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SAYING NO TO CHILD LABOUR

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INTERNATIONAL NEWS

US Exports Jumped By $212 Billion But China Trade Deficit Grew To $187 Billion

Exports from the United States jumped by 1.3% to $212.6 billion in July, according to new data from the United States Commerce Department. However, the trade deficit with China remained large and in fact grew by several billion dollars.

The new Commerce Department data indicates that U.S. exporters may be benefiting from a rival of global demand for goods. Thanks to this boost, the trade deficit fell 4.3% in July after surging to the record $73.2 billion that it reached in June. In July, U.S. exports jumped 1.3% to $212.6 billion, but imports slid slightly by 0.2% to $282.9 billion.

A trade deficit is the gap between what a country exports to the rest of the world and the imports it purchases from other countries. For decades now, the U.S. has run a trade deficit with China and it continued to widen in July. The goods deficit with China rose 2.9% in July from June to $28.6 billion and totals $187.2 billion through the first seven months of this year, up 15% from the same period a year ago, according to ABC News.

Trade with China, while critical for many U.S.-based importers and exporters alike, is a politically contentious matter. Since its U.S.-backed entry into the World Trade Organization (WTO) in Dec. 2001, it has been blamed for over 3 million U..S. jobs losses across the manufacturing and technology sectors.

Former President Donald Trump ran on a platform that featured sharp critiques of the U.S.-China trade relationship in 2016. Under Trump, the U.S. launched a barrage of tariffs against Chinese goods in a bid to encourage Beijing to reform what Washington considers unfair trade practices.

China retaliated by hitting U.S. goods with tariffs of its own and taking action within the WTO. Last September, the WTO ruled that up to $200 billion in tariffs by the Trump administration against China were illegal under the organization's rules. Trump responded by threatening to exit the WTO.

The Biden administration has eased somewhat the policies of its predecessor by promising to review the China tariffs while also easing the confrontational approach to the WTO.

However, companies are expressing frustration that the new administration has not made any significant moves on trade policy. The slow pace of action from the White House has prompted some to complain that Biden has not done enough to distinguish his approach on trade with China from Trump's.

Source: ibtimes.com– Sep 02, 2021

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Troubles in Vietnam Weigh Down Its Imports to U.S.

While a surge in Covid cases leading to factory closures in Vietnam, and capacity problems in Cambodia disrupted normal sourcing patterns in July, U.S. apparel imports still increased 14.9 percent year over year to 2.51 billion square meter equivalents (SME), according to data released Thursday by the Commerce Department's Office of Textiles & Apparel (OTEXA).

While imports from No. 2 supplier Vietnam were up 22.74 percent to 2.6 billion SME for the first seven months of the year, shipments from the country were down 8 percent to 359.72 million SME in July compared to a year earlier, according to OTEXA. Imports from Cambodia fell 29 percent to 85.61 million SME in the month compared to July 2020, but still rose 11.41 percent to 645 million SME year to date.

Earlier this month, the Vietnam Textile and Apparel Association reported that skyrocketing Covid cases had forced about one third of the country's footwear and apparel factories to suspend operations, troubling brands from The Buckle and Puma to Under Armour and Crocs.

Sofia Nazalya, Asia analyst at risk analysis firm Verisk Maplecroft, told Sourcing Journal earlier this month that Vietnam's government is unlikely to allow factories to operate even with stricter health and safety guidelines in place, as manufacturers in countries like Bangladesh have been allowed to do.

As for Cambodia, it is set to see an influx of more than 9,500 apparel jobs, as the country's development council has approved eight new projects with garment producers worth $71.4 million, according to the Council for the Development of Cambodia. While 100 factories closed due to Covid-related factors last year, 221 facilities opened, amounting to 1,853 apparel manufacturing factories at year's end. In addition to the impacts of the virus, Cambodia was also affected by flooding in October that put the work of more than 80 of its garment factories on hold.

The European Union, citing human rights concerns, removed the country from the "Everything But Arms" trade arrangement guaranteeing preferential treatment from members in August.

Indonesia followed a similar pattern, with July shipments down 7.9 percent to 64 million SME, while imports from the country for the year so far rose 10.17 percent to 601 million SME.

The rest of the Top 10 countries and key production hubs fared well in July, based on OTEXA data. Back on top after a turbulent couple of years, imports from China increased 21.6 percent to 1.04 billion SME in July compared to a year earlier and were up 40.06 percent to 5.48 billion SME year to date.

Shipments from Bangladesh were up 35.1 percent for the month to 197.45 million SME compared to July 2020 and have increased 36.86 percent to 1.42 billion SME year to date. India's growth as an apparel supplier for U.S. retailers and brands continued its momentum, rising 34 percent to 79.92 million SME for the month and 47.2 percent to 729 million SME for the year to date, while imports from Pakistan jumped 49.3 percent to 73.85 million SME in the month and were up 50.02 percent to 505 million SME year to date.

As nearshoring gains strength as a sourcing strategy, Western Hemisphere producing nations have also gained ground. Among top producing countries from the region, imports from Nicaragua increased 48.6 percent year over year in July to 54.37 million SME, Honduras shipments grew 17.4 percent to 75.69 million SME in the period, imports from Mexico rose 14.9 percent to 77.3 million SME and shipments from El Salvador were up 19.6 percent to 57.4 million SME.

Also on Thursday, the U.S. Census Bureau and Bureau of Economic Analysis reported that the goods and services deficit declined to $70.1 billion in July, down $3.2 billion from $73.2 billion in June.

The July decrease in the trade deficit reflected a decline in the goods deficit of $5.5 billion to $87.7 billion and a drop in the services surplus of $2.4 billion to $17.7 billion.

Source: sourcingjournal.com– Sep 02, 2021

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Australia's economy slowed in Q2 before lockdown downturn

Australia's gross domestic product (GDP) rose by 0.7 per cent in the June quarter this year—a step down from 1.9 per cent in the March quarter, according to data from the Australian Bureau of Statistics. The figure was higher than forecasts of 0.5 per cent growth. Annual growth was the fastest in modern history at 9.6 per cent, but only because the pandemic caused a severe contraction in the June quarter last year.

Australia's economy was already slowing in the June quarter this year before widespread COVID-19-induced lockdowns forced everything into a reverse mode.

Strict stay-at-home rules in Sydney, Melbourne and Canberra are set to see the economy shrink by 2-3 per cent or more in the current quarter, according to a global newswire.

The Reserve Bank of Australia (RBA) has been counting on a rapid recovery once the restrictions ease, though the spread of the Delta variant has made its latest forecasts for growth look optimistic.

The central bank is now under pressure to delay a tapering of its bond buying programme planned for this month, and is not expected to raise interest rates from record lows of 0.1 per cent until at least 2023.

On the positive side, nominal GDP reached a record A$2.07 trillion ($1.51 trillion) for the year, making it the world's 11th largest economy. Output stood at A$80,432 for every one of Australia's 25.6 million residents.

That outperformance owed much to super-high prices for many of the country's resource exports, which boosted its terms of trade by a massive 7 per cent in the quarter and 24 per cent for the year.

Source: fibre2fashion.com– Sep 03, 2021

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July 2021 retail turnover in Germany down 5.1% over June figure

The real (price-adjusted) turnover of retail enterprises in Germany was 5.1 per cent lower in July this year than in June on a calendar and seasonally adjusted basis, according to provisional results from the Federal Statistical Office (Destatis). Due to significant price rises, the nominal decline (not price-adjusted) was only 4.5 per cent.

While comparing the month-on-month figures, it is important to note that June 2021 was a high-sales month (calendar and seasonally adjusted, in real terms: plus 4.5 per cent in May 2021) because of the then declining COVID-19 cases across Germany and the lifting of the 'federal emergency brake', Destatis said in a press note.

Source: fibre2fashion.com– Sep 03, 2021

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Vietnam: Online trade promotion - Leverage to boost connectivity, improve brands

Online trade promotion is currently considered as an effective solution for businesses to maintain contacts with their export markets and also a tool to learn about market trends, developments and demand.

The outbreak of COVID-19 in many countries has forced Vietnam's import and export markets to take strong measures to contain the spread of the pandemic. This has hindered the organisation of traditional trade promotion activities of enterprises.

Therefore, a change in the work is a must to create a leverage for industries and businesses to connect with and build brands in their export markets to overcome the pandemic.

In fact, a shift from offline fairs to online promotion has helped increase export turnover and exploit new markets in the new situation.

According to the Ministry of Industry and Trade, Vietnam's total trade turnover in July is estimated at 55.7 billion USD, a month-on-month rise of 1.5 percent.

Demand for imports remains high, as countries are speeding up vaccination against COVID-19 and reopening their doors, thus helping raise the demand for textiles, footwear, furniture and electronics from Vietnam.

In addition, free trade agreements are being implemented in a more comprehensive and effective manner, and expected to continue promoting Vietnam's exports.

Therefore, online trade connectivity is a golden key for the goods of Vietnamese enterprises to reach out to the world.

General Director of the Hanoi Trading Corporation Vu Thanh Son said, with the cost equal to one tenth of that of face-to-face contact, online connectivity is currently a solution for businesses to maintain contacts with their export markets, as well as a tool to learn about market trends, developments and needs.

Moreover, enterprises can do marketing globally, access information and conduct transactions with customers around the clock.

However, experts advised enterprises not to rely only on state promotion programmes, but actively trade and connect online with partners around the world through the use of e-commerce platforms or social networks.

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

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SME stimulus percentage in Bangladesh lower than regional peers: study

The percentage of Dhaka's allocation for helping small and medium enterprises (SMEs) in the total COVID-19 stimulus funds is less compared to that set aside for the same in regional peers, says a recent study. While India allocated 38 per cent of such funds for SMEs, Thailand 33 per cent and Malaysia 24 per cent, Bangladesh's allocation was just 22 per cent.

The findings of the study, titled 'The Future of SMEs after the Coronavirus Crisis: Challenges and Opportunities', were released at a webinar, jointly organised by the SME Foundation and Friedrich-Ebert-Stiftung, Bangladesh.

Considering the situation, participants suggested that the government should increase the incentives for SMEs and pay special attention to the sector, according to Bangla media reports.

"The revenue of the local SME sector has fallen by 66 per cent due to the ongoing coronavirus crisis as 76 per cent of their products remain unsold," said Atiur Rahman, former governor of Bangladesh Bank.

Besides, 42 per cent of those employed by SMEs are receiving partial payments while 4 per cent have not been paid at all, he added.

Therefore, the former central bank governor suggested that at least Tk 20,000 crore more should be allocated to help SMEs recover from the COVID-19 fallout.

Participants also suggested implementation of the SME Policy 2019, cluster-based SME development, credit disbursement process verification initiatives, creation of digital dashboards, development of bank-customer relations, and giving priority to export-oriented SMEs, women-entrepreneurs and eco-friendly SME institutions.

Source: fibre2fashion.com– Sep 03, 2021

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Bangladesh: Export earnings see 14% growth in August

Bangladesh's export earnings made a strong comeback with a little over 14% growth year-on-year in August this year following a more than 11% slump a month ago.

The country raked in $3.38 billion, riding on apparel shipments, especially knitwear products. However, the export receipts are still 8.84% short of the monthly target of $3.71 billion, according to data from the Export Promotion Bureau (EPB).

In July and August combined, the earnings declined by 0.31% year-on-year, which was $6.87 billion in the same period last year and it remained 7.84% below the export target of $7.44 billion for the period, said the EPB.

The readymade garment sector recorded an 11.56% growth year-on-year last month with exports worth $2.75 billion, up from $2.46 billion last year. But the apparel sector's shipment slightly decreased by 1.27% year-on-year to $5.64 billion in July and August in 2021.

Except for jute and jute goods, all major sectors such as agriculture products, leather and leather products, home textiles, frozen and live fish, engineering products, pharmaceuticals, specialised textiles, plastic products have registered positive growth.

Mohiuddin Rubel, director at the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the growth in August was the result of shipments that had piled up due to factory closure on the occasion of Eid-ul-Adha in July.

Exports usually decline in the month of Eid and shipments are often pushed back to the next month. So, the July growth was negative 11.02%, and August made it up, he said.

"We are 6.16% behind the official target set for July and August," said Mohiuddin.

On the back of high yarn prices, knitwear items continue to do better with 17.19% growth, while woven garments saw 4.48% rise in exports in August, he added.

Dr Ahsan H Mansur, executive director at the Policy Research Institute of Bangladesh, said it is good news that almost all major sectors have experienced a good growth in August. This positive trend should continue.

"The overall growth of two months is negative because there was a different picture in July [for factory closure]. We should not take the month's negative growth into calculation," he also said.

The economist also hoped that export earners will perform better in the coming days as western countries have strongly recovered.

Apparel exporters should focus more on maintaining compliance, setting up green factories and producing recycled products. In the coming days, brands will source more such products, he added.

Ahsan H Mansur said, "We have to diversify our export basket. We need to develop at least 5-6 sectors that will earn at least $5 billion each to reduce dependency on the RMG sector. We have a few sectors that have crossed the $1 billion mark in the last fiscal year.

BGMEA vice-president Shahidullah Azim said some backlogged stocks have been shipped in August as the country was under lockdown and Eid vacations in July.

He also mentioned that apparel shipments will increase next month as they have received at least 20% higher orders.

Bangladesh Tanners Association President Md Shaheen Ahmed said, "The leather sector did better in August as the European markets are making a good recovery."

Source: tbsnews.net– Sep 02, 2021

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NATIONAL NEWS

INDIA'S MERCHANDISE TRADE: Preliminary Data August 2021

India's merchandise imports in August 2021 was USD 47.01 billion, an increase of 51.47% over USD 31.03 billion in August 2020 and an increase of 17.95% over USD 39.85 billion in August 2019.

India's merchandise imports in April-August 2021 was USD 219.54 billion, an increase of 81.75% over USD 120.79 billion in April-August 2020 and a marginal increase of 4.35% over USD 210.39 billion in April-August 2019.

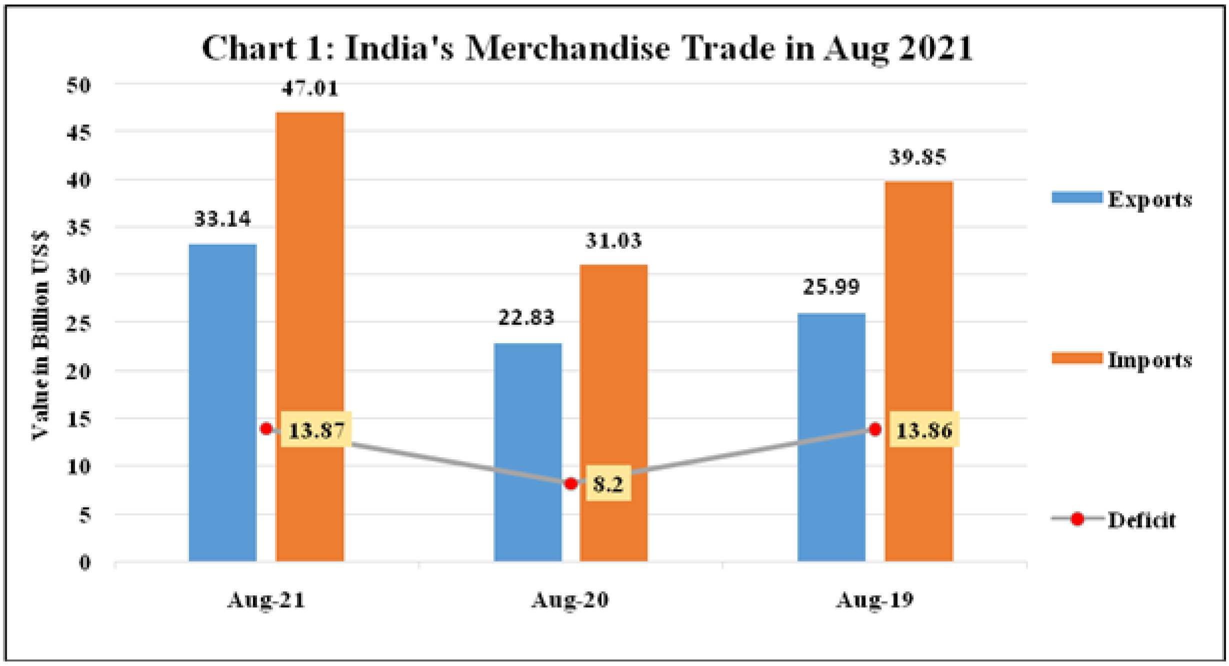
The trade deficit in August 2021 was USD 13.87 billion in compared to the trade deficit of USD 8.2 billion in August 2020, while it is USD 55.9 billion during April-August 2021 as compared to USD 22.7 billion during the same period of the previous year.

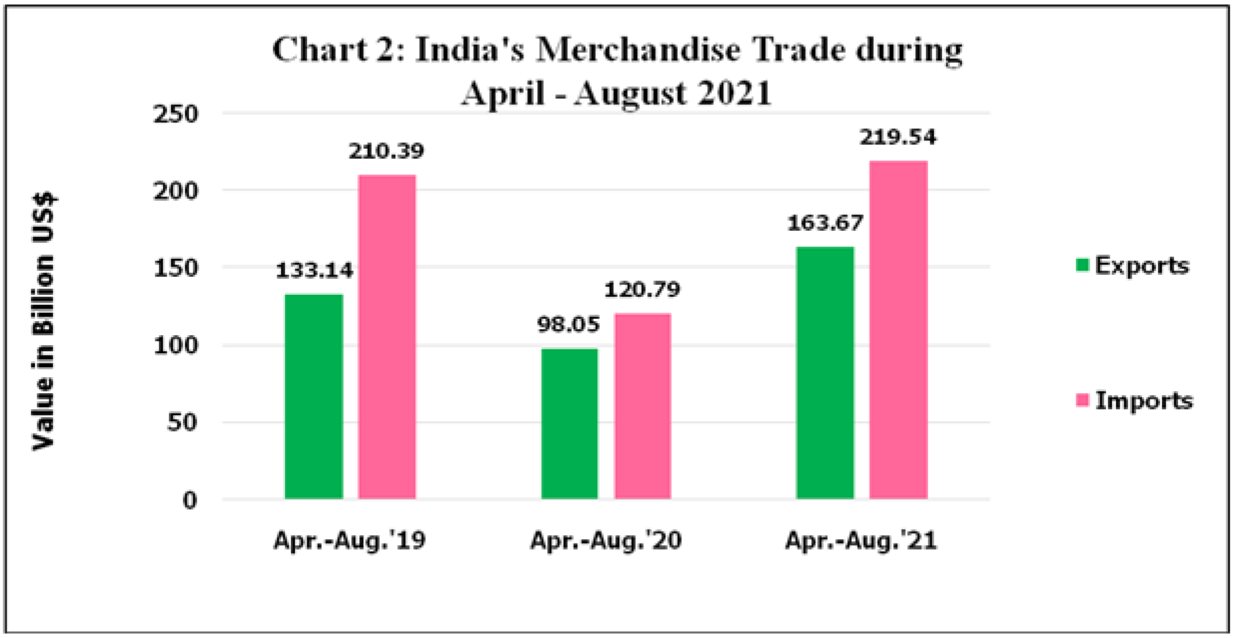
Statement 1: India's Merchandise Trade in August 2021

	Value in Billion USD			**% Growth**	
	Aug-21	Aug-20	Aug-19	Aug-21 over Aug-20	Aug-21 over Aug-19
Exports	33.14	22.83	25.99	45.17	27.50
Imports	47.01	31.03	39.85	51.47	17.95
Deficit	13.87	8.20	13.86	69.15	0.07

Statement 2: India's Merchandise Trade in Apr-Aug 2021

	Value in Billion USD			**% Growth**	
	Apr-Aug21	Apr-Aug20	Apr-Aug19	Apr-Aug 21 over Apr-Aug 20	Apr-Aug 21 over Apr-Aug 19
Exports	163.67	98.05	133.14	66.92	22.93
Imports	219.54	120.79	210.39	81.75	4.35
Deficit	55.87	22.74	77.25	145.69	(-) 27.67





Value of non-petroleum exports in August 2021 was 28.58USD billion, registering a positive growth of 36.57% over non-petroleum exports of USD 20.93 billion in August 2020 and a positive growth of 25.44% over non-petroleum exports of USD 22.78 billion in August 2019.

Click here for more details

Source: pib.gov.in– Sep 02, 2021

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Exports rise 45% in August to $33.14 billion

Imports increase 51.47% to $47 billion; annual export target of $400 billion within reach, says Commerce Secretary

The country's exports continued to rise in August posting a 45.17 per cent growth year-on-year (Y-o-Y) at $33.14 billion with impressive performance across sectors such as engineering goods, petroleum products, gems & jewellery, chemicals, pharmaceuticals and textiles, according to the Commerce & Industry Ministry's provisional data.

Exports in April-August 2021 rose 66.92 per cent to $163.67 billion compared to exports in the comparable period last year, as per the numbers released on Thursday. However, exports in August 2021 were about 5.77 per cent lower than the exports in July 2021, valued at $35.17 billion.

"We are confident that we can reach the export target of $400 billion set for this fiscal," Commerce Secretary BVR Subrahmanyam said at a press briefing. This will be a significant improvement over not only last year's export performance of $292 billion but also the all time high exports of 2018-19 valued at $330 billion.

Imports surge

Imports in August 2021 increased 51.47 per cent to $47.01 billion. In the April-August 202l period, imports rose 81.75 per cent to $219.54 billion. Trade deficit in August 2021 was at $13.87 billion, compared to $8.2 billion in the same period last year.

Imports of petroleum, gold, vegetable oil, pearls, precious and semi-precious stones, machinery, iron and steel and coke posted sharp increases in August 2021 compared to August 2020.

"Imports clocking $47.01 billion with a growth of 51 per cent during the month should be analysed," said Federation of Indian Export Organisations President, A Sakthivel.

The Commerce Ministry has already put in place an import monitoring system to track the items where imports are surging so that it could jointly discuss ways to curb such surges with line Ministries and Departments.

It was encouraging that export growth had taken place across sectors that were labour-intensive such as garments, engineering goods, handloom products and gems and jewellery as it would further help in job creation in the country, Sakthivel said.

Value of non-petroleum exports in August 2021 stood at $28.58 billion, registering a growth of 36.57 per cent over August 2020. Non-petroleum imports were valued at $35.37 billion in August 2021 with a growth of 43.88 per cent over non-petroleum imports in August 2020.

Source: thehindubusinessline.com– Sep 02, 2021

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'Middle States' key to pushing exports

Incentives to boosting exports in the 11-20th ranking States, with a product focus, is doable

India's merchandise exports in the last five years (FY17-21) have grown at an average annualised growth of 2.4 per cent, and at a similar business-as-usual scenario they are expected to touch $320 billion in FY22. The government, however, expects exports to touch $400 billion in FY22.

To achieve it, India needs to grow at 27 per cent year-on-year in FY22. In FY20, the High-Level Advisory Group had announced an ambitious goods export target of $618 billion by FY26. To achieve it, exports have to grow at a compounded annual growth rate of 16.3 per cent during the period beginning FY21, after considering the dip due to the pandemic.

State diversification

Though this export target may look high, it is easily doable if supported by the 'middle-10' exporting States — these are those whose exports hover around the eleventh and twentieth rank in India's overall exports.

Though over the years there has been a lot of talk about export diversification of both products and markets from India, little thought has been given to the same from the States' end. Upon dissecting export numbers of the States, it is observed that they have largely remain concentrated among the top ten in the country.

There is no denying the fact that the State needs to play a pivotal role, but given that the targets are being set for the country, it is crucial for the Central Government to support those States which are being left behind, by making them amenable to exports.

As in FY21, 84 per cent of India's exports happens from the top 10 States, while the first five contributes 64 per cent alone. India's foreign trade needs an all-inclusive growth in exports. A handful of States accounting for a large share of total exports does not augur well for the development of India's export capabilities.

Export competitiveness *(in %)*

Fiscal	Share in India's exports (FY21)	Product Export Concentration (FY21)
Gujarat	21.70	71
Maharashtra	20.90	74
Tamil Nadu	9.40	71
Andhra Pradesh	6.00	74
Uttar Pradesh	5.90	65
Karnataka	5.40	74
Haryana	4.20	77
Odisha	3.70	98
West Bengal	3.20	66
Telangana	3.10	83
Delhi	2.70	76
Rajasthan	2.40	60
Madhya Pradesh	2.30	78
Punjab	1.90	75
Kerala	1.40	90
Chhattisgarh	0.80	98
Goa	0.80	92
Uttarakhand	0.80	97
Himachal Pradesh	0.60	88
Jharkhand	0.60	91

Source: MOCI; Author's calculation

An important aspect that comes to light upon analysing the products that are being exported from the various States, is that the top five exporting States exhibits an average product export concentration (PEC) of 71 per cent, while for the top ten it is 75 per cent. Analysis shows that the average PEC amongst the 'middle-10' stands at 85 per cent, that is, almost 10 per cent more than the top ten exporting States.

PEC is found to be a critical element of the tenacity of a State to undertake exports. If the PEC is high in some of the States, it exhibits their inability to move up the export market given their concentration of exports to a handful of them. Here, PEC is calculated for top ten exported products from each State.

Improving the export competitiveness of States can also lessen regional disparities through export-led growth and resultant improvement in standard of living. In fact, with the exception of Odisha, there is a strong correlation between a State's contribution to India's exports and the PEC.

Centre-State partnership

The role of the States cannot be looked at in silos by the Centre. The State can act as a facilitator to production of exports by creating the requisite infrastructure.

As the Foreign Trade Policy is due, it is important that the policymakers give due attention to the growth of exports at the State level. While the importance of the State towards export growth is quite often highlighted, much more is required to be done by the Centre towards supporting the cause.

Firstly, providing incentives at the State level would be helpful, to select industries which have grown in the last 20 years but have confined their growth to some pockets.

For example, it is but ironical to find most of the big four-wheeler automobile companies being based either in the south or west of the country. If ports are the key reason, some of these companies could have been located in Odisha for example, but that has not been the case.

To support such developments, the State government needs to extend innovative incentives to such key industries so that other States also grow in parallel.

Secondly, given that export subsidies warrant WTO norms, the government can extend incentives to boost sales of identified products when done from States which has high export preference. For example, low-tech products like textiles, leather, etc,. which is location neutral and can exhibit productivity from any State, can flourish in a new jurisdiction if suitable incentives and environment are provided.

The State government must also create a cooperative labour environment and provide adequate power to attract such industries.

Thirdly, the listed companies could be offered some rebates if they set up manufacturing or production units in States which are not amongst the top ten exporting ones. They could set a ceiling on investment along with exports that would be required in such cases.

Another possible step could be identifying products by the States which could be classified under geographical indicators (GI) and thereafter branded in the international market after they meet the globally acceptable standards.

It is important to realise that the potential contribution of these 'middle-10' exporting States is crucial to achieving the $618 billion export target. This would require the Centre and States to work together.

Source: thehindubusinessline.com– Sep 02, 2021

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Finance Minister Smt. Nirmala Sitharaman leads Indian delegation in 11th UK-India Economic and Financial Dialogue

The 11th India-United Kingdom Economic and Financial Dialogue (EFD) was held here today, virtually chaired by Indian Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman and the United Kingdom Treasury Chancellor Mr. Rishi Sunak.

The Indian delegation included Governor RBI, Chairman SEBI, Chairman IFSCA, Secretary Economic Affairs and other representatives from Ministry of Finance, Ministry of External Affairs and Indian High Commission, UK. The UK delegation included Governor Bank of England, CEO Financial Conduct Authority, Economic Secretary and other representatives from UK HMT.

The Dialogue, inter alia, covered discussions on economic cooperation on multilateral issues, including G20 and COP26. Both sides deliberated on furthering of Financial Services collaboration with special emphasis on Fin-Tech and GIFT City, annual India-UK Financial Market Dialogue and measures underway to reform financial markets. Infrastructure development and promotion of sustainable finance and climate finance were also discussed.

Private sector initiatives under India-UK Financial Partnership (IUKFP) and India-UK Sustainable Finance Working Group including its progress were also discussed.

The Climate Finance Leadership Initiative (CFLI) India partnership was launched today by both sides which aims to work with financial institutions, corporates, and existing sustainable finance initiatives to accelerate efforts to mobilise capital into India. Both sides agreed to continue to work together to mobilise finances via multilateral and private means and sharing relevant experience, including of the UK's upcoming sovereign green bond issuance.

The 11th Economic and Financial Dialogue concluded with adoption of Joint Statement by Union Finance Minister and Chancellor of Exchequer of United Kingdom and release of the Joint Statement on Climate Finance Leadership Initiative (CFLI) India partnership.

Enclosure:

1. Joint Statement of 11th India-UK Economic and Financial Dialogue

2. Joint Statement of Climate Finance Leadership Initiative Partnership

Source: pib.gov.in– Sep 02, 2021

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India, UK agree to be ambitious on services deal in FTA negotiations

India and the United Kingdom on Thursday expressed their commitment to working out a free trade agreement and said the two countries would be ambitious while negotiating on services in the deal.

"We agree to be ambitious when considering services in the forthcoming FTA negotiations," said a joint statement by finance minister Nirmala Sitharaman and her UK counterpart Rishi Sunak.

Pointing out that services account for 71 per cent of UK's GDP and 54 per cent of India's, the statement released after India-UK Economic and Financial Dialogue said both countries recognise the importance of services in their respective economies.

Meanwhile, the UK welcomes India on junking retrospective income taxation and raising the cap on foreign direct investment in insurance from 49 per cent to 74 per cent, besides removing the ownership and control requirements in the sector. It should be noted that Vodafone, which is one of the 17 companies embroiled in a retrospective taxation dispute with India, is a UK-based company.

The UK said junking of retrospective taxation will strengthen the business environment and is part of India's move on improving ease of doing business.

The UK requested the Indian finance minister for changes in the offer for participation for the reinsurance regulation so that all onshore reinsurers are given equal preference for participation in reinsurance placements.

On privatisation, the joint statement said the UK will work with DIPAM to share its experience through a series of workshops.

The two sides agreed to explore facilitating dual listing of green, social and sustainable bonds on the London Stock Exchange and Gift City exchanges. Both sides agreed to build on RuPay cards and explore options for enhancing cross-border payments between the UK and India.

Source: business-standard.com– Sep 03, 2021

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Problems not yet over despite signs of global recovery: India's RBI

Though the global economy is showing some signs of recovery, the problems are not over yet, according to Reserve Bank of India (RBI) governor Shaktikanta Das, who recently told the 21st FIMMDA-PDAI annual conference that the stabilisation of credit spreads across the rating ladder in India resulted in issuance of corporate bonds to the tune of ₹7.72 lakh crore in 2020-21.

The Fixed Income Money Market And Derivatives Association of India (FIMMDA) and Primary Dealers Association of India (PDAI) held their annual conference on August 31.

"While there are signs of recovery, we are not yet out of the woods," said Das.

“Many central banks also implemented measures targeting specific market segments that were witnessing heightened stress. These measures were, in many cases, complemented by regulatory relaxations (lower capital and liquidity requirements) aimed at supporting credit flow from banks and other financial intermediaries and at stabilizing the financial system and restoring confidence in financial markets,” he said.

Through various measures, the Reserve Bank completed the borrowing programme in a non-disruptive manner and also created congenial conditions for other segments of the financial market such as the corporate bond market, Das added.

Source: fibre2fashion.com– Sep 03, 2021

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Permanent Expo Indian Pavilion Dubai Now: Secretary Commerce

The India Pavilion in Expo 2020 Dubai starting October 1 is set to showcase a resurgent India's march to becoming a USD 5 Trillion economy in the post-covid world. The Pavilion which is a technology marvel will not only capture the vibrant Indian culture and its past but also the capabilities and opportunities that it presents as a global economic hub to the domestic as well as the foreign investors.

Outlining the overarching theme of India's participation at the six-month Expo 2020 Dubai running up to March 2022, Shri B.V.R. Subrahmanyam, Secretary, Ministry of Commerce and Industry, Government of India said that: "India Pavilion at Expo 2020 Dubai will showcase resurgent India's march to becoming a USD 5 Trillion economy. India's exceptional fightback against COVID-19 and the country's emergence as a global business hub presenting huge opportunities for the world will be the overarching theme of India's participation at Expo 2020 Dubai."

The India pavilion will see participation from number of Indian states who will be displaying their culture, tradition and tremendous business opportunities along with the top corporate groups from India, and the public sector companies. Large number of prominent government ministers, officials, celebrities are set to visit India pavilion during the six months of Expo 2020, which will also host number of cultural events.

Shri Subrahmanyam said, "At Expo 2020 Dubai, the India Pavilion is ready to showcase the face of an India rising on the pillar of sustainability along with opportunity and mobility — a nation ready to lead the world's future."

The Pavilion will exhibit the country's cultural diversity, ancient treasures, achievements, and leading opportunities with cutting-edge technologies.

One of the largest pavilions at the Expo 2020 Dubai, India Pavilion will feature an innovative kinetic façade made up of 600 individual colourful blocks.

It is developed as a mosaic of rotating panels that will depict different themes as they rotate on their axis. It represents the theme of 'India on the move' and is a unique amalgam of the rich heritage and technological advances of the nation.

As India celebrates 75 years of its independence, the India Pavilion will mirror the celebrations of AmritMahotsav, which was launched by the Prime Minister of India and will bring to the world the New India through many activities and cultural extravaganzas.

The entire four-storey structure is divided into two parts. The zones are identified based on 11 primary themes - Climate and Biodiversity, Space, Urban and Rural Development, Tolerance and Inclusivity, Golden Jubilee, Knowledge and Learning, Travel and Connectivity, Global Goals, Health and Wellness, Food Agriculture and Livelihoods and Water.

The India Pavilion will also be hosting and co-creating leadership discussions, international trade conferences, and seminars to explore opportunities to partner with other participating nations.

At the India Pavilion, the visitors will also get the chance to witness star-studded nights, multiple cultural shows, Indian festivals celebration and relish the Indian delicacies.

The specially designed logo of India's participation has been created to give a new holistic global brand experience to India's participation at Expo 2020 Dubai. The logo's circular form represents unity, commitment and the community which forms the central pillars of India; and signifies continuity and evolving lifecycles in one of the world's most vibrant democracies and fastest-growing business centres.

The logo design showcases the chakra (wheel), which reflects strength, courage and progressive movement. The colours have been taken from the Indian flag, where Saffron symbolises strength and courage; White indicates peace and truth; and Green represents fertility, growth, and auspiciousness. It will be used in all the official communications and stationery during Expo 2020 Dubai.

India's participation at Expo 2020 will be covered by the India Pavilion's website (www.indiaexpo2020.com) The website has been specifically designed for Expo 2020 Dubai to provide information to the public and visitors on schedule, events, and activities.

The website will also have a dedicated section for media registration, which will allow the journalists and media houses to apply for the right set of permissions to cover the activities at the India Pavilion, be it in person or online.

To know more about India Pavilion at Expo 2020 Dubai, please visit – https://www.indiaexpo2020.com/

To know more about Expo 2020 Dubai, please visit - https://www.expo2020dubai.com/en

Source: pib.gov.in– Sep 02, 2021

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Pick up in economic activities boosts freight rates, CV sales in August

Freight rates across key trunk routes rose an average 4.5-5 per cent in August. The increase - the third in three straight months since the lockdown lifted - was led by higher exports and increased cargo offering from all sectors, said the Indian Foundation of Transport Research and Training (IFTRT) on Thursday.

“If one looks at the absolute rates on each of the routes, this is the highest for the month of August since 2019,” said S P Singh, senior fellow, IFTRT.

As a result, the trucking and transport business has been fairly remunerative and fleet owners have been able to pass on all operating costs and yet recover remunerative truck rentals/retail freight in the open market transport business.

For the first time since the outbreak of the pandemic, the revenue of the operators is outpacing income and prompting them to not only replace older trucks, but also expand the fleet.

A stable diesel price and low interest rate for finance have helped transporters' operating costs, said Singh.

India’s industrial production grew 13.6 per cent in June, from the year-ago period, due to a low-base effect. "The steep decline in the number of daily confirmed Covid cases and increased economic activity have driven the sequential improvement in industrial activity in June. This improvement has continued into July, as reflected in the manufacturing PMI, which was back in the expansion territory after having contracted in June,” said CARE Ratings in a note.

Taking a cue from improved macros, commercial vehicle makers bumped up despatches in August, resulting in a sharp year-on-year (YoY) growth.

Automobile firms in India count despatches as sales.

RAMPING UP PRODUCTION

Manufacturers	Aug '20	Jul '21	Aug '21	% MoM change	% YoY change
Tata Motors	17,889	23,848	29,781	25	66
Ashok Leyland	5,824	8,129	8,400	3.33	44.2
Eicher Motors	2,190	3,553	3,864	8.7	76
Mahindra & Mahindra	15,299	17,666	8,841	−50	−42
Total	**41,202**	**53,196**	**50,886**	**−4.3**	**23.5**

Source: Companies

Albeit on a low base, cumulative sales for the top four commercial vehicle makers, including Tata Motors, Ashok Leyland, Mahindra & Mahindra (M&M), and Eicher Motors, rose 23 per cent YoY to 50,886 units, from 41,202 units a year earlier.

RISE IN FREIGHT RATES

Key trunk routes	Full truck load*		% change	Average truck rental**
	Aug 1	Sep 1		
Delhi-Mumbai-Delhi	1,10,500	116,500	5.0	86,400
Delhi-Nagpur-Delhi	95,500	1,00,500	5.1	83,650
Delhi-Kolkata-Delhi	92,500	98,000	6.0	81,900
Delhi-Guwahati-Delhi	144,600	150,300	4.0	133,250
Delhi-Hyderabad-Delhi	127,800	132,800	4.0	114,150
Delhi-Chennai-Delhi	120,500	1,26,000	4.5	117,900
Delhi-Raipur-Delhi	96,000	101,000	5.4	80,300

* ₹per round trip; ** Between Jan2019 to December 2019 Source: IFTRT

The despatches also showed an improvement from July for most companies, with the exception of M&M that saw steep decline – sequentially as well as YoY of 50 per cent and 42 per cent, respectively.

According to Singh, fleet owners have reverted to fleet replacement and even expanding their intermediate light commercial vehicle sales running on compressed natural gas since diesel prices have shot up since January.

But not everyone agrees with IFTRT's views.

Bal Malkit Singh of Bal Roadways says while the increase in freight rates is encouraging, there is scope for further correction as it is still not in proportion to the increase in the overall operating costs.

“The prices of diesel and tyres have risen sharply. Even toll charges are higher. The idling time for my trucks is still high. So what's the change?” asks Singh.

An analyst at a research firm concurs. "The freights have gone up, but the road transport sector is still not out of the woods,” adds the analyst.

Source: business-standard.com– Sep 03, 2021

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Madhya Pradesh has potential to become textile hub of India, says CM Shivraj Singh Chouhan

Chief Minister Shivraj Singh Chouhan on Wednesday said that Madhya Pradesh has huge potential for investment in the textile sector. Work is being done to make the state a textile hub, which will provide employment opportunities to a large number of people.

The Chairman of Sagar Group, Sudhir Kumar Agrawal, met Chief Minister Chouhan at secretariat on Wednesday and discussed about investment in the state.

Agrawal informed that in the field of textiles, an investment of Rs 1000 crore has been made by Sagar Group in the state, in which about 4000 people have got direct employment. Sagar Group is also soon coming up with a Multi Specialty Hospital on Hoshangabad Road in Bhopal, which will provide employment to about 1000 people. The group is working in the textile sector, food processing sector, real estate and education sector in the state.

Chief Minister Chouhan assured that every necessary facility and cooperation would be provided by the government to the investors and industries.

In another event, Chouhan on Wednesday said that Indore is the engine of growth for Madhya Pradesh. The state government will provide all possible support to make Indore's a buzzing international airport.

Chouhan said that Bhopal lags behind when it comes to air connectivity, adding that serious efforts are required to increase air connectivity in Rewa and Satna. The CM was virtually addressing the inauguration programme of airlines from Gwalior and Indore. Chouhan virtually launched the international flight from Indore to Dubai and the airline services from Gwalior to Delhi and Indore from his residence on Wednesday. Air India will provide air services between Indore and Dubai once a week on Wednesdays.

IndiGo flights will be available daily from Gwalior to Delhi and Indore. The CM said there is a need for international airports at Indore and Bhopal to promote investment, industry, trade, tourism and export of agricultural products.

Along with this, it is also necessary to increase air connectivity from Jabalpur and Gwalior. In this direction, the UDAN scheme of Prime Minister Narendra Modi has helped.

Congratulating the people of Indore, Chouhan said that the city has created history by ranking first among the metros of the country in administering 100% first dose of vaccine.

Union Civil Aviation Minister Jyotiraditya Scindia said that 58 airlines have been given green signal for Madhya Pradesh in the last 53 days. As a result, aircraft movement in the state per week has increased from 424 to 738. Air services have started for five new cities from Indore and four from Gwalior.

A grand new airport will be established in Gwalior named after Rajmata Vijayaraje Scindia at a cost of Rs 500 crore. The railway station of Gwalior will be given a facelift at a cost of Rs 250 crore. Union Minister Scindia flagged off the new airlines from Delhi.

Source: timesofindia.com– Sep 02, 2021

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Andhra Pradesh CM to release industrial incentives amounting to ₹1,124 crore on Sept. 3

Incentives were announced to the MSMEs as part of the Industrial Development Policy 2020-23

Chief Minister Y.S. Jagan Mohan Reddy will release financial incentives amounting to ₹1,124 crore to textile and spinning mills (₹684 crore) and MSMEs (₹440 crore) under the ReStart scheme on September 3.

With this, the incentives disbursed to the MSME sector in the last two years reached nearly ₹2,087 crore, according to an official release.

It said incentives were announced to the MSMEs as part of the Industrial Development Policy 2020-23, and that priority has been attached to hand-holding the MSMEs which make a substantial contribution to the Gross State Domestic Product (GSDP).

The support to textile and spinning mills has been envisaged keeping in view their huge potential for employment generation and the leading position occupied by Andhra Pradesh (AP) in cotton production at the national level.

Since the YSR Congress came to power, 68 large and mega industries have set up their units in AP and began commercial production with investments aggregating to ₹30,175 crore.

Besides, 62 large and mega projects are under implementation with a total investment of ₹36,384 crore, according to the press release.

Source: thehindu.com– Sep 02, 2021

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India's future unicorns are worth $36 billion: Hurun

Research institute releases inaugural list of promising start-ups founded after 2000, based on funding valuations

India's future unicorns are worth $36 billion, according to the inaugural edition of Hurun India's Future Unicorn List.

The Hurun Research Institute on Thursday released the Hurun India Future Unicorn List 2021, a ranking of start-ups founded in the 2000s that are worth at least $200 million, are not yet listed on a public exchange, and are most likely to 'go unicorn' — valued over a billion dollars — within two years ('gazelles') or four years ('cheetahs'). The cut-off date was August 31, 2021.

The list includes the most valuable private equity or venture capital-funded companies in India founded after 2000, ranked according to their latest funding round valuation.

According to the report, India is the third-largest unicorn ecosystem in the world after the US and China, and home to 51 unicorns with an average valuation of $3.3 billion; 25 were added in 2021. India added nearly three unicorns each month over the last year. It has 32 'gazelles' and 54 'cheetahs'. The gazelles on the Hurun list have an estimated valuation ranging from $500 million to $1 billion.

The category is led by e-commerce with six companies, followed by fintech with five, and artificial intelligence, gaming and shared economy with three each.

The estimated valuation of cheetahs in the Hurun list ranges from $200 million to $500 million. India is home to 54 cheetahs, which have cumulatively received an investment of $6 billion, the report said. With 13 start-ups, fintech leads the cheetah list, followed by e-commerce with 11.
Top 10 future unicorns

Singapore-headquartered e-commerce company Zilingo, with funding of $310 million, tops the Hurun list. Bengaluru-headquartered gaming start-up Mobile Premier League, with funding of $230 million, ranks second.

At third place is Rebel Foods, a shared economy company headquartered in Pune and with funding of $340 million.

Fitness start-up Cure.Fit, headquartered in Bengaluru, is fourth with $410 million funding.

E-commerce company Spinny, headquartered in Gurugram, is fifth with funding of $230 million.

Noida-based SaaS company RateGain, with $50 million funding, is sixth; Gurugram-headquartered e-commerce company Mamaearth, with $70 million funding, is next on the list.

Gurugram-based CarDekho ($250 million funding), Singapore-headquartered AI company GreyOrange ($170 million), and Gurugram-based fintech company MobiKwik ($170 million) make up the tailend of the top-10 in the Hurun list.

RateGain, MobiKwik, MedPlus, Fino Paytech and ixigo are preparing for IPO to raise ₹6,840 crore by the end of this year.

The start-ups in the Hurun list have raised $12.1 billion in funding from more than 300 investors. With 37 investments, Sequoia is the leading investor in the list, followed by Tiger Global Management with 18 investments.

Fintechs galore

With 18 start-ups on the list, fintech contributed the most to the list, followed by e-commerce (17) and SaaS (7). E-commerce, fintech, shared economy and SaaS contributed more than half the companies featured in the list.

CoinSwitch Kuber is the only crypto start-up in the list.

Bengaluru the start-up capital

Bengaluru, the start-up hub of India, contributed 31 companies to the list, followed by Mumbai and Gurugram.

Other key trends

In terms of the Hurun India Rich List Entrepreneurs, CRED founder Kunal Shah topped the list with nine start-up investments, followed by Binny Bansal at five and Ratan Tata at four. Investments by Infosys co-founders include Nandan Nilekani (three start-ups), NR Narayana Murthy (two) and Kris Gopalakrishnan (one).

The average age of Indian start-up founders in the list is 39. There are 11 founders under the age of 30. The youngest are Dilsher Singh (25) and Siddhant Saurabh (25) of gaming gazelle Zupee. The oldest co-founder in the list is Ecom Express's K Satyanarayana (60); 15 co-founders are above 50.

As many as 12 start-ups on the list were co-founded by women.

Seventeen of the co-founders on the list are from IIT-Delhi, 15 are from IIT-Bombay, IIM-Ahmedabad (13), and Harvard University and Stanford University four each.

The Hurun research team used the most recent valuation based on a sizeable round. Countries and cities were ranked according to the start-up head-office.

Source: thehindubusinessline.com– Sep 02, 2021

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Tamil Nadu MSME department policy note envisages 10-year vision to attract ₹5 lakh crore investment

The MSME department Policy Note says that there are plans to ensure that all micro enterprises have formal banking credit linkage

The Micro, Small and Medium Enterprises (MSME) Department of Tamil Nadu has set out a 10-year vision to attract ₹5 lakh crore investments and create additional employment opportunities for 50 lakh persons in the sector.

As per the 73rd round of the National Sample Survey, the State has 49.48 lakh MSMEs (which is around 8 per cent of the total number of MSMEs in the country) providing employment to 96.73 lakh persons.

Tamil Nadu is one of the leading States in the MSME Sector in India with leadership position in several industries such as leather and leather goods, engineering goods, automotive components, castings, pumps and readymade garments. It has the third-largest number of MSMEs in the country.

The MSME department Policy Note tabled in the State Assembly today says that there are plans to ensure that all micro enterprises have formal banking credit linkage and increase the State's share in national exports to 15 per cent. There is also a plan to create a 10,000-acre land bank.

The State government also plans to establish 15 mega clusters and 100 common facility centres; make the State the vibrant Start-up friendly State in the country and achieve balanced regional industrial development.

In fact, the Tamil Nadu Small Industries Development Corporation Ltd has proposed to establish to set up common facility centres for 5 mega clusters in sunrise sectors — pharmaceuticals, petrochemicals, precision manufacturing, defence and aerospace and smart mobility — at a project cost of ₹100 crore each.

The credit disbursement from the commercial banks made to the MSME sector in Tamil Nadu between April 2020 and March 2021 is ₹1,05,929.46 crore for 18,65,419 enterprises, the Policy Note said.

Action is being taken to establish the 38th District Industries Centre (DIC) in the newly created district of Mayiladuthurai.

The DICs in the 37 districts are mandated to support the entrepreneurs in identifying viable projects, preparing project reports, obtaining clearances and licenses, tying up financial support for their ventures through the schemes of the Government and sanctioning of incentives to MSMEs, the Policy Note said.

Source: thehindubusinessline.com– Sep 02, 2021

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Virudhunagar in India's Tamil Nadu to get ₹400-cr apparel park

An integrated apparel park would be developed at a cost of ₹400 crore at the State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) industrial park in Kumaralingapuram in Virudhunagar district to promote industrial growth in southern districts, state industries minister Thangam Thennarasu told the legislative assembly recently.

The park would be developed across 250 acres and generate employment for 15,000.

A new 576-acre SIPCOT park would be developed at a cost of ₹250 crore at Uthukotai in Tiruvallur. The state government has also announced a ₹150-crore project to improve roads, storm water drains, water supply, street lights, solid waste management and safety infrastructure in 10 SIPCOT parks, according to reports in South Indian media outlets.

The ministry has announced renovation of water bodies in industrial parks at a cost of ₹100 crore.

Source: fibre2fashion.com– Sep 02, 2021

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Arvind Fashions is focussed on digital in a very strong way: Kulin Lalbhai, Director

How are you planning to gain market share, make more tie-ups or expand? Any fund raising? In essence, how will Arvind look like in the post-Covid world?

Kulin Lalbhai: Covid was a huge shock to the entire lifestyle and apparel value chain because of the shutdowns and the lack of social interaction. There definitely was a large drop that happened in the past 14 months. But the good news is that with normalcy returning the markets have come back very quickly. In fact, after the second wave we are already at more than 90% of pre-Covid levels.

And India in general is at a very early stage of the movement to branded apparel. Over the next few decades, we will see middle-class consumption grow dramatically in this category. A lot of people will be moving from unbranded & unorganised to branded organised products. So we are very excited about the long-term and medium-term opportunity in the apparel space.

Some of the things that have happened post Covid include a reset in terms of the channels of consumption. Digital has become a huge growth opportunity. Already, 25% of our business is digital. We now have a Rs 1,000-crore digital business. And it's growing even on a large base at close to 30% year on year. This allows our products to reach every pin code of India.

Even on the offline side, across our six brands, we will be opening anywhere between 150 to 200 stores a year. There is a lot of expansion which will come in small town India because that is where the new consumption is coming in.

Besides, there are new categories we are getting into such as footwear, innerwear, kids' wear.

The focus of the company is these six large, profitable brands. As we grow at around a 15% year on year, we expect a strong growth in operating leverage and profitability as we scale up.

A lot of retail players are saying that the good thing that has happened is only people who want to shop actually come in. What is your take on this? How is Arvind preparing for a better customer experience in the backdrop of a higher conversion?

I think this is a transient phase where serious shoppers with a very clear reason to purchase are driving consumption. But you know, in a normal world, you will also want the impulse customers to come back.

As the malls open up, multiplexes start having good content and new movies get released, and as we move towards the festive season, we are quite confident that the impulse purchase will also come back.

Once that comes back, overall we will get back into a growth phase. But right now, of course we are focussed on digital in a very strong way. We believe that is a great way to allow us to reach our customers who are still not coming to the malls.

At the same time, on the offline side, we are making the retail experience richer. In the future, the stores will not just be a sales medium; they are actually going to be experience mediums where the brand emergence happens. So we are investing a lot to make our store experience richer, more digital, more omni, so that our customers can really experience the brand holistically.

In this FY, will the industry make up for the growth that has been lost?

It might be a little difficult to make up for Quarter One. But I think if we compare the second half of this year — assuming we do not have another big flare-up of Covid — we believe the second half of this year should be a growth on FY19, because you know without disruptions we believe consumption will be coming back.

Source: economictimes.com– Sep 02, 2021

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