Monetisation Pipeline programme, Goyal said this a good innovative addition to the toolkit for financing new infrastructure.

She pointed out that private participation is easier since there is no project risk, which is the most difficult for private players to handle.

"But PPP contracts have to strike a fine balance between government revenues, private profits and reasonable user charges. Good regulation is a prerequisite to ensure the latter," she cautioned. Asked if high CPI and WPI inflation is a matter of concern, she said inflation is currently within tolerance bands.

"Signs of persistence are limited implying it is largely due to Covid-19 related global and domestic supply-side bottlenecks and should be transient, provided the government undertakes complementary supply-side actions," she noted.

On what else can the RBI do to help economic recovery, the eminent economist said the RBI has done a lot through timely yet temporary measures that limit long-term dependence and risky-behaviour. According to her, some measures are already reversed. "Targeted liquidity programmes that ensure liquidity reaches every corner of the economy should continue.

"Further normalisation has to be slow and gradual conditional on recovery so as to anchor inflation expectations yet sustain growth and ensure financial stability," she said.

Asked what fiscal measures are necessary to support households in distress, Goyal said that the fiscal deficit is already in double digits and interest payments take up the biggest chunk of revenue.

"Given our very large population, protection transfers of the advanced economy type would require our deficits to rise to 50 per cent of GDP, which is not feasible," she said.

Noting that funds have to be well and carefully used, she said that free food helps the very poor and disabled but the best targeted support for most households in distress is to increase job availability and capacity to work through better support for health, training and education.

"The focus on infrastructure is also useful since it creates jobs now and makes it easier to work later," she said.

Source: financialexpress.com– Aug 29, 2021

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India attracted $22.5 billion in foreign direct investment in April-June 2021: Govt

India's automobile industry accounted for 27% of the total FDI equity inflow, emerging as the brightest sector in Asia's third-largest economy

India attracted foreign direct investment (FDI) inflows of $22.53 billion during the first three months of the fiscal year starting on April 1, 90% higher than the April-June period last year, the government said on Saturday.

India’s automobile industry accounted for 27% of the total FDI equity inflow, emerging as the brightest sector in Asia’s third-largest economy, followed by computer software and hardware and the services sectors which accounted for 17% and 11% of the inflows respectively, the trade ministry said in a statement.

“Measures taken by the Government on the fronts of FDI policy reforms, investment facilitation and ease of doing business have resulted in increased FDI inflows into the country,” the statement added.

Prime Minister Narendra Modi’s administration has cut corporate tax rates to woo manufacturers and revive private investment, introduced new farm laws and passed labour reforms aimed at making hiring and firing workers easier.

Source: financialexpress.com– Aug 28, 2021

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Commerce Ministry recommends anti-dumping duty on polyester spun yarn from China, Indonesia, Vietnam

Duties to be a big help for local units finding it difficult to compete against foreign 'giants'

In a move that will give a boost to the domestic man-made fibre (MMF) sector, the Directorate General of Trade Remedies has recommended anti-dumping duty on polyester spun yarn from units based in China, Indonesia and Vietnam ranging between $4 per tonne and $281 per tonne for five years.
"...having established positive dumping margin as well material injury to the domestic industry caused by dumped imports from subject countries (China, Indonesia, Vietnam), except Nepal, the Authority is of the view that imposition of anti-dumping duty is necessary to offset dumping and injury," the DGTR, under the Commerce & Industry Ministry, noted in its final determination.

The duties will have to be notified by the Finance Ministry before they are officially imposed.

Dumping duty

Dumping is said to take place when imports are at prices lower than the normal value or the price at which the item is sold in the domestic market of exporting country. Material injury is caused when the domestic industry suffers losses due to dumping. Anti-dumping duties can be imposed only when both dumping and material injury are established, per WTO rules.

"The determination of anti-dumping duties on polyester spun yarn will be a big help for the domestic spun yarn industry that is finding it difficult to find its own feet against giants of China, Indonesia and Vietnam," said Sanjay Jain from the Confederation of Indian Textile Industry.

The DGTR carried out the anti-dumping investigations against polyester spun yarn following an application filed by eight domestic producers that was supported by 30 other manufacturers.

In its final report, the authority concluded that the product under consideration had been exported from all identified countries, except Nepal, at a price below the normal value, thus resulting in dumping.

The imports increased in absolute terms as well as in relation to production and consumption and were undercutting the prices of the domestic industry. As a result the prices of the domestic industry were getting suppressed leading to material injury, the report added.

“There is causal link between dumping of product under consideration from subject countries except Nepal and injury to the domestic industry,” it said. In response to apprehensions of the user industry of a possible price increase following the imposition of anti-dumping duties, the DGTR report noted that the items are manufactured by fragmented industry comprising a large number of domestic producers in the country. “Thus, even after imposition of anti-dumping measure, the inter-se competition among domestic producers would ensure that the subject goods continue to be available to users at competitive prices,” it said.

Injury margin

However, since the injury margin determined in the present investigation was substantially lower than the dumping margin, the duty recommended was based on injury margin as per lesser duty rule, the report added.

The DGTR thus recommended anti-dumping duties ranging from $4 per tonne to $281 per tonne on polyester spun yarn imported from China, Indonesia and Vietnam with the duties varying between units and countries. These duties, once implemented, will be applicable for five years.

Source: thehindubusinessline.com– Aug 27, 2021

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Union Cabinet may soon take up scheme for textile sector's revival

With the new PLI scheme, the government wants to make textile and clothing one of the brightest examples of PM Modi's ambitious Atmanirbhar Bharat Yojana.

With a view to stitching a speedy growth trajectory for the textile sector, the Ministry of Textiles has cleared a proposal for a Production Linked Incentive or PLI scheme. Top sources in the ministry said that a note on this proposal was cleared today and it may be taken up for the Union Cabinet's nod soon. The scheme involves a Rs 10,680-crore corpus to be provided by the government to revive the textile and apparel sector that is not just ailing but facing stiff global competition from manufacturers in Bangladesh and Vietnam

With the new PLI scheme, the government wants to make textile and clothing one of the brightest examples of PM Modi's ambitious Atmanirbhar Bharat Yojana. The government in July had proposed the PLI scheme for the sector, with a total outlay of Rs 10,680 crore.

The emphasis of the scheme will be 40 product categories under Man Made Fibre (MMF) and 10 under technical textiles. Both greenfield (new companies being set up) and brownfield (companies which are already in operation) investments are likely to receive incentives. The idea behind the scheme is to achieve a revival through a diversification of India's export product basket.

Sources said that the PLI scheme will be executed through the Focus Product Incentive Scheme (FPIS) to create global champions in MMF and technical textile sectors by providing incentive from 3 per cent to 15 per cent on stipulated incremental turnover for five years. This will come into play after a one-year gestation period for brownfield investment and two years of gestation period for greenfield investment

The sector is critical to India's job economy as it provides direct employment to 4.5 crore people, and indirect employment to 6 crore. This makes the sector extremely labour intensive and the second-largest employer in the country after agriculture.

The PLI scheme is also aimed at tapping India's large workforce and reasonably priced labour to grab the opportunity offered by the rising cost of labour in China which is making the country lose its competitive edge.
After the first draft of the policy was ready, several stakeholders proposed that benefits should be extended to much-needed inputs for the fibre and filaments industry as well. The textile ministry under Piyush Goyal accepted these demands

FADING GLORY- INDIAN TEXTILES
Alarm bells have been ringing in the government as over the last few years, India's share in global textile and clothing product exports has lost the competitive edge to countries like Vietnam and Bangladesh.

The Covid-19 pandemic brought long spells of lockdowns and restrictions. This had multiple adverse impacts on the sector. Restrictions kept a large workforce at home, manufacturing hubs stayed shut, domestic demand plummeted and exports dwindled.

The export data tells the story of the decline of the sector. While India's merchandise exports in the current financial year's first quarter or Q1 touched an all-time high of $95 billion, there was a double-digit decline in readymade garments when compared to the same quarter in 2019.
Currently, India is the 5th largest exporter of Textile and Apparel (T&A) in the world with exports worth US$ 36.4 billion. India's T&A exports reached US$ 33.5 billion in 2019-20.

Due to the impact of Covid-19, India's T&A exports are expected to fall around 15% to reach US$ 28.4 billion in 2020-21.

According to a Wazir Advisors study Global, the apparel market shrunk by 22%, coming down from US$ 1,635 billion in 2019 to US$ 1,280 billion in 2020.

The report predicts that consumption is expected to reach to pre-Covid levels over the next couple of years and then retrace its growth path to reach US$ 2,007 billion by 2025.

India's domestic textile and apparel market is estimated at US$ 75 billion in 2020-21. The domestic market fell 30% from US$ 106 billion in 2019-20.
The market, as per the study, is expected to recover and grow at 10% compound annual growth rate or CAGR from 2019-20 to reach US$ 190

billion by 2025-26. Apparel constitutes ~73% share of the total T&A market in India.

CHINA'S LOSS IS NOT INDIA'S GAIN

China's share in global T&A trade in 2019 was 34%. The share has come down from 39% in 2015. The big beneficiaries have been Vietnam and Bangladesh who were the second and the third largest textile and apparel exporters in 2019, respectively.

During the pandemic, China lost approximately 7% share in the US apparel imports which has been taken up by Vietnam, Bangladesh and Cambodia. Interestingly, China's share in the EU increased by 1% from January to October 2020. The main losers were Bangladesh, India and Cambodia.

The government is also looking for plans and schemes to make the revival sustainable by deepening India's participation in global manufacturing value chains

Source: indiatoday.in– Aug 27, 2021

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$400 billion target: India seeks to double UAE exports, raise bar for US and UK

While the outbound shipment target for petroleum goods is double the $25.88 billion exports made in FY21, the aim for gems and jewellery is 68% higher than the $26.01 billion exports achieved in the last fiscal.

India is looking to double its goods exports to the UAE this fiscal and substantially increase its outbound shipments to the US, the UK, Singapore and Hong Kong as part of its plan to achieve a record $400 billion in merchandise exports this year.

The commerce and industry ministry has set country-wise goals targeting a 32% rise on-year in exports to the US at $68.33 billion, 110% increase at $35.02 billion to the UAE and 49% growth over FY21 in its exports to Singapore at around $13 billion.

The move comes following Prime Minister Narendra Modi's recent meeting with overseas missions to add five new export destinations for Indian goods, and 75 new products for exports.

“We are looking at a quantum jump and not incremental increases,” said an official, adding that efforts are being made to increase the share of exports in India’s gross domestic product to 15% from 10.2% now besides achieving $2 trillion of exports by 2030 with equal contribution from goods and services.

Exports in FY21 shrank 7.3% to $290.6 billion.

Exports to neighbouring Bangladesh are expected to grow by 27%. India is negotiating trade pacts with the UAE, the UK and Bangladesh.

However, the exports target for China — at $21.99 billion — is only 3.79% higher than $21.18 billion achieved in FY21.

Similarly, high targets for the country’s export-driving sectors are being led by engineering and project exports at $107.34 billion followed by petroleum products at $55.39 billion, gems and jewellery at $43.75 billion and drugs and pharmaceuticals at $29.19 billion.

While the outbound shipment target for petroleum goods is double the $25.88 billion exports made in FY21, the aim for gems and jewellery is 68% higher than the $26.01 billion exports achieved in the last fiscal.

The lowest targets — of around $500 million each — have been set for sports goods and jute product exports, according to the objectives set by the commerce and industry ministry.

Performance analysis

As per an analysis done by the ministry, in the April-August 21 period, the top commodity groups that have overachieved their targets are chemicals, plastics and cotton yarn/madeups while leather, ceramics, tea and cashew figure in the 'aspirant' category after meeting less than 70% of the set objective.

Among countries, exports to China, the US, Australia, Taiwan, Korea and Japan have crossed the 100% mark and are categorised as 'achievers'.

"We will hold video conferences with our missions abroad in groups to see how well they are doing and the corrective measures needed. This analysis is being converted into a simple dashboard and will be available next month," the official said.

Source: economictimes.com– Aug 30, 2021

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Finance Ministry extends last date for availing GST amnesty scheme till November 30

The Finance Ministry on Sunday extended the last date to avail the GST amnesty scheme, under which taxpayers have to pay a reduced fee for delayed filing of monthly returns, by three months till November 30. The GST council, chaired by Finance Minister Nirmala Sitharaman and comprising state ministers, had in May decided to come out with an Amnesty Scheme to provide relief to taxpayers in late fee for pending returns.

The late fee for non-furnishing of GSTR-3B for July 2017 to April 2021 has been capped at Rs 500 per return for those taxpayers who did not have any tax liability. For those with tax liability, a maximum Rs 1,000 per return late fees would be charged, provided such returns are filed by August 31, 2021.

Following the council decision, the Ministry on June 1 notified reduced late fee for non-furnishing Form GSTR-3B for the tax periods from July, 2017 to April, 2021, provided the taxpayer filed the returns for these tax periods by August 31, 2021. "The last date to avail benefit of the late fee amnesty scheme, has now been extended from existing August 31, 2021 to November 30, 2021," the ministry said in a statement.

Based on the multiple representations received, the government also extended the timelines for filing of application for revocation of cancellation of registration to September 30, 2021, where the due date of filing of application for revocation of cancellation of registration falls between March 1, 2020 to August 31, 2021.

The filing of Form GSTR-3B and Form GSTR-1/IFF by companies using electronic verification code (EVC), instead of Digital Signature certificate (DSC), has already been enabled for the period from April 27, 2021 to August 31, 2021. This has been further extended to October 31, 2021.

"The extension of the closing date of late fee amnesty scheme and extension of time limit for filing of application for revocation of cancellation of registration will benefit a large number of taxpayers, specially small taxpayers, who could not file their returns in time due to various reasons, mainly because of difficulties caused by Covid-19 pandemic, and whose registrations were cancelled due to the same," the Ministry added.

Source: economictimes.com– Aug 29, 2021

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Indian exporters boxed in by container crunch as rates rise to $7,000-10,000 in a fortnight

Indian exporters across products — from apparel and agricultural commodities to consumer electronics and furniture — are staring at a slump in exports due to a global shortage of containers, and a resultant jump in freight rates, prompting many to seek government intervention.

A severe container shortage – triggered by massive congestions at Chinese ports that are either closed or operating at much lower capacity due to Covid-19 restrictions, along with a huge demand for containers in the US and Europe – has been pushing container rates, which shot up to record levels in the past 10-15 days, industry executives told ET.

Charges for carrying a container from or onwards to India are now going at $7,000-10,000, up from $3,000-4,000 six to eight months ago, they said. Cost varies depending on the distance covered.

Exporters worry that the double whammy of rising container rates and container shortage will hamper the recent boost in the country's merchandise exports that hit $35.42 billion in July – a new high for any month.

Federation of Indian Exports Organisation (FIEO) and other industry bodies have flagged the issue with the Centre, seeking its intervention and support. Otherwise, India may lose out in the global trade ahead of the crucial holiday season orders in the West, they said.

Tea exporters have sought enhanced limit in the Transport and Marketing Assistance (TMA) Scheme, which is used to offset a part of the transport and freight cost borne by exporters.

While TMA is for agricultural exports only, FIEO has asked the commerce ministry to come up with a freight subsidy scheme to help all categories of exporters.

With some large shipping lines now hauling empty containers from India to the US and Europe, the apex exporters' body has also urged the government to come out with regulations to stop this.

Exports Stopped in Some Categories

“Also, there are 25,000-30,000 containers lying at different ports in the country, not being unloaded due to some disputes with Customs and other departments,” said Ajay Sahai, director general of FIEO. “We have asked the government to intervene so these containers can be unloaded in some private warehouses and then used by exporters.”

Low value-high volume export items such as granite tiles and furniture are the worst hit, and some categories have completely stopped, said FIEO, which has also approached the shipping ministry.

Poorna Seenivasan S, president at Gokaldas Exports, one of the largest Indian exporters of apparel, said the three-times surge in container rates, and shortage are leading to delay in shipping.

“The retail market has picked up in the US and they need goods,” he said. “The brands have realised and are shelling out the additional shipping cost but still, it is a struggle to get containers. We were earlier using the ports in Chennai and Tuticorin, but now have started shipping from any port, like Mumbai, where we are getting containers.” A few weeks ago, container charges had shot up to a record $15,000, Seenivasan said.

Electronics industry body Consumer Electronics and Appliances Manufacturers Association president Kamal Nandi said very few containers are available in India, as most are moving to the US and Europe. “Exports will be badly hit in August,” he said.

Commodities Hurting

Tea exporters have written to the commerce ministry, saying buyers from the West Coast of the US have threatened to not lift teas from India, instead importing from Sri Lanka and Kenya.

“For the last two months, there are hardly any containers at Kolkata Port, from where the majority of teas go to the world markets,” said Anshuman Kanoria , chairman of Indian Tea Exporters Association. “This will impact tea exports from India and it will not even touch 200 million kg in 2021, as compared to 207 million kg in 2020.”

Gurnam Arora, joint managing director of Kohinoor Foods, a major exporter of basmati rice, said the commerce ministry has told exporters that a big cartel is working to keep the ocean freight high. “The new crop will start arriving in October and we are clueless about how to tackle the export situation,” he said. “Many have put their exports on hold and are waiting for freight cost to come down.”

Vinod Kaul, executive director of All India Rice Exporters Association, said basmati rice exports were down 17% in the first three months of FY22. “Even non-basmati rice exports have seen a drop in this period. If the situation does not improve, exports of basmati rice will be 25% less than FY21,” he said.

Bump in Exports

As per the commerce ministry, India’s merchandise exports grew 50% year-on-year in July to $35.42 billion. However, several products may report a decline in exports in August, as the container shortage issue peaked this month, industry executives said. Export value of products such as tea, coffee, rice, tobacco, spices, cashew, meat, dairy, poultry products and iron ore declined in July itself, they said.

The FIEO chief said there is no drop in exports in value terms, but only due to movement from ship to air and also due to increase in price of metals and other commodities.

Export value of small-volume products such as gems and jewellery, chemicals, smartphones and leather products has grown in July since most of these are shipped through air.

Smartphone industry body India Cellular and Electronics Association chairman Pankaj Mohindroo said the container issue is not impacting the industry due to exports through air.

Source: economictimes.com– Aug 30, 2021

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Why a ban on Chinese cotton has hit apparel traders in Noida

It's not just Covid that has a China link. Recent losses in the apparel industry in Noida also have a connection with the country.

For the past seven months, apparel makers of the city have been counting losses in production in an unexpected aftermath of an international ban on Xinjiang cotton.

The US and a few other countries have banned the import of cotton from the Xinjiang region of China following reports of human rights violations against Uighur Muslims, who are mostly employed in cotton production. The reports suggest that the community has been forced into labour in Xinjiang, which accounts for a major chunk of the world's cotton supply.

As a result of this international boycott, Chinese manufacturers have reduced production in their country and booked large amounts of cotton yarn from India and other parts of Southeast Asia. With most of the Indian cotton now being exported to China, the prices of yarn and thread have shot up for domestic traders.

Apparel manufacturers in the city said yarn prices had gone up by 70-80% in India, leading to an increased cost of production.
Since neighbouring countries like Bangladesh are exporting garments at cheaper rates, the losses have mounted all the more.

"In the past six months, yarn export has increased by about 75% and the price for us has gone up by almost 80%. Because of this, our cost of production has increased. We are now exporting a dress for about $8 (Rs 588), which Bangladesh manufacturers can give for $6.5 (Rs 478). This price is not viable for us anymore. Business is shifting to other countries like Bangladesh and Vietnam," said Lalit Thukral, president of the Noida Apparel Export Cluster (NAEC).

What has added to the woes of traders is a government decision to levy an additional 10% import duty on cotton. "Our suppliers say the cotton yarn has been bought by China with an advance payment for the entire lot from not just India, but several Southeast Asian countries. The yarn companies are seeing huge profits and their shares are off the roof. But the garment industry is suffering. The issue has been raised with the government at every level, but there has been no response yet," said Neeraj Prakash, managing director of Strange Exports Private Limited, which has been in the business for the past 30 years.

Apparel makers said the increasing yarn export could also lead to job losses since it is not a labour-intensive industry. According to an industry observer, a Rs 100 crore investment in cotton production will employ about 300 people, while the same amount in apparel manufacturing will give jobs to 70,000 people.

"We are looking at 'Make in India'. But this trend is clearly not making indigenous production possible. We grow cotton in India, but we are buying it at higher prices. Our exports are suffering, and fewer people are getting employed," said Thukral.

He claimed that in the past three years, the apparel export industry has gone down from $18 billion to $12.5 billion now.

Source: timesofindia.com– Aug 30, 2021

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Cotton ginners hope to reap profits as prices ruling high

India has exported around 75 lakh bales in the current season.

Cotton ginners across the country are hopeful of a better season in 2021-22 after a couple of lacklustre years. Maharashtra has around 700 ginning units, of which at least 550 units are currently active. Ahead of the cotton harvest season starting mid-September, raw cotton (kapas) prices are currently ruling high at over Rs 7,000 per quintal. Also, cottonseed prices are hovering around Rs 4,500- 5,000 per quintal.

The Centre has fixed an MSP for medium staple cotton at Rs 5,716 per quintal for the 2021-22 season, higher than the previous year's Rs 5,515. For the long-staple cotton, the MSP for 2021-22 has been fixed at Rs 6,025 per quintal, against Rs 5,825 in the previous year.

BS Rajpal, president, Maharashtra Cotton Ginners Association, and director of Manjit Cotton, said cotton prices have been increasing as consumption by mills is strong and there is good demand for yarn.

"Export of cotton is also strong. India has exported around 75 lakh bales in the current season. Moreover, there has been a decline in the area under cotton. All these factors have been pushing up prices. Ginners could not do much business because of CCI intervention. But the season ahead promises to be much better," he said.

Pradeep Jain, president, Khandesh Ginners/Press Association, shared the same sentiment. The season ahead looks good and we hope for better business, he said.

Kailash Garg, past president, Bhatinda Cotton Factory Association, said Punjab had produced 8.10 lakh bales last year, and in the current year, the cotton sowing has increased by 50,000 hectares. This could result in the production of 12 lakh bales in the coming season. Haryana has seen a decline in the area by 50,000 hectares and Rajasthan has also seen a reduction of 1 lakh hectares.

Source: financialexpress.com– Aug 28, 2021

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States' total fiscal deficit likely to be 4.1% for FY22: Ind-Ra

This would lead to states further easing restrictions on business and commercial activity," the agency said.

Thanks to improvement in revenue receipts, the aggregate fiscal deficit of states is expected to moderate to 4.1% of the gross domestic product for the current financial year, India Ratings (Ind-Ra) said on Friday. In February, the rating agency had forecast the deficit to be 4.3% for FY22. The states's aggregate fiscal deficit was estimated at 4.6% for FY21.

The impact of the second Covid wave on the economy notwithstanding, Ind-Ra estimates India's nominal GDP to grow 15.6% in FY22, higher than its February 10 forecast of 14.5%.

"The revenue receipts of state governments are expected to improve, backed by an economic recovery, resulting from a large section of the populace receiving vaccinations.

This would lead to states further easing restrictions on business and commercial activity," the agency said.

The aggregate revenue deficit of states is projected to come in marginally lower at 1.3% of GDP in FY22 than the earlier forecast of 1.5% of GDP, Ind-Ra said.

The rating agency's latest analysis is based on information of 14 states for Q1FY22 (Chhattisgarh, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttarakhand, Telangana and Uttar Pradesh).

The aggregate revenue receipts of these 14 states grew 30.8% to Rs 3.95 lakh crore during April-June FY22. Although the considerable improvement is due to a low base, revenue receipts grew 1.5% in Q1FY22 over the pre-Covid period of Q1FY20, Ind-Ra said.

The aggregate own tax and non-tax revenue receipt of these states grew 77% y-o-y and 46% y-o-y, respectively, in Q1FY22, which indicates these states' revenue collection was resilient to the disruptions from the second Covid wave, it said.

In line with the slight moderation likely in fiscal deficit, Ind-Ra has projected that the aggregate debt/GDP ratio of states to come in lower at 32.4% in FY22 (previous estimate: 34%).

During April-July 2021, states' aggregate market borrowing was lower at Rs 1.94 lakh crore compared with Rs 2.1 lakh crore in April-July 2020.

"This is primarily attributable to an improvement in states' aggregate revenue receipts during Q1FY22," the agency said. Ind-Ra has estimated that the gross market borrowings of states, in aggregate, will increase to Rs 8.2 lakh crore in FY22 (previous estimate: Rs 8.4 lakh crore).

Source: financialexpress.com– Aug 28, 2021

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Govt extends deadlines for various Income Tax compliances, GST relief

The CBDT also extended the due date for uploading of declarations received in Form 15G/15Hfor the June and September quarter till November 30 and December 31 respectively. The original due dates were July 15 and October 15 respectively.

The government on Sunday extended the deadline for various compliances under the income tax law and availing relief under the GST law to help taxpayers tide over difficulties in filing such forms.

While the income tax compliances, including filing of statement for equalisation levy and remittances, reporting by multinational enterprises etc, have been extended mainly due to difficulties in electronic filing on the new I-T portal, the deadline for GST amnesty scheme and also filing of GST return electronic verification code (EVC) have been extended until November 30 and October 31 respectively to assist taxpayers in the time of Covid-19 pandemic.

The deadline for filing the Equalisation Levy statement in Form-1 for the Financial Year 2020-21 has been extended till December 31, against the original due date of June 30, the income tax department said in a statement. The quarterly statement in Form 15CC to be furnished by dealers in respect of remittances made for June and September quarter, can now be filed by November 30 and December 31, respectively. The original due date for filing this statement was July 15 and October 15, respectively.

The Central Board of Direct Taxes (CBDT) said on consideration of difficulties reported by the taxpayers and other stakeholders in electronic filing of certain forms it has been decided to further extend the due dates for e-filing of these forms.

In a separate statement, the CBDT announced extending the deadline for making payments under the direct tax dispute resolution scheme Vivad Se Vishwas (VsV) by a month till September 30. However, taxpayers have the option to make payments till October 31, with an additional amount of interest.

Also, the due dates for electronic filing of forms related to intimation by pension funds and sovereign wealth funds too have been extended.

Intimation to be made by Pension Fund and sovereign wealth fund in respect of investment made in India for the June and September quarter, which is required to be furnished by July 31 and October 31, would now have to be furnished by November 30 and December 31 respectively.

The CBDT also extended the due date for uploading of declarations received in Form 15G/15Hfor the June and September quarter till November 30 and December 31 respectively. The original due dates were July 15 and October 15 respectively.

Nangia & Co LLP Partner Shailesh Kumar said considering the technical glitches in the new Income tax portal, taxpayers have been facing a lot of problems in meeting compliance timelines under various provisions, be it filing of Equalization Levy return, making application for registration of charitable trusts and other institutions for income tax exemption, quarterly statements by Authorized dealers in respect of foreign remittances, filing of necessary intimation by Sovereign wealth funds, CbCR reporting by multinational enterprises etc.

"Thus, the due dates for all such compliances have been extended by the Government. The extension has been made not only to address immediate filing requirements due within August/ September 2021, but also a medium term relief has been given to taxpayers for some compliances, which were due in the month of November/ December 2021," Kumar said. The extension will provide much-needed relief to taxpayers and will also save them from penal consequences for not being able to comply with the earlier timelines due to technical glitches in the IT portal, he added.

Technical glitches marred the functioning of the Infosys-developed income tax portal www.incometax.gov.in since its launch on June 7. The Finance Ministry had last week "summoned" Infosys CEO Salil Parekh to explain why issues continued to plague the portal developed by the software major.

Finance Minister Nirmala Sitharaman, in the meeting with Parekh on August 23, expressed "deep disappointment" over persisting glitches for more than two months after portal launch and gave him time till September 15 to resolve all issues.

Source: financialexpress.com– Aug 29, 2021

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Small Industry Day: Why it is observed, history, and how it differs from MSME Day; All you need to know

On May 9, 2007, the erstwhile Ministry of Small-Scale Industries and the Ministry of Agro and Rural Industries were merged to form the Ministry of MSME.

Ease of Doing Business for MSMEs: India observes National Small Industry Day on August 30, every year to commemorate the contribution of small-scale industry to the country's growth. The day is marked to promote and support enterprises in the small scale industry for growth and setting up new businesses to generate employment opportunities.

The government of India had reportedly introduced an extensive policy package for the small-scale industry on August 30, 2000, to support small businesses in the country and since then National Small Industry Day is observed every year dedicated to small enterprises. Small Scale Industry (SSI) registration is used interchangeably with micro, small, and medium enterprise (MSME) registration while the MSME Development Act 2006 provides for facilitating the promotion, development, and enhancing the competitiveness of MSMEs or SSIs.

On the other hand, the UN General Assembly has declared June 27 as the MSME Day to enhance public awareness of MSMEs' contribution to sustainable development and the global economy. The day is celebrated since 2017 following a resolution passed in the Assembly during the year. According to a UN blog, formal and informal MSMEs make up over 90 per cent of all firms and account, on average, for 70 per cent of total employment and 50 per cent of GDP worldwide.

On May 9, 2007, the erstwhile Ministry of Small-Scale Industries and the Ministry of Agro and Rural Industries were merged to form the Ministry of MSME. According to the information shared by MSME Minister Narayan Rane in Rajya Sabha earlier this month citing data from Central Statistics Office, Ministry of Statistics & PI, MSMEs' share in India's GDP stood at 30 per cent in FY20.

This was down from 30.5 per cent in FY19. Moreover, MSME manufacturing share in manufacturing gross value output in FY20 was 36.9 per cent while share in exports stood at 49.8 per cent.

The sector employs 11.10 crore people as per the 73rd Round of NSS Report on unincorporated non-agricultural enterprises during the period July 2015 to June 2016. Under the Prime Minister's Employment Generation Programme (PMEGP), the estimated employment generated in micro enterprises during FY21 was 5.95 lakh.

Former MSME Minister Nitin Gadkari, at a CII event in December last year, had envisioned 40 per cent GDP contribution from MSMEs in five years along with up to 60 per cent share in exports and additional 5 crore jobs.

Source: financialexpress.com– Aug 30, 2021

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Plans being chalked out to set up textile parks across State: Bommai

Chief Minister says one will be set up in Haveri district too

Chief Minister Basavaraj Bommai has said that the State government was chalking out plans to set up mega textile parks in various parts of the State, including Haveri district.

Addressing a press conference in Haveri on Saturday, Mr. Bommai said that already plans were afoot for setting up a park in Shiggaon. Efforts will also be made to promote textile industries in Byadgi, Hirekerur, and Ranebennur, he said.

He said that already steps were being taken for establishing an industrial township, spread over 1,000 acres, on the outskirts of Haveri city and very soon the project would be initiated.

Under the 'one district, one product' project, chilli and mango cultivation and related industries would be promoted in the district and NABARD would also be extending necessary assistance in this regard, he said.

The Chief Minister said that of the total targeted supply of 1 crore doses of vaccine for Karnataka, 84 lakh doses had already been supplied. "The plan is administer 5 lakh vaccine doses daily. Through systematic efforts in September, October, and November we plan to administer the first dose to all the eligible persons in the State and give second dose to 60 to 70% of them. For the purpose special vaccination drives and sensitisation programmes will be held particularly in slums in urban areas," he said.

Referring to announcements he made soon after assuming office, he said Karnataka was the only State that was giving scholarships to farmers' children.

"The focus is on improving the farmers' lives by doubling their farm income. Already during my Delhi visit, I had discussion with senior officer Ashok Dalwai, who is in charge of implementing the project on doubling farmers' income. Steps will be taken to start the process at the earliest," he said.

The Chief Minister also said that a digitisation programme would also be taken up extensively as it would bring about a significant change in the government's functioning and help the common public a great deal.

Mr. Bommai listed out various development projects he inaugurated and initiated in Haveri district on Saturday and said that an era of development had begun in the district.

He said the works under the Upper Tunga Project (UTP) would be completed in a year. "The work on government medical college has begun and the authorities have been directed to ensure completion of the administrative block and the teaching block within the stipulated 18 months. The mega dairy for Haveri will also be completed in 18 months ", he said.

To a query, he said that the interests of the Kannada speaking people in the border areas would protected.

To another query on Kannadigas stuck in Afghanistan, the Chief Minister said already several of them had been safely evacuated and brought back. He said nodal officer Umesh Kumar Yadav was in touch with the Union government and if there was anyone from Karnataka still stuck in Afghanistan and facing problems, steps would be taken to bring them back with the assistance of the Centre.

Regarding establishing district central cooperative banks in Haveri, the Chief Minister said that there was similar demand in five-six districts and the issue had already been raised with authorities concerned. "But since it is a matter of policy decision, it will take some time," he added.

Source: thehindu.com– Aug 28, 2021

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Grasim Industries to invest Rs 2,600 crore in capex in FY22

Aditya Birla group firm Grasim has earmarked over Rs 2,600 crore as capital expenditure (capex) for financial year 2022 in the Viscose Staple Fibre (VSF) business. This will in addition to company's earlier announcement that it will invest of Rs 5,000 crore in its paint business over three years.

"We are currently in the process of carefully identifying plant sites that are close to consumption hubs for the paint business," Aditya Birla group chairman Kumar Mangalam Birla said while addressing the company's shareholders.

Like other top conglomerates, the group is also investing in renewable energy businesses. "Our solar power business contains a portfolio of solar assets across the states with the cumulative installed capacity at 502 Mw in FY21. We have tripled our capacity in the past two years, aided by the Group's focus on increasing the share of the renewable power mix in each of our large ABG businesses," Birla said. The cumulative installed capacity is expected to rise to 845 Mw by FY23 based on the current pipeline, Birla said.

On its VSF business, Birla said trial production has started at the new brownfield vilayat project and with this Vilayat will become one of the largest single-location VSF facilities in the world with state-of-the-art technology delivering world-class fibre to Indian spinners.

"This expansion will increase Grasim's VSF capacity by about 40 per cent, which will cater to the growing demand for sustainable man made cellulosic fibres in the country," Birla said.

The Vilayat expansion project entailed an investment of over Rs 3,500 crore and the capacity utilisation of the business recouped from single digit utilisation levels to full utilization levels towards the end of the year, Birla said.

"In the long term, the endeavour will be to enhance our value added products portfolio to create a meaningful speciality chemicals segment in Grasim. Our aim is to increase the share to 40 per cent for both VSF and chlorine value-added products by 2025," he said.

Earlier Birla had also announced a capex of up to $3 billion in the next five years by Hindalco to increase its capacity in India and overseas.

Part of the capex will be deployed by Hindalco subsidiary, Novelis Inc for its auto-finishing lines in the US and China as well as for rolling and recycling capacity expansion in Brazil.

Source: business-standard.com– Aug 28, 2021

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How this textiles industry B2B platform seamlessly stitched together demand and supply to grow 3x in the pandemic

The Indian textile tradition is one of the oldest in the world. Beautiful fabrics from the region are popular worldwide, providing a uniqueness to India's culture and heritage. However, the reality behind the industry is not so smooth as the market suffers from a highly unorganised and fragmented way of working. In addition, the presence of several middlemen in the value chain also makes it difficult for a buyer to get a fair price.

However, change is on the horizon. There are now numerous business-to-business (B2B) platforms in the country - IndiaMart, Yarn Bazaar, Fashioniza, and more, are digitising and streamlining this industry.

Adding another name to this list is Delhi-based Sowtex Network, a B2B sourcing platform for textile buyers and sellers, founded by Sonil Jain, who SMBStory spoke to this week.

Sowtex offers 46 categories of items on its platform including fabrics, motifs, laces, badges, apparel machines, testing equipment, neck patches, buttons, threads, interlinings, yarns, zippers, and much more.

Even though the company is yet to report a breakthrough in terms of revenue numbers, it claims to have facilitated business worth Rs 20 crore since its inception in 2017.

Digitising the textiles industry

After working as a banker in Australia, Sonil Jain returned to India in the year 2000, and joined his family business of textiles soon after. Working in the family business as well as launching his own fashion label in 2006 gave Sonil enough exposure into the workings of the industry. One challenge that he constantly faced was finding or discovering the right sources for raw materials as well as other products needed in this industry.

"This gap was constant and at one point, I felt that it could never be fulfilled," recalls Sonil. This thought turned out to be a turning point in Sonil's journey as he realised that he needs to take the reins.

In 2017, Sonil launched Sowtex as an online platform where buyers and sellers belonging to fashion and textile industries could gather together and engage according to their requirements.

Sonil claims the first 1000 merchants came on the platform within the first six months of the launch of the business.

Source: Pixabay

Sowtex's growth story

Until a few years ago, and probably even now, it is largely unfathomable that two people can join hands to start a business without meeting each other even once.

But, thanks to digitisation, this is increasingly becoming a reality.

Sonil, however, admits that the initial years were not easy, and one of the main challenges initially was convincing people to get on board the platform.

"I would often tell people that if Amazon can sell so many things online then why can't the B2B community go online?"

But, what worked enormously for Sowtex is maintaining visibility and transparency. "We constantly engage with the users to understand their set of requirements," he says, adding, "We give out detailed information regarding pricing, delivery time and more to the buyer." When a deal closes, Sowtex makes it a point to circle back to the buyer to understand if his requirements are fulfilled. This feedback also gives an understanding of the seriousness of the seller, and helps in verifying him for future closures.

Apart from providing ready stock, another key element in Sowtex's business model is stock liquidation. "The biggest challenge for a manufacturer is dealing with the stock it ends up accumulating at the end of a particular season. Since they have limited resources, it makes it difficult for them to find buyers within their immediate reach."

To solve this, Sowtex has built a stock library especially for this purpose, and such that it helps manufacturers upload and list their stocks. The buyers can use filters according to design, colour, etc, and buy these stocks as per their requirements. This platform transcends geographies, clusters and other barriers, and is a win-win for both entities, says Sonil.

The intention behind starting Sowtex was to bring the industry closer and eliminate the role of middlemen, which it has largely accomplished. The seller gets a good price for his produce whereas the buyer can get a price which is 5 to 25 percent cheaper, Sonil claims.

Revenue model

Sowtex's revenue model is multi-layered, and it works on an annual subscription basis. "We invite users to join the platform on a trial basis, and offer a host of services. Once the services start getting converted into sizable closures or deals, we encourage them to become an active user," Sonil explains.

The company also charges a transaction fee between 2 - 5 percent from the supplier for every closure that takes place. Sowtex also has money coming in from organising tailored webinars and training programmes for the textile and fashion community.

Sowtex deals with the international supplier community as well, with suppliers from Bangladesh, Sri Lanka, Indonesia, Korea, and more also on the platform. Recently, it also joined hands with US-based Tukatech to provide 3D technology- based solutions. Additionally, it also launched a virtual Sowtex Design Lab which will provide ready-made fabric designs along with other details.

Sowtex recently joined hands with US-based Tukatech to provide 3D technology- based solutions.

The way ahead
It is a well-known fact that COVID-19 has accelerated the pace of digitisation in this country, and has also given this industry a chance to revive, survive and thrive using digital tools.

Sonil reaffirms this by saying that the pandemic has only helped enormously in boosting the business. From 5000 users before the pandemic, Sowtex today has a reach of more than 14,500 active users (in total since its inception), which it plans to scale up to 1 lakh active users in the next 12-18 months.

In terms of category expansion, Sonil feels the company is serving its customers well with the current 46 product lines. “Should the need arise, we will ensure to introduce more product listings,” he adds.

In the future, Sowtex is focused on creating more digital opportunities to help the community connect better. He concludes by saying, “We want to create an ecosystem where people do not have to move around looking for supplier or buyer connections. Everything should be available at one place.”

Source: yourstory.com– Aug 26, 2021

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Third gen of Banswara Syntex, this pair of brothers is cashing in on D2C wave with The Pant Project

Brothers Dhruv and Udit Toshniwal started The Pant Project at a time when most people (largely their target customers) had become comfortable working from home in their Zoom waist-up dressing.

They launched their D2C custom pant brand in October of 2020 when the world preferred to hang out pant-free. Over a call from Mumbai, the two of them laugh at this observation and take the point well, saying, “but we also have shorts, joggers, and other leisurewear”.

Udit, who is the creative brain of the duo, says now that offices are starting to open and people are indulging in revenge travel, they have custom-made cargo pants (which means you can add as many pockets as possible), chinos, and all-day comfort formal pants.

“Body shapes have changed and finding the right fit is important,” says 28-year-old Udit.

Solving for perfect fit online

With their D2C custom-made, e-tailor platform, the brothers are bringing the convenience of a tailored fit pair of pants with a simple swipe on your phone.

“We did an intensive customer research regarding size, shape, and preference of the Indian male for pants. We came up with three styles: slim fit, tapered, and relaxed,” says 30-year-old Dhruv, the older of the two, who handles all the business processes, including finance and ops. While most international brands focus on styles for the young, the brothers say their style of pants is suited for all age groups.

“Our specs are best suited for the Indian man based on our consumer research. Our fabrics have stretch in them and that gets all our pants to be comfortable,” says Dhruv.

Once the customer decides on the style, they are asked for specific measurements. There’s a help section on how to measure oneself that includes ways like measuring an existing pair of pants, preference of well-known brands and size, and measuring waist size. “These are all easy options for the customers so that we get the right fit for them,” says Dhruv.

Family business legacy

The biggest USP for The Pant Project, however, is the quality of fine fabrics they use. The young Toshniwals are riding on 46-years of expertise in textiles and garments of Banswara Syntex, a vertically integrated manufacturer of yarn, fabric, and garments, which their grandfather RL Toshniwal set up in 1976 as a small spinning mill in the bamboo forest town of Banswara in Rajasthan.

The third generation of the public-listed family business worth over $200 million, Dhruv and Udit have armed themselves with not only the processes of running a business but manufacturing knowledge of textiles and have their pulse on the global fashion market.

The company makes polyester viscose yarns, cotton yarns, woolen yarns, blended yarns, knits, and linen. It is also known for its stretch technology fabrics.

In a 2019 PwC family business survey, 54 percent of the 106 family business leaders surveyed in India said that the need to innovate is their biggest challenge.

And though Banswara Syntex works with top global brands like Uniqlo, Marks & Spencer, Levi Strauss & Co, Ralph Lauren, GAP, and Hugo Boss with industry 4.0 standards, the young Toshniwals are on a mission to infuse a new and younger culture into the business.

At present, The Pant Project is a separate entity started with the duo's savings and seed capital from their father. According to Dhruv, having a fresh entrepreneurial mindset within the organisation often is a challenge, but his family has been supportive of their endeavour.

“We first joined the family business and then came up with the idea of setting up a direct to consumer because that is the future,” says Udit.

Dhruv graduated from Wharton in 2013 and worked in financial services in New York and Latin America. “I saw the D2C revolution in the US with companies like Bonobos, Trunk Club, and Stitch Fix, which were the inspiration for me when I moved back to India in 2017 and joined the family business," he says.

Udit went to art school at the School of the Art Institute of Chicago and says he switched from furniture design to fashion after having been exposed to a few meetings that his father made him join while in the US.

The perfect pair

"We found a product-market fit very early in the journey and are overwhelmed with the response," they say.

In the last nine months, The Pant Project has served over 6000 clients and delivered 10,000 pants. They say the high number of repeat customers, over 25-30 percent, has encouraged them, as they found that these repeat customers were spending over Rs 10,000 of average order value.
In April this year, they signed cricketer Rishabh Pant as their brand ambassador and hope that this celebrity endorsement will speed up their customer acquisition.

Shipping and logistics infrastructure has been a challenge, admits Dhruv, because of COVID restrictions. A delivery takes anytime between seven days and 10 days because the garment is stitched only once the order is placed, and the fact that the delivery is made straight from their factory in Daman to the customer's doorstep.

Considering they handle their own manufacturing processes, instead of outsourcing the fabrics, they are able to provide tailor-made international quality products at competitive pricing with off-the-rack international brands.

As Dhruv says, "This was a good opportunity to build something of our own. There has not been a better time than now for entrepreneurship in India. Seeing the rise in ecommerce trends and better digital infrastructure, using the family business to launch this seemed like the logical thing to do. It was a no-brainer and had to be done."

Source: yourstory.com– Aug 27, 2021

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