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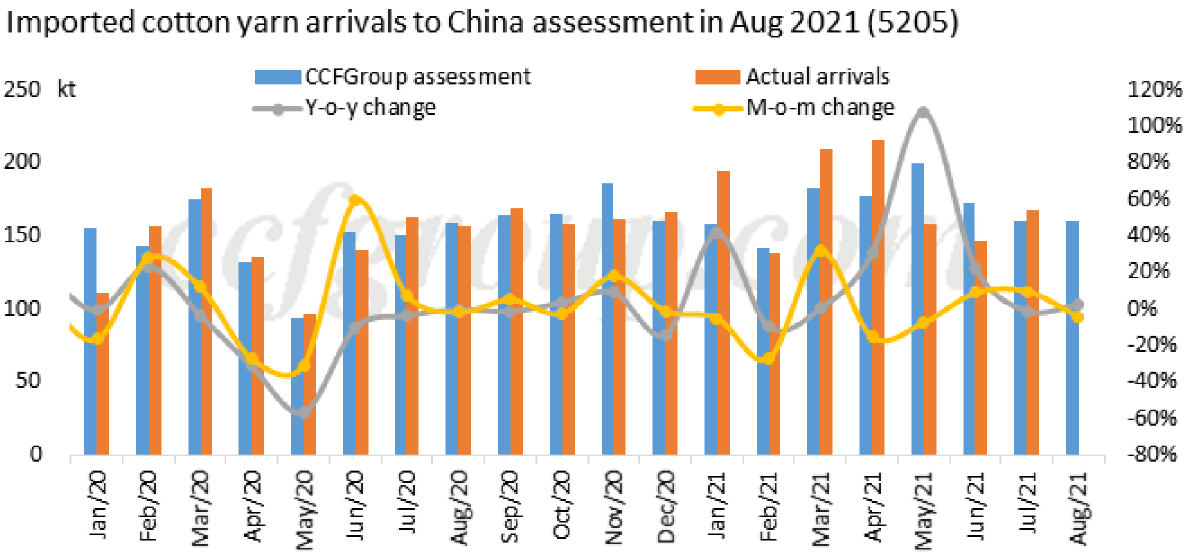
INTERNATIONAL NEWS

China: Aug'21 cotton yarn imports may move down 4.3% m-o-m to 160kt

1. Imported cotton yarn arrivals to China assessment



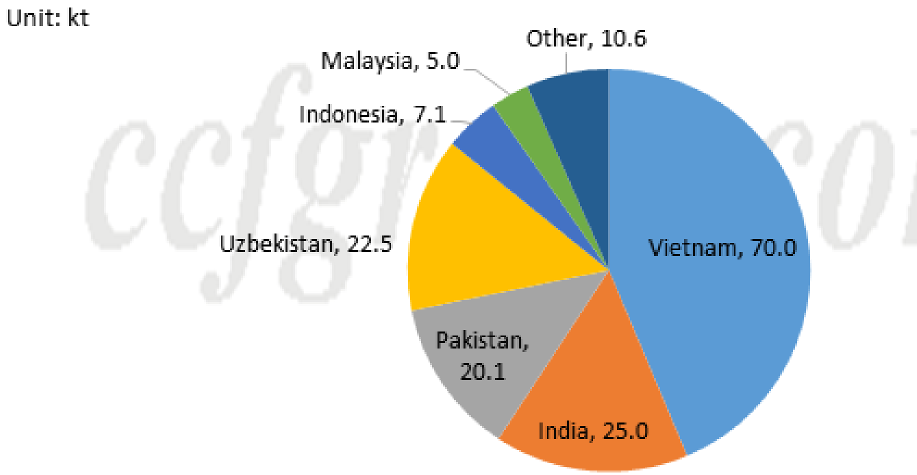
Cotton yarn imports of China in Jul reached 168kt, up 3% on the year and 14.3% on the month. It amounted to 1,231kt cumulatively in Jan-Jul, up 24.9% year on year, and up 3.3% from the same period of 2019. The imports in Aug is initially assessed at 160kt, down 4.3% on the month.

According to export data of foreign markets in Jul, cotton yarn exports of Vietnam did not reduce much, just a small decrease, but the pandemic in Vietnam forced the mills in some regions to reduce production, and the ports were closed and shipments were delayed. Some Jul shipments were postponed to Aug. Therefore, cotton yarn imports of China from Vietnam in Aug is estimated less. Cotton yarn exports of Pakistan in Jul slumped as favorable local demand reduced the products available to be exported, and high price of cotton and cotton yarn prevented China's buying. In Aug, it may slide compared with Jul.

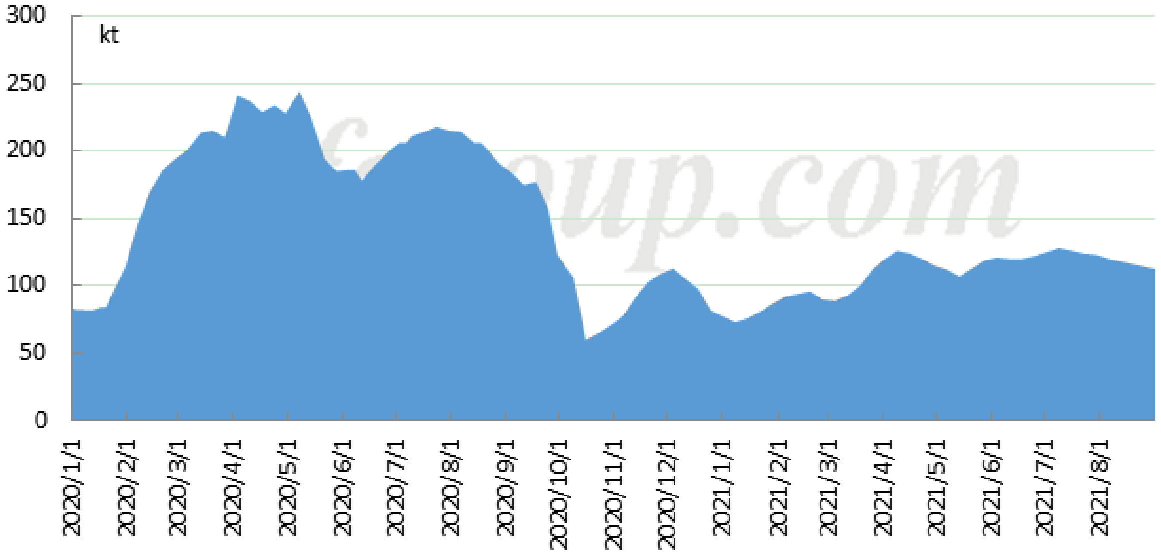
Aug arrivals from India and Uzbekistan is expected to inch up on the month as Indian cotton yarn and Uzbekistan one showed advantages against later shipments and higher price of Vietnamese cotton yarn. It is initially estimated that cotton yarn imports of China in Aug from Vietnam is at 70kt;

from Pakistan 20kt, from India 25kt, from Uzbekistan 23kt and from other regions 23kt.

Cotton yarn imports assessment in Aug by countries and regions



Imported cotton yarn stocks in China

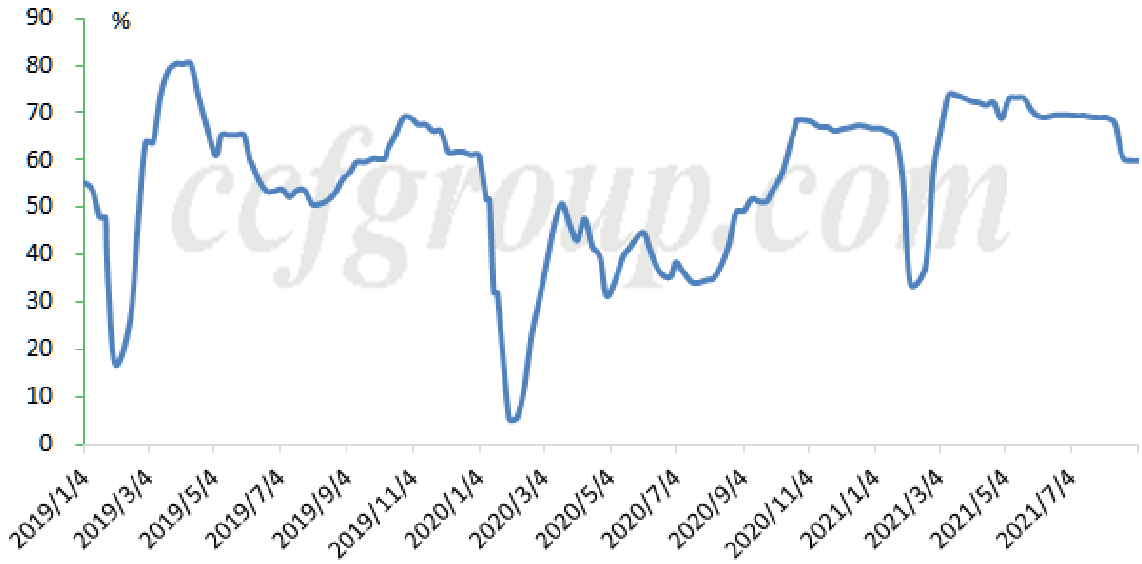


2. Imported yarn stocks declined

Arrivals of cotton yarn imports of China in Aug declined, and the sales were slow, so the stocks did not reduce quickly in fact. In early and mid-Aug, the price of imported cotton yarn moved up first and then stabilized, but weakened gradually in late Aug.

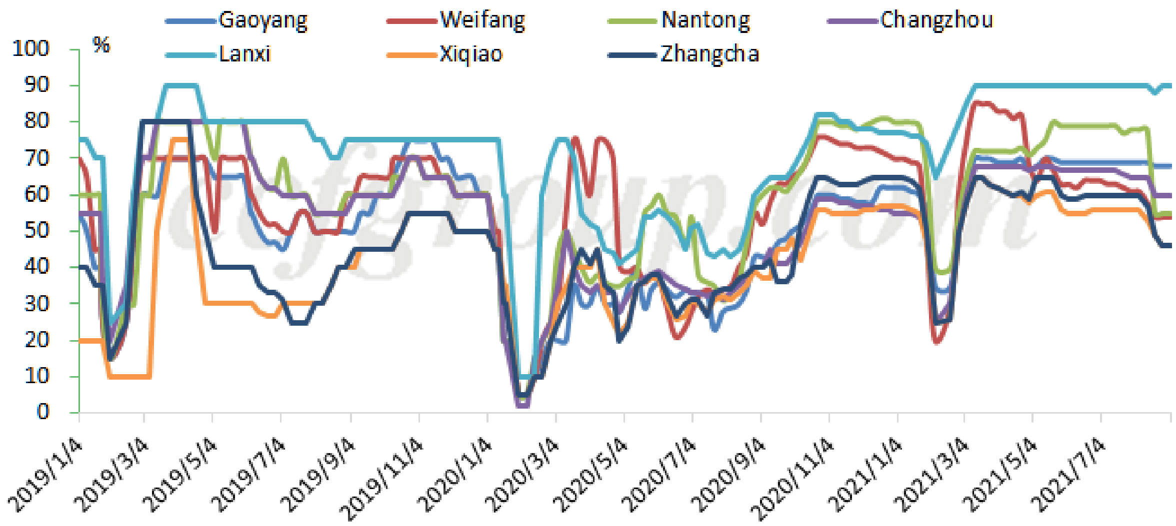
The tight supply of some varieties were eased, but structural issues still existed. At present, siro-spun cotton yarn supply was adequate, as well as 26S and 20S, while C21S and OEC21S were tight. Traders sold mostly with thin profit and large fall of price occasional happened.

Comprehensive operating rate of fabric mills in China



Aug was a transit from dull season to peak season traditionally. However, cotton yarn market performed well in Jun and Jul but weakened in Aug. It was mainly due to the macro factors and advanced downstream orders. Overall cotton yarn orders softened in Aug and market confidence was pressed. The operating rate of weavers plunged, both in Guangdong and Nantong, Jiangsu. The impacts were mainly from macro environment, downstream demand, pandemic and power restriction.

O/R of fabric mills in major cotton yarn consumption areas in China



In terms of later market, the pandemic in Vietnam remained severe in Aug. The soaring sea freight rate and unexpected improvement of downstream orders in China burdened cotton yarn market. Cotton yarn price moved down and more trades were done with thin profit.

The spot stocks of imported cotton yarn was at a medium level and the high price of forward price lent some support to spot one. However, if downstream demand keeps poor and traders of Chinese cotton yarn undersell, spot imported cotton yarn will be under pressure.

Looking from previous ordering, the arrivals of Sep will be mainly ordered in Jul when the pandemic in Vietnam was serious and a large amount of production was cut in the South.

Therefore, Sep arrivals of Vietnamese cotton yarn is likely to drop, those of Indian and Pakistani one will be limited and those of Uzbekistan will be a bit better. On the whole, Sep arrivals of cotton yarn imports will keep around medium level or less.

Source: fibre2fashion.com– Sep 10, 2021

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West Coast Ports Battling 'Excessive Stress' into Holiday

A supply-and-demand mismatch has plagued global value chains for months, but now a massive surge in imports at the country's busiest ports has begun to subside, according to the National Retail Federation (NRF) and Hackett Associates' Global Port Tracker.

While U.S. ports analyzed by the platform handled 2.19 million Twenty-Foot Equivalent Units (TEU) in July, up 14.2 percent from the year-ago period, that double-digit growth has constricted month over month, the groups said, with July seeing just 2 percent more imports than June. The contrast is even starker considering that the first half of 2021 saw a total of 12.8 million TEUs processed, up 35.6 percent from the same period last year.

For the full year, U.S. ports tracked by Global Port Tracker are slated to process 25.9 million TEU, up 17.6 percent from 2020, setting a new annual record that tops last year's 22 million TEU. While the ports have not reported their August numbers yet, Global Port Tracker projected the month would see 2.27 million TEU, up 7.8 percent from the same period the year prior. That would represent the biggest August on record—but it would also fall short of Global Port Tracker's forecast from a month ago which would see the month break May's record of 2.33 million TEU.

"Year-over-year growth isn't as dramatic as it was earlier because we're now comparing against months when most stores closed by the pandemic last year had reopened and retailers were stocking up again," NRF vice president for supply chain and customs policy Jonathan Gold said in a statement, noting that the shift was expected.

However, NRF is also seeing issues stemming from Asian port closures, to ships lined up waiting to get to U.S. docks, Gold pointed out. "That's creating continuing challenges as retailers work to supply enough inventory to meet demand," he added. "The administration's recent appointment of a supply chain task force and a port envoy are major steps forward, and we look forward to working with officials to find solutions."

"Supply chain logistics management is facing acute problems as disruptions make it difficult for both importers and exporters to transact their business," Hackett Associates founder Ben Hackett said. "We are facing shortages in all sectors of the chain: a lack of sufficient shipping capacity, which leads to increases in the cost of shipment; lack of warehousing; lack of truck and rail capacity, and a shortage of labor across the board."

About two dozen ships have been waiting as long as a week or more at anchor to unload their wares at the Ports of Los Angeles and Long Beach, Hackett data shows, and some cargo meant to hit U.S. shores in August may be delayed until later this month. The delays on sailings from Asia, precipitated by Covid outbreaks, could also contribute to shipments arriving later in the season than expected.

The issue will likely be compounded by the pressures of "peak season," which typically begins in August. Retailers have begun to move up shipments this summer to ensure their holiday inventory arrives on time.

According to the Global Port Tracker, U.S. imports for September are slated to reach 2.21 million, an increase of 5.1 percent year over year, while October could see 2.19 million TEU—the year's first decline since July of 2020, down 1.3 percent. Analysts expect November to rebound with 2.13 million TEU, a 1.4 percent increase from the year-ago period, and December to see 2.07 million TEU, down 1.8 percent. January 2022 is forecast at 2.15 million TEU, up 4.5 percent from January 2021.

Data from container logistics platform Container xChange, as reported by Hellenic Shipping News, showed that even with the slight year-over-year disparities, the fall season is likely to see a trend of continued pileups at the West Coast Ports ahead of the holidays.

The online platform's container availability index showed a 60-percent increase to the inbound versus outbound ratio of containers flowing into the Los Angeles and Long Beach ports in August, surpassing pre-pandemic levels. "There is excessive stress on the ports, and therefore indicating further congestion is expected in the coming months as we approach the holiday season in the later part of the year," Dr. Johannes Schlingmeier, Container xChange co-founder and CEO said.

Calling the congestion a result of the "domino effect" created by higher demand and human and infrastructural resource challenges, Christian Roeloffs, co-founding co-CEO at Container xChange, said that vessel arrivals will continue to be delayed. The situation is likely to lead to higher costs for brands as demurrage and detention charges, increased spot rates and surcharges will accumulate "before it finally settles."

Source: sourcingjournal.com– Sep 11, 2021

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Sri Lanka slaps 100 per cent LC margin to restrict imports: Report

Sri Lanka has imposed a 100 per cent cash margin on letters of credit (LC) for over 600 items ranging from chocolates and wine to raincoats and carpets to discourage unnecessary imports as the country is facing a severe foreign exchange crisis.

The decision was taken by the Monetary Board of the Central Bank of Sri Lanka at its meeting held on Wednesday. The board issued the order under the monetary law.

The new margin requirement will be in effect from September 8 for over 600 items ranging from chocolates and wine to raincoats and carpets to discourage imports, it said.

The licensed commercial banks have also been barred from giving credit for importers to meet the margins.

Licensed commercial banks shall not grant any advances to their customers for the purpose of enabling such customers to meet the minimum cash margin deposit, the Central Bank said.

The directive has described 693 items through customs codes including, chocolates, spaghetti, apple juice, wine, oats, soya milk, dairy goods, lipsticks, carpets, coats anoraks and electronic goods.

Two days ago, Finance Minister Basil Rajapaksa told parliament that Sri Lanka was facing a severe external crisis as well as a domestic crisis with revenues falling and expenses continuing to rise.

Our country is facing a severe foreign exchange crisis he said.

On August 31, President Gotabaya Rajapaksa issued emergency regulations to contain soaring inflation after a steep fall in the value of the country's currency caused a spike in food prices.

President Rajapaksa declared the state of emergency under the public security ordinance to prevent the hoarding of essential items, including rice and sugar.

The government appointed a former army general as commissioner of essential services, who will have the power to seize food stocks held by traders and retailers and regulate their prices.

The move had come after the prices of most essential goods skyrocketed due to the falling local currency and high global market prices driven by the COVID-19 pandemic.

The Sri Lankan rupee has fallen by 7.5 per cent against the US dollar this year.

The Central Bank of Sri Lanka recently increased interest rates in a bid to shore up the local currency.

According to bank data, Sri Lanka's foreign reserves fell to USD 2.8 billion at the end of July, from USD 7.5 billion in November 2019 when the government took office and the rupee has lost more than 20 per cent of its value against the US dollar in that time.

Sri Lanka, a net importer of food and other commodities, is witnessing a surge in COVID-19 cases and deaths which has hit tourism, one of its main foreign currency earners.

Partly as a result of the slump in tourist numbers, Sri Lanka's economy shrank by a record 3.6 per cent last year. The country is currently under a 16-day curfew until Monday because of a jump in COVID-19 cases.

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

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Amazon Germany to open 8 logistics centres; create 3K jobs in 2022

Amazon Germany has announced that it plans to build eight new logistics centres in the country by the first half of 2022 and create over 3,000 permanent jobs. The company has already introduced the starting wage of €12 per hour and created over 3,000 jobs in the last one year in Germany. It will also host a free digital career day on September 16.

"In the last 12 months alone we have created more than 3,000 permanent jobs in logistics in Germany. Now more than 3,000 more will be added next year. These workplaces support communities of all sizes, from larger cities like Hof/Gattendorf to smaller towns like Dummerstorf. As a company, we are constantly working to improve, we hear what moves our employees and strive to be the best employer in the world," Stefano Perego, vice president customer fulfilment in Europe, said in a statement.

According to the independent consulting and economic analysis institute Keystone, Amazon invested a total of almost €40 billion in Germany from 2010 to 2020, including over €10 billion in 2020 alone. The number of permanent employees in Germany is expected to rise to over 28,000 by the end of the year across all corporate divisions, which will be employed at around 60 locations across Germany. Over 19,000 permanent employees work in the German Amazon logistics network alone.

Amazon is continuing to expand its German logistics network to meet customer demand and expand its range of products. In addition, Amazon supports a growing number of independent German entrepreneurs who sell on Amazon using storage and delivery via 'Fulfillment by Amazon'.

Axel Wiechmann, mayor of Dummerstorf, where Amazon will open a new logistics centre, said: "We are very pleased that Amazon is coming to Dummerstorf. The settlement is a great benefit for the entire region, because 1,000 new jobs will be created in one fell swoop in a state-of-the-art environment. This results in great career opportunities for the people in the region. Local retailers and citizens who sell on Amazon or order from Amazon also benefit from this."

Source: fibre2fashion.com– Sep 11, 2021

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18th China-ASEAN Expo: Our goods have strong competitive force, says Pakistan envoy to China

"Pakistan has already opened the market of China and ASEAN. These years, Pakistan's exports have recorded a new volume, exports to China are showing great momentum as well, and we hope that by the end of this year, we will have a new breakthrough, he said in an interview with China Economic Net (CEN).

Pakistan is one of the few countries which have a complete ecosystem of textile, from weaving to dyeing, making garments and clothes. "Textile is our strongest sector, so you can see the products from home textile to ladies' clothes are all showcased here," Ambassador Haque said while referring to Pakistani stalls set up at the Expo.

He said that the food sector in Pakistan is very important. Pakistan is one of the largest leading countries in production of wheat, rice, sugarcane, cotton as essential raw materials, which have made it one of the most competitive countries in the region. Now, the government is focusing towards industrialization to do value addition for these products.

Ambassador Haque said that the competitive commodity of Pakistan is milk products and added, "We are the fourth largest country as equal to China in milk production. Now we are focusing on also bringing a revolution in the dairy sector by doing value addition such as making cheese, yogurt and other products, then exporting to ASEAN, China, and even the whole region."

He also mentioned sports products as his favourite Pakistani goods, and he is proud that Pakistan is the largest producer of footballs in the world, and most world-class tournaments have assigned Pakistani football as their official football.

"Not only football, but we also make other sports goods like boxing gloves, motorcycle gloves, and so on," he added.

Ambassador Haque remarked that this is the second time that Pakistan has been invited to participate as a special partner country. "We were given this honour for two years continuously, which is unprecedented in the history of CAEXPO. In another sense, it is important because China and Pakistan are celebrating the 70th anniversary of our friendship this year. Pakistan's participation is dedicated to this milestone."

He expressed his pleasure to see such a beautifully designed pavilion and Pakistani products at Expo, which are very important export products of Pakistan. As many as 14 Pakistani stores, which are set up by Pakistani traders, are displaying these different products.

Ambassador Haque emphasized that CAEXPO is very important for Pakistan because it represents two large markets: "China, which is the second largest economy in the world, and ASEAN, which has become a very important trading block in the region, represents about 2 billion people and $18 trillion economy. Now these countries have set up RCEP regional cooperation partnership."

To a question, he said that Pakistan has a close friendship with China and ASEAN.

"Pakistan's presence and cooperation with China and ASEAN, provides our traders new opportunities to come here and use this platform to export to RCEP block. So, we think that this platform will help in building trilateral cooperation in trade and investments."

He said that Pakistan has already opened the market of China and ASEAN. Now Pakistan has FTA with China, and launched its second phase last year. In recent years, both Pakistan and China have opened their markets, and nearly 1,000 products are exported duty free.

In addition, the Pakistani government is also helping to promote trade and create an enabling environment for our traders to converge here and share their projects, and the results are clear and evident, he added.

Source: brecorder.com– Sep 13, 2021

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Sri Lanka: Sustaining export earnings growth, a challenge - NCE chief

The National Chamber of Exporters (NCE), the chamber representing exporters, while commending the recent achievement in export earnings which surpassed USD 1 billion for the second month this year noted that it is more important to sustain growth amid a challenging global business environment.

NCE President Ravi Jayawardena said the hard work of all exports who contributed to achieve a note-worthy growth in export income despite a tough global scenario must be commended.

However, sustaining the growth momentum amidst a host of hurdles in the global economy is what will make exporters smart and outstanding in a competitive environment.

"Travel and import restrictions, worker shortage and the devaluation of the rupee are some of the major impediments exports will have to put up with going forward in a demand- curtailed but highly competitive global market environment," Jayawardena said.

The chamber head also said that pressure on the exchange rate has adversely affected the imports necessary for the value-added export sector. Stabilising the exchange rate, easing travel restrictions enabling greater worker attendance are crucial to boost exports and bring in the much needed foreign exchange to the country, the chamber head said.

Export earnings topped US$ I billion mark to n in July this year, the highest ever monthly achievement with an increase of 1.33% over US$ 1,085 million in the corresponding month last year and an increase of 12.39 percent over US$ 978.2 million in July 2019.

Exports earnings surpassed the USD 1 billion mark in July after four month where the similar achievement was recorded in March this year according to the Export Development Board (EDB). Export earnings from rubber and rubber finished products increased by 13.6 % y-o-y to $ 96.65 million in July with strong performance in exports of pneumatic and retreated rubber tyres and Tubes and industrial and surgical gloves.

However, exports of gaskets, washers, seals, etc. of hard rubber declined by 42.78% y-o-y to $ 6.26 million last month. Export earnings from spices and essential oils have increased by 11.47% y-o-y in July 2021 with significant increases in cinnamon (11.09%), pepper (7.37%), Cloves (21.11%), essential oils (11.57%) and oleoresin (45.45%). Export earnings from spices and essential oils increased by 28.88 % in July in comparison to June 2021.

Meanwhile, export earnings from electrical and electronic products (22.7%) and Seafood (119.05%) recorded increases during the month of July 2021 compared with July 2020.

Earnings from coconut kernel and shell products increased in July 2021 compared with July 2020 and there is a notable performance in export of coconut cream and activated carbon.

Although earnings from the apparel and textile sector decreased by 3.1% y-o-y to US$ 452.55 mn in July, earnings from apparel and woven fabrics under the apparel and textiles sector increased by 2.76% and 69.43% in July compared with July 2020. Export earnings from apparel increased by 9.27 % in July 2021 in comparison to June 2021.

However, export earnings from Made-Up Textile Articles and Other Textile Articles gained high export revenues last year have decreased by 72.64% and 26.34% respectively in July 2021 in comparison to July 2020.

Export earnings from tea in July 2021 which made up 12% of merchandise exports decreased by 12.06% y-o-y to $ 115.13 million and export volume also decreased by 8.92% in July 2021 compared to July 2020. Moreover, export earnings from Tea recorded a 7.09% decrease in July 2021 in comparison to June 2021.

From January to July 2021, merchandise exports increased by 22.17 % to US$ 6,661.13 million compared to the corresponding period of 2020, following increased exports of apparel and textiles, rubber-based products, coconut based products, electronics and electronic components, spices and concentrates, seafood and ornamental fish as shown in the table below. Export earnings from Rubber and Rubber finished products increased by 41.98 % to US$ 616.59 Mn in Jan-July 2021 due to the better performance of exports of Industrial and surgical gloves of rubber (68.64%) and pneumatic and retreated rubber tyres and tubes (44.96%).

Earnings from all the major categories of Coconut based products increased due to the improved performance in export of coconut oil, desiccated coconut.

The services exports estimated by EDB which includes ICT/BPM, construction, financial services and transport and logistics recorded worth of US $ 1,885.88 mn during the period January to July 2021 compared to US$ 1,482.41 mn recorded in the corresponding period of 2020.

Estimated service exports increased by 27.22% during the period of January to July 2021 compared to the corresponding period of 2020. Coconut milk powder, liquid coconut milk, coconut cream, cocopeat, mattress fibre, and activated carbon. Earnings from the export of Electrical and Electronic Components (EEC) increased by 36.99% to US$ 241.45 Mn in the period of January to July 2021 compared to the corresponding period of 2020.

Source: sundayobserver.lk– Sep 12, 2021

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Cambodia Would Benefit From Myanmar-Bangladesh Ties

Myanmar is one of Bangladesh's closest neighbors with historic connectivity going back centuries. The 271 km long Bangladesh-Myanmar border is very important for Bangladesh due to its strategic position, although at present the area is militarized due to its ongoing internal conflicts. Were this to be resolved, Bangladesh could develop routes via Myanmar to access China to the east, and other southeast Asian countries to the south.

On the other hands, Cambodia is very closed to Myanmar geographically. Thailand isa neighboring state of Myanmar. Myanmar and Cambodia can be able to access in South Asia through Bangladesh. If Cambodia connects itself with Bangladesh-Myanmar-Thailand-India connectivity project and Bangladesh-China-India-Myanmar connectivity corridor through Thailand, Cambodia would benefit. A huge potential is waiting for Cambodia. If the two projects can be implemented truly, Cambodia will be gainer in this regard. Bangladesh-Myanmar improved ties is very needed in this regard. Cambodia is a very friendly country to both Myanmar and Bangladesh

Myanmar can also use Bangladesh as a transportation route to reach markets such as Nepal, Bhutan, and India. Both Bangladesh and Myanmar are members of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), an organization consisting of Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand that seeks to foster regional and economic cooperation. Cambodia can and should join BIMSTEC to utilize the benefits.

Bangladesh is a Southeast Asian country and can be used as an important hub to connect ASEAN and the South Asian Association for Regional Cooperation (SAARC). members of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka is difficult. Myanmar too, as an ASEAN member, can access the SAARC free-trade bloc through Bangladesh. Such a way, Cambodia would benefit economically to boost up their trade ties. Cambodia will be able to ensure its maximum business interest. Cambodia can access into the market of India, Nepal, Bhutan, Pakistan, Sri Lanka, Afghanistan and Central Asia easily.

Myanmar and Bangladesh have also resolved a dispute over their maritime borders through the International Court of Justice. As a result, the rights of Bangladesh have been established in an area of 1,11,000 square kilometers. Myanmar's waters have also been properly identified. Bangladesh-Myanmar-Cambodia has potential to invest in maritime business in the Bay of Bengal. These countries should utilize and extract the maritime resource from the maritime zone. Blue economy can bring benefit for Bangladesh-Myanmar-Cambodia also.

The proposed construction of the Asian Highway, funded by the Asian Development Bank can increase land connectivity between the two countries and increase trade in products such as fertilizers, plastics, cement, and furniture, etc. Cambodia should join the project to ensure its maximum business interest.

Myanmar and Cambodia which at present does have sophisticated manufacturing, can import electronics and pharmaceutical products that are readily produced from Bangladesh and benefit from the technology transfer. Bangladesh-Myanmar-Cambodia has potential of rice and fishery production. Trilateral effort is very needed here. Bangladeshi medicines, agricultural products garments, footwear and leather goods, knitwear, pharmaceuticals, tableware, home textiles, textiles, seafood and marine products, tea, potatoes, jute and jute products, light engineering products, spices, cosmetics and ceramics, Toilets, etc. can be exported easily to Cambodia through Myanmar and Thailand. On the other hands. Cambodia mainly exports cotton, edible oil, fertilizer, cleaner, staple fiber, yarn, etc. to Bangladesh.

Bangladesh and Cambodia cooperate in various fields. According to Bangladeshi media outlets, In 2010, the two countries agreed to set up a joint commission for bilateral cooperation between the foreign ministries. In 2013, they signed a visa waiver agreement for holders of diplomatic passports. Bangladesh has expressed interest in hiring Cambodian human resource development teachers.

In 2014, a joint commission was set up to explore new areas of cooperation between the two countries. An agreement was signed to strengthen existing cooperation. In 2014, an agreement on cultural cooperation was signed between Bangladesh and Cambodia. The signed 10 deals in 2017 are expected to enhance bilateral ties and strengthen economic cooperation between the two developing countries.

Bangladesh has proposed a long-term land cultivation agreement for farms in Cambodia by Bangladeshi nationals. Bangladesh is keen to sign a long-term rice import agreement with Cambodia. Bangladesh Cambodian students have been awarded scholarships by Bangladesh Agricultural University. The two countries jointly conduct agricultural research. In 2014, Bangladesh and Cambodia signed an agreement for scientific and technological cooperation in the agricultural sector.

China is now the biggest investor in Myanmar. China has invested over US$3 billion since the 2016-2017 fiscal year. One of the most strategic components of these investments is the US$1.3 billion Kyaukphyu deep seaport, which when completed, can provide China's Yunnan province a shortcut to the Indian Ocean. Cambodia can extract some benefits from the investments for its own gain.

The country's biggest economic advantage for Myanmar is that they are a member of ASEAN. ASEAN controls about 24 percent of total world trade and its share in world trade is growing yearly. ASEAN's trade relations with China, Japan, and South Korea are deepening due to the increase in trade and the upcoming RCEP agreement. ASEAN countries account for more than 50 percent of total trade between themselves and these three countries.

Bangladesh is keen to provide assistance to Myanmar. Covid-19 vaccine distribution and counter-terrorism training are some areas for cooperation. The Rohingya refugee problem has, however, created some tension between the two countries, and find the solution can serve the longer-term interests of Bangladesh and Myanmar even Thailand and Cambodia also. Myanmar and Bangladesh should solve this problem to serve its own and reginal interest. Myanmar should understand that it is the issue of the region. Whole South Asia and South East Asia may be volatile and unstable for this problem.

Cambodia can play a very significant role in this regard. Cambodia can mediate to bolster the strained relations between Bangladesh-Myanmar. Cambodia can paly to repatriate the Rohingyas in Rakhine in Myanmar. Cambodia can easily solve the problem because it has a very good relations with Myanmar.

However, the three countries can also increase production in the agricultural sector through joint ventures. Apart from adopting joint investment projects, Bangladesh can increase imports of various agricultural products including pulses, spices, fish and rice. Thus, enhancing trilateral relations could contribute to the growth of trade and investment relations with ASEAN and BIMSTEC countries. This will create an opportunity to solve the Rohingya problem and stop militant activities. Therefore, Myanmar should take effective steps to strengthen bilateral relations to connect the South East Asia with South Asia. Cambodia should play an effective role to motivate Myanmar to bolster ties with Bangladesh. Benefit is waiting not only for Myanmar but also for Cambodia.

Source: eurasiareview.com– Sep 11, 2021

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BGMEA: Bangladesh overtakes Vietnam in RMG earnings from Jan-July'21

Bangladesh exported apparel products worth $18.80 billion during the period, against Vietnam's exports worth $16.86 billion

Bangladesh regained its position as the second largest apparel exporter by earning $1.94 billion more than Vietnam in the first seven months of this calendar year, said the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

According to the BGMEA officials, Bangladesh exported apparel products worth $18.80 billion during the period, against Vietnam's exports worth $16.86 billion.

However, both Bangladesh and Vietnam perceived a negative growth of 7.66% and 7.30% respectively during this seven-month period, compared to 2019.

Earlier, Vietnam overtook Bangladesh in the global apparel market and became the second-largest global ready-made garment (RMG) exporter, according to the World Trade Statistical Review 2021 released by World Trade Organization (WTO), on July 30 this year.

According to the data, Bangladesh's share in the global apparel market dropped to 6.3% in 2020 from 6.8% with a market value of $28 billion in the same year, while Vietnam's share in global RMG exports stood at 6.4% in 2020, up from 6.2% a year earlier with a market value of $29 billion.

However, apparel exporters said that the data was based on 2020 when Vietnam's export growth remained unhurt during and Bangladesh's exports steeply nosedived due to the Covid-19 pandemic.

But from this year, Bangladesh's garment industry started to turn around. So, it is not uncommon for Bangladesh to regain the second position again by overtaking Vietnam, they also said.

Talking to Dhaka Tribune, Mohiuddin Rubel, director of the BGMEA, said that as per the official data of Bangladesh government and the official data of Vietnam, Bangladesh clearly stays ahead of Vietnam during January-July period of 2021.

The official export of Vietnam during this period stood at $16.86 billion, while for Bangladesh it was $18.80 billion. So, Bangladesh earned $1.94 billion more than Vietnam by exporting apparel goods," he added.

However, according to the General Statistics Office (GSO) of Vietnam, they earned $18.46 billion from textile and garments export during January-July period of 2021.

In this regard, Mohiuddin Rubel said that the Vietnamese government aggregates their textile export with garment while publishing data, so the data they publish is not exclusively apparel export.

"But the WTO calculates the textile and apparel sector separately, and that is logical. We can confidently say that Bangladesh will remain the second largest garment exporting country by the end of 2021," he added.
Shahidullah Azim, vice-president of the BGMEA, told Dhaka Tribune that Bangladesh undoubtedly overtook Vietnam a few months ago.

"We expect Bangladesh to export about $4 billion more than Vietnam by the end of this year, as the factories have enough purchase orders. At the beginning of 2021, exports to EU countries were slightly lower but the exports have started to increase in this destination at a significant rate," he added.

He also said that if Bangladesh can improve their position in the Ease of Doing Business and achieve the desired target in all the parameters associated with it, the country will earn $3-$4 billion more from apparel exporting than their setting target.

Bangladesh is ranked 168th out of 190 in 2020. It is tough to unload the goods before 7 days from airports as there is no necessary equipment, and also a lack of skilled manpower, he added.

He also said that there are various complications at the port, and complications related to bonds, and infrastructures. These types of complications at various points are hindering exports severely. To increase exports, these must be fixed immediately.

"Moreover, utilities such as electricity and gas pose various unwanted problems. If all these problems are solved, if we can improve our Ease of Doing Business rank, our exports will increase even more than our target," he also said.

However, exporters opined that Bangladesh should diversify its export basket within the RMG sector to sustain the pace of growth.

Bangladesh needs to improve in labour productivity, capital productivity and diversification. It also needs to increase skills, move from low end to high end, increase value addition, increase product basket, and reduce lead time.

Source: dhakatribune.com– Sep 12, 2021

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Why Bangladesh needs to set price floor for garments

The US government has passed well-documented "anti-dumping laws" aimed at providing a level playing field and protection for the local industries. These laws have been enforced with regards to the textile industry several times in recent years, when polyester producers from outside the US "dumped" their product on the US market at prices that were substantially below the market rate.

The US authorities take a hard-line stance on dumping and have issued anti-dumping tariffs as high as 50 percent to some external businesses selling polyester in the US market.

I am beginning to wonder whether we need our own internal anti-dumping laws in Bangladesh when it comes to cotton apparel.

Confused? Well, allow me to explain.

As a ready-made garment manufacturing hub, we have been trapped in a spiral of declining unit prices for years. There are many theories as to why it is so. People often make the link between the end price of clothing and the prices paid to apparel makers. It is also argued that too many suppliers are chasing too many buyers in Bangladesh, and that these supply-demand dynamics force the prices downwards—with buyers taking advantage of the market situation.

I believe there is some truth in both these theories. However, perhaps it is time to start looking inwards as garment manufacturers if we wish to resolve this issue for the benefit of all. At present, we are seeing relatively healthy orders in Bangladesh's RMG sector as the market bounces back, thanks to the reopening of economies in Europe and the US.

In theory, this should mean that prices would hold relatively firm. But this is not the case now and, indeed, it has not been the case on previous occasions, when demand has been robust. Instead, we continue to see a tendency of some manufacturers to offer products at way below the prevailing market rates. In effect, such manufacturers are "dumping" products on the domestic market in the same way that polyester exporters to the US were dumping their product in the situation I highlighted earlier.

Is dumping too strong a word? Perhaps it is, but there is no doubt that some manufacturers are selling at or below the cost in some circumstances. This is madness. It creates problems for us all, and risks dragging us down into a perpetual race to the bottom.

Are other garment production hubs like this? The picture is varied; however, as an example of where garment makers have a stronger reputation for offering "take it or leave it" prices, one needs to look no further than China. Chinese factories appear better equipped when it comes to negotiation, and hold their ground where pricing is concerned. There seems to be more collaboration and a collective understanding that it is not in the interests of any manufacturer to have a glut of under-priced products flooding the domestic market.

I hear anecdotes from our own industry about manufacturers taking orders at prices below the cost—even at a time when the market is strong. This suggests to me that this problem will always be with us unless it is tackled head-on.

The issue with accepting such low prices is that it is not sustainable. The people who suffer are, of course, the garment workers. It is also unrealistic to think that one can run a sustainable operation in a market where prices are continuously being dragged down by factories, which are happy to offload garment products for next to nothing.

I believe our industry needs to take action—and by that I mean the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), and perhaps the Ministry of Commerce as well. Shipping and customs declaration records would provide a means by which to gain an insight into what is being shipped and for what prices.

Surely as an industry we have to consider some kind of minimum pricing, with warnings for factories that do not comply and potentially the removal of export licences for repeated offenders.

If this sounds draconian, consider again the anti-dumping laws cited earlier. Minimum prices are simply a way of protecting our industry as well as raising standards across the board. Better prices will also enable factory owners to take a more long-term view of sustainability issues, which all buyers are demanding right now. This, in turn, could lead to more orders for all of us.

It would be for the BGMEA and other industry leaders to decide whether such an initiative would merit being implemented and what form it might take.

For my own part, I would add a few final thoughts. The first is that we cannot, as an industry, continue to blame buyers for requesting lower prices or consumers for demanding cheaper fashion. We have been complaining about such issues for far too long when, in reality, we have to ask if there is anything we can do to make our industry more stable, professional, and sustainable.

The second is that perhaps it is time to think more collaboratively and look at the bigger picture as an industry. Obviously, there will always be intense local competition, and this is one of the factors that makes us such a popular choice for buyers and ensures that the quality standards remain high. But the "race to the bottom" prices help none of us and only serve to tarnish us all with the "cheap and cheerful" brush, ruining our industry's image. We are better than that.

Mostafiz Uddin is the managing director of Denim Expert Limited. He is also the founder and CEO of Bangladesh Denim Expo and Bangladesh Apparel Exchange (BAE).

Source: thedailystar.net– Sep 13, 2021

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Bangladesh: RMG industry picks up steam

Work orders returning to pre-pandemic level

The country's apparel manufacturers are seeing a steady flow of work orders showing that the ball is rolling, similar to the times before the Covid-19 outbreak hit in March last year.

Exporters hope that if the orders continue to come in, the country's apparel sector will be able to turn around by winter this year.

Industry insiders said that stores and retail outlets of the buyers have reopened in full swing after mass vaccination in the buyers' countries, especially in the US and Europe, the two prime destinations for Bangladeshi apparel manufacturers.

Moreover, the prevailing Covid-19 situations in India and Vietnam, as well as the recent political unrest in Myanmar, have both had an impact on shifting orders to Bangladesh.

Orders also shifted from China because of increased tariffs due to the US-China trade war.

Local apparel manufacturers are optimistic about export volume recovery as they have adequate purchase orders for as late as next summer.

However, they also expressed their frustration as buyers continued to offer lower prices for products, at least 10% lower than the pre-pandemic levels.

Shahidullah Azim, vice-president at the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said that apparel exports will increase by November and December, as factories have received plenty of work orders.

“We have plenty of purchase orders from our buyers as their stores are fully operational after mass vaccination. Exports will increase significantly in the coming months,” he added.

He also said that unofficially Bangladesh has already regained second position by overtaking Vietnam again, which will be announced officially soon.

Mohammad Hatem, vice-president of the BKMEA, said that knitwear exports experienced more than 17% growth in August.

“We expect export earnings to be 20-25% in the coming months. Demand for this specialty has grown significantly as a result of the return of normalcy in Europe and the Americas. The sector is getting more purchase orders,” he added.

He also said that they are not able to take adequate orders due to the instability of yarn prices. The price of yarn in Bangladesh is much higher than any other country, like India, Pakistan.

Manufacturers said that most of the factory is booked to 100% of its capacity till December and January.

However, the price of the products is a bit lower than the pre-pandemic period but they are hopeful that the huge purchase orders may make up for this, they said.

Azhar Khan, owner of Mithela Textiles Limited, said that the whole sector got a number of purchase orders and the maximum factory has been booked to full capacity.

But the entrepreneurs are a little worried about the lower prices, he added.

He also said that they are hopeful about the recovery of the business in the coming months. As the sector has gotten plenty of work orders, they will be able to recover soon.

Manufacturers said that some of the factories already have gotten purchase orders at the pre-pandemic level. They hope that the sector will rebound fully after one more season. They also said that it is the high time to negotiate with buyers for better prices.

Some sources from the textile sector said that they believe there has been a giant leap in the export orders.

A factory which usually sold 30 tons of yarn yearly to the local market, now sells nearly 80-85 tons of the yarn in the domestic market. They believed that the orders have increased by at least 15% in this season.

According to the recent data published by the Export Promotion Bureau (EPB), bearer of more than 82% of the export earnings, fetched an 11.56% growth year-on-year last month with exports worth $2.75 billion, up from $2.46 billion in the same month last year.

Of those, woven items recorded a growth of 4.47% which experienced a fall of 17.78% in July year-on-year exports.

However, the shipments of the apparel sector slightly dipped by 1.27% year-on-year to $5.64 billion in July and August combined in 2021, which was $5.71 billion in the same period of the last year,

Exporters said that there was a backlog due to Eid, lockdowns and port issues in July, so a number of products were unshipped.

Source: dhakatribune.com – Sep 09, 2021

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Pakistan: PM says there's need to check wide import-export gap

Prime Minister Imran Khan has directed the Commerce Division to submit the Strategic Export Framework for approval in two weeks as there is an urgent need of taking immediate measures to lessen the gap between imports and exports.

The prime minister directed this while chairing a meeting to review various steps taken by the government to increase the country's exports.

The meeting was informed that a total increase of $30 billion is possible in the current volume of exports and this could be achieved by focusing on 19 products, including IT, textiles, medicine, poultry, rice, vegetables, fruits, leather, salt, marble, and surgical instruments to increase the country's exports.

The meeting was informed by the Commerce Division that consultations with stakeholders, including industrialists, exporters, and concerned government agencies is underway.

The prime minister stressed that as all economic indicators are moving in a positive direction; however, there is a need for urgent steps to reduce the gap between imports and exports.

He further stated that the government is creating facilities for exporters, and directed that targets should be set for Pakistan's trade and investment officers stationed abroad in terms of increasing exports.

Pakistan records highest export of goods in FY21

He said that the diversification of markets and products is a priority of the government to increase Pakistan's exports. The prime minister added that providing a conducive environment and business-friendly policies to the business community is a government priority.

He said that the government has been pursuing a policy of formulating policies in consultation with the business community and a strong partnership between the government and the industry would be continued.

The prime minister further stated that the government has been following the policy of providing all possible facilities to the business community, the expects the business community to take full advantage of these opportunities and fully support the government in stabilising the country's economy.

The meeting was attended by National Security Advisor Dr Moeed Yousaf, Special Assistant Dr Shahbaz Gill, secretaries of Commerce Division and Energy Division as well as other senior officials.

Source: brecorder.com– Sep 11, 2021

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NATIONAL NEWS

Government Provides Big Boost to Exporters

Under the decisive leadership of Hon'ble Prime Minister Shri NarendraModi, Government of India has decided to budget Rs 56,027 crore in this Financial Year FY 21-22 itself in order to disburse all pending export incentives due to exporters. This amount includes claims relating to MEIS, SEIS, RoSL, RoSCTL, other scrip based schemes relating to earlier policies and the remission support for RoDTEP and RoSCTL for exports made in the 4th quarter of FY 20-21. Benefits would be disbursed to more than 45,000 exporters, out of which about 98% are small exporters in the MSME category.

The amount of Rs 56,027 crores of arrears is for different export promotion and remission schemes: MEIS (Rs 33,010 crore), SEIS (Rs 10,002 crore), RoSCTL (Rs 5,286 cr), RoSL (Rs 330 crore), RoDTEP (Rs 2,568 crore), other legacy Schemes like Target Plus etc (Rs 4,831 crore). This amount is over and above duty remission amount of Rs 12,454 crore for the RoDTEP scheme and Rs 6,946 crore for RoSCTL scheme already announced for exports made in this year i.e. FY 2021-22.

Exports in India have seen robust growth in recent months. Merchandise exports for April-August, 2021 was nearly $164 billion, which is an increase of 67% over 2020-21 and 23% over 2019-20. This decision to clear all pending export incentives within this financial year, will lead to even more rapid export growth in coming months.

For merchandise exports, all sectors covered under MEIS, such as Pharmaceuticals, Iron and steel, Engineering, Chemicals, Fisheries, Agriculture and allied Sectors, Auto and Auto Components would be able to claim benefits for exports made in earlier years. Benefits would help such sectors to maintain cash flows and meet export demand in international market, which is recovering fast this financial year.

Service sector exporters, including those in the travel, tourism and hospitality segments will be able to claim SEIS benefits for FY 2019-2020, for which Rs 2,061 crore has been provisioned. The SEIS for FY 2019-20 with certain revisions in service categories and rates is being notified. This support would have a multiplier effect and spur employment generation.

The apparel sector, which is a major labour-intensive sector, would get past arrears under ROSCTL and ROSL, and all stakeholders in the interconnected supply chains would be strengthened to meet the festive season demand in international markets.

Export claims relating to earlier years will need to be filed by the exporters by 31st December 2021 beyond which they will become time barred. The Online IT portal will be enabled shortly to accept MEIS and other scrip based applications and would be integrated with a robust mechanism set up by Ministry of Finance to monitor provisioning and disbursement of the export incentives under a budgetary framework.

A decision to clear all pending export incentives within this Financial Year itself despite other budgetary commitments arising out of the pandemic is with the objective of providing timely and crucial support to this vital pillar of Indian economy.

Source: pib.gov.in– Sep 09, 2021

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PLI will boost textile exports, says Texprocil

It will encourage setting up of new domestic textiles companies or expand existing manufacturing companies, says Chairman Manoj Patodia.

The new production linked incentive of government will reduce the dependence on imports and boost investment across the country, especially in smaller towns. The Union Cabinet, headed by Prime Minister Narendra Modi, on Wednesday approved the PLI scheme for notified products of man-made fibre apparel and 10 segments of technical textiles with a financial outlay of ₹10,683 crore over five years.

Manoj Patodia, Chairman, The Cotton Textiles Export Promotion Council (Texprocil) said the scheme will reduce the textile sector's import dependence and will make the industry Atmanirbhar. The PLI scheme will encourage setting up of new domestic textiles companies or expand existing manufacturing companies, which in turn will generate additional employment especially for women, he said.

Under the scheme, priority will be given for investment in tier III and IV towns and rural areas, said Patodia.

Boost to exports

The scheme will create a strong ecosystem for the development of textiles sector in different States such as Uttar Pradesh, Maharashtra, Tamil Nadu , Punjab, Andhra Pradesh , Telangana and Odisha which will ensure development of the textile sector throughout the country.

The PLI scheme will boost the overall textile and clothing exports and also give a fillip to domestic manufacturing, he added. The incentives under the scheme are based on the fulfilment of prescribed minimum investment and turnover limits. The broad objectives of the scheme is to help Indian textile companies to become global champions and to regain India's dominance in global textiles trade .

The scheme covers only those manufacturing companies that are registered in India.

Source: thehindubusinessline.com– Sep 09, 2021

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CBIC instructs field units to free up shipping containers amid global shortage, industry demands

The Central Board of Indirect Taxes and Customs (CBIC) has asked field units to expeditiously dispose of unclaimed or confiscated goods and move import cargo pending inquiry to warehouses, in order to free up shipping containers.

The Board has also asked field units to give monthly updates on containers that have been held up by intelligence agencies or stuck in court cases, and have been subsequently freed up.

“Dispose expeditiously the unclaimed/uncleared/seized/confiscated goods including that are holding up containers… whenever it becomes necessary to detain the imported cargo, pending completion of enquiry/investigation, such cargo should be removed to a customs warehouse and the container can be released for further use,” the Board said in instructions issued to field units late Friday night.

The Board added that field formations should encourage the activity by offering it to importers. Monthly progress reports have been sought by the 5th of every month.

“It is guided that proactive steps enabling release of such containers should also be adopted,” the Board said.

The instructions come amid a global shortage of shipping containers – triggered by the temporary closure of sea ports including those in China due to Covid 19 pandemic – which has lead to a massive increase in freight rates and an imminent slump in exports.

Industry has sought government intervention, seeking that movement of empty containers out of India be curtailed and a freight support scheme.

However, the government has asked container shipping lines to be transparent in their levy of various charges and accept payment in free foreign exchange, in a meeting held by commerce and industry minister Piyush Goyal earlier this week on the issue.

The government also cautioned that arbitrary levy of charge may attract the attention of the Competition Commission of India. Shipping industry has in turn said that orders for new containers and container ships were being placed, besides repositioning of existing containers.

The CBIC said Saturday that it has taken various measures over last year to address container shortages including a special drive to free up all available containers which resulted in the release of nearly 14,000 containers.

In July this year, the Board circulated an updated list of long standing 13,104 containers received from Container Shipping Lines Association (CSLA) to the field formations.

Source: economictimes.com– Sep 11, 2021

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Container shipping giant freezes spot rates amid trade chaos

The cost of shipping a 40-foot container from Shanghai to Los Angeles reached $11,569 in the past week, nearly eight times higher than pre-pandemic levels.

The world's third-largest container carrier said it's capping spot rates for ocean freight for the next five months, yielding to pressure from some customers and regulators concerned that global trade disruptions have pushed the cost of shipping too high.

"Although these market-driven rate increases are expected to continue in the coming months, the group has decided to put any further increases in spot freight rates on hold for all services operated under its brands," CMA CGM SA said in a statement on its website.

The decision, which will resonate throughout the industry, took effect Thursday and runs through Feb. 1. Based in Marseille, France, the company said it's "prioritizing its long-term relationship with customers in the face of an unprecedented situation in the shipping industry." The cost of shipping a 40-foot container from Shanghai to Los Angeles reached $11,569 in the past week, nearly eight times higher than pre-pandemic levels, according to the Drewry World Container Index.

Global supply chains, with container shipping as their backbone, are struggling to keep pace with the demand for goods and overcome labor disruptions caused by Covid outbreaks. One illustration of the strained system is the queue of ships outside the twin California ports of L.A. and Long Beach, which jumped to a record 49 vessels as of late Thursday.

Separately on Thursday, the Federal Maritime Commission in Washington announced the membership of its newly formed National Shipper Advisory Committee. The panel of 24 members representing exporters and importers will "advise the commission on policies relating to the competitiveness, reliability, integrity, and fairness of the international ocean freight delivery system."

Source: economictimes.com– Sep 11, 2021

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This is how RoDTEP scheme can impact exports

The Government has projected RoDTEP as a replacement of MEIS, even though both cannot be equated, inherently since MEIS has been an incentive while RoDTEP is remission of tax/duty 'costs' which has found its way in export pricing.

Remissions of Duties and Taxes on Exported Products (RoDTEP) is a much-awaited scheme which seeks to replace the Merchandise Exports from India Scheme (MEIS).

MEIS was devised to incentivise exporters in offsetting infrastructural inefficiencies and the associated costs. It was considered a subsidy and pronounced as a violation of the World Trade Organisation (WTO) rules, by its Dispute Settlement Body in 2019.The Subsidies and Countervailing Measures (SCM) Agreement of the WTO prohibits a government especially countries above a certain specific threshold of development, from providing financial benefits to exporters in the form of incentives

This prompted the Central Government of India to rollout alternate schemes that are compatible with the WTO mandate. With RoDTEP exporters will be compensated for the non-creditable duty/tax costs (such as Electricity Tax, Stamp duty, Mandi Fee, Tax on fuel, etc.) that are embedded in the export goods.

The government implemented the RoDTEP scheme with effect from January 2021. After missing several deadlines, the Ministry of Commerce notified the guidelines and rates under the scheme on 17 August this year. The new remission rates announced under the scheme envisage that the exporters will be compensated the embedded taxes, which were not recoverable (or refunded) and inbuilt in the price of the export commodity, leading to intense competition in the international market.

It is apparent from the commodity-wise rates announced under RoDTEP that the government's focus has been on products that are relatively poor in export volume and have good potential to penetrate the international market.

The key differences between the MEIS Scheme and the newly launched RoDTEP Scheme are:

- Under MEIS, an adhoc incentive was available as a percentage of the export price, which could be used for the payment ofimport duties. However, under the RoDTEP Scheme, exporters are entitled to a certain percentage of the export price as a scrip, which is limited approximately to the embedded taxes.
- While the MEIS Scheme is an incentive in the form of physical, transferrable scrips used for payment of various components of Customs duties, the RoDTEP Scheme is an electronic, transferable credit, which can be used for payment of only the Basic Customs Duty.
- The MEIS Scheme has been under the cloud from the standpoint of WTO norms compliance, whereas RoDTEP Scheme has been framed in accordance with WTO guidelines.
- The MEIS incentive was often higher, as against RoDTEP, the basis of which is the actual taxes/duties embedded in the commodity.

Under the RoDTEP Scheme, exporters are entitled to benefit from 0.5% to 4.3% of the FOB value of the exported products falling under the specified HS Codes. Further, the RoDTEP benefit is also capped at a certain sum per unit of the exported product, like the Duty Draw-back scheme which also follows 'valuecap'.

Response to RoDTEP

The initial response of the exporters suggests that the RoDTEP scheme has not been able to enthuse them as the rate has been lower than expectations. Many sectors are disappointed at the remission rates while others are upset with the exclusion of their sectors/products from the scope of the scheme. The government has announced that it would reconsider the excluded sectors/products in the future.

Exporters from the pharma, steel and chemical industries, export-oriented units (including bio-technology parks and electronic hardware technology park), Special Economic Zones (SEZ), free trade warehousing zone and custom bonded warehouses operating under the Manufacturing and Other Operations in Warehousing Regulations are kept outside the scope of the new scheme. Many exporters have expressed their concerns and have suggested that the rates declared require immediate review. Few exporters cited their inability to submit details/data, as required by the Government, due to the current situation prevailing in the country on account of the pandemic.

The government has projected RoDTEP as a replacement of MEIS,even though both cannot be equated, inherently since MEIS has been an incentive while RoDTEP is remission of tax/duty 'costs' which has found its way in export pricing.

While the government's compliance with the WTO mandate is understandable, the exporter community has been comparing the benefits under MEIS with RoDTEP, and therefore drawing a gloomy picture. Exporters might likely revisit pricing strategies very soon to realign the prices in accordance with the new scheme.

While industry representatives feel that the government must devise suitable schemes to incentivise exports, the government is discussing measures to introduce appropriate structures that serve the twin objective of rewarding the exporters, while surviving the test of WTO mandates.

As RoDTEP is in its nascent stage, industry experts are exploring possibilities of initiating discussions with concerned authorities. One has to only wait and watch to see how this scheme evolves in the coming days.

Source: economictimes.com– Sep 11, 2021

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Release of pending export incentive dues to help ease liquidity, boost shipments: Exporters

The government's decision to release the pending export incentive dues worth Rs 56,027 crore will help the sector in increasing competitiveness and easing liquidity crunch, according to exporters.

The Plastics Export Promotion Council of India (Plexconcil) Chairman Arvind Goenka said the release of MEIS (merchandise export from India scheme) incentives of the past two years will be a "great help and support to exporters".

It is estimated that more than Rs 2,000 crore will be released to plastic processors, Goenka said, expressing hope that FIBC (flexible intermediate bulk container) bags too would be covered under the announcement as its exports are on a downward trend since MEIS was removed.

The government on Thursday said it will release Rs 56,027 crore to exporters against pending tax refunds under different incentive schemes for outbound shipments. The amount will be disbursed to more than 45,000 exporters.

Federation of Indian Export Organisations (FIEO) Vice President Khalid Khan said that it was a much-awaited move as exporters are facing liquidity issues.

He urged the government to implement the decision on time to provide much-needed support to exporters.

Total Group Chairman Vijay Gupta said: "The move will boost the morale of exporters, who are suffering because of exorbitant high sea freight".

Sharing similar views, Gems and Jewellery Export Promotion Council (GJEPC) Chairman Colin Shah said that this will be a huge relief to exporters who were unable to price competitively with neighboring countries and were challenged with their working capital and cash flows.

"This will be a good positive signal to exporters and will motivate them to focus on building and growing their export business," he said.

Council for Leather Exports (CLE) Chairman Sanjay Leekha said that this was a demand of all the members and has come as a great support to the leather and footwear export sector which is facing a huge cash flow crunch to finance its day-to-day manufacturing operations and exports productions.

“This will help in easing out the liquidity crunch to exporters and will further boost the export growth to meet the demand of the international market,” Leekha said adding it will also help in achieving the national export target of USD 400 billion for this fiscal.

Source: financialexpress.com– Sep 10, 2021

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Telangana minister KTR requests Piyush Goyal for including cotton in PLI scheme

September 11 (ANI): Telangana Minister KT Rama Rao complimented Union Minister Piyush Goyal for approving the Production Linked Incentives (PLI) scheme for the textile industry and suggested including the cotton segment for widening the scope of the scheme.

Rao, who is the Minister of Municipal Administration and Urban Development of Telangana, suggested including the cotton segment in the scheme.

In a letter to Goyal, Rao wrote, "As per the guidelines announced by the government, the incentives are available only for textile units operating in man-made fibre (MMF) segment, and unfortunately, cotton is not covered. As you are aware, more than 50 per cent of the consumption of textile products in India is with cotton as the base fibre, and therefore it provides linkages right upto the cotton farmers.

In this respect, I request you to consider allowing these or similar incentives for textiles of all fibres. Our cotton textiles segment also needs support and having PLI or an equivalent scheme for it will enable the industry to invest in new projects, including the processing segment, which is in need of up-gradation."

"At this stage, keeping the cotton segment at par with MMF is also essential, as the industry is gradually recovering from the impact of the COVID-19 pandemic and many leading players are reportedly considering new investments.

Having PLI or equivalent scheme for the cotton segment, will speed up the investments and help the Central government in achieving its goal of 7.5 lakh employment even faster. For large number of cotton farmers, particularly from the cotton-growing states like Telangana, support through such a scheme will give them better returns and help them in their livelihoods," read the letter.

The Telangana minister requested Goyal to implement the Mega Investment Textiles Parks (MITRA) scheme soon citing better implementation of the scheme.

"As the government has rightly announced MITRA Scheme, I earnestly request you to implement it right away as it will complement the PLI scheme perfectly.

Large investments require large land parcels, supported by quality infrastructure and linkages, and these can be provided by mega textile parks. Therefore, announcing of the mega textile park scheme will encourage states and other developers to immediately launch their projects so that the industry can set up their manufacturing units in a short time," read the letter.

He added, "We have made significant progress in our mega textile park at Warangal and created strong conditions for investment with Youngone Corporation of Korea and Kitex Garments, one of the world's leading kidswear exporter, committing investments in the mega textile park."

Taking steps forward towards the vision of an 'Aatmanirbhar Bharat', the Cabinet on September 8 approved the PLI scheme for Textiles for MMF Apparel, MMF Fabrics and 10 segments/ products of Technical Textiles with a budgetary outlay of Rs 10,683 crore. PLI for Textiles and other measures of Government in the sector e.g. providing raw material at competitive prices, skill development etc will herald a new age in textiles manufacturing.

Source: sg.news.yahoo.com– Sep 11, 2021

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Cabinet likely to clear 7 mega textile parks within 2 weeks

Announced in Budget FY22, the MITRA parks will also have uninterrupted water and power supply, common utilities and research and development labs.

The proposed scheme to setup seven mega investment textile parks (MITRA) is likely to get Cabinet approval in the next fortnight, a senior official said.

The textiles ministry has proposed to set up these parks on over 1,000 acres in the next three years, on the lines of China and Vietnam. They will have integrated facilities, plug-and-play infrastructure and quick turnaround time to minimise transportation losses, aimed to attract big-ticket investments in the sector.

Announced in Budget FY22, the MITRA parks will also have uninterrupted water and power supply, common utilities and research and development labs.

“In another 15 days’ time, we hope to get approval for the mega textile parks. We are going with seven parks which would be selected on the basis of the challenge method,” textiles secretary Upendra Prasad Singh said.

This would be the second major decision this year for the textiles sector aimed at attracting investments.

The Union Cabinet on Wednesday approved a ₹10,683 crore production-linked incentive scheme for man-made fibre segment (MMF) apparel, MMF fabrics and ten products of technical textiles for five years, aimed at boosting domestic manufacturing and exports. This would lead to fresh investments of more than ₹19,000 crore, according to the government.

“One thing which is non-negotiable is 1,000 acres of land,” Singh said, adding that other factors like raw material availability, road connectivity, road and power availability too would be crucial.

The parks are crucial to attract foreign direct investment (FDI). From April 2000 to September 2020, India’s textile sector received ₹20,468.62 crore, or $3.4 billion, of FDI, which is just 0.69% of the total FDI inflows during the period.

While India has sanctioned 59 textile parks so far under the Scheme for Integrated Textile Parks (SITP), only 23 have been completed.

The slow progress due to delays in obtaining land and other statutory clearances from state governments and slow fund mobilisation have prompted the government to develop MITRA parks.

Source: economictimes.com– Sep 11, 2021

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Container crunch takes toll on freight rates: Lock empty cases, say exporters

In light of rising freight rates due to the global container shortage, exporters have called on the government to provide freight subsidies and curb the movement of empty cases out of India.

Freight rates to a number of key ports have risen by over 300 per cent since August 2020. Exporters have also called for the release of about 20,000 containers that have been abandoned or detained by various agencies to augment their supply, The Indian Express has learnt. The government is currently in talks with key stakeholders to help exporters deal with the shortage and rise in freight rates.

Delays in unloading of containers at various ports due to Covid-related curbs and an unexpectedly quick recovery in global trade has led to an international container shortage.

“Some countries are putting a premium on the import of empty containers,” said Ajay Sahai, director general and CEO, Federation of Indian Export Organisations (FIEO), adding this was compounding the container shortage.

Sahai said the Kolkata port had restricted the export of empty containers to a maximum of 100 per vessel for a three-month period and that other ports should also curb the export of empty containers. An exporter said the shortage meant that companies did not know when materials would reach their destination and that long delays in shipments reaching their destinations were leading to working capital issues, as payments were being delayed by 2-3 months.

The FIEO has also called for a freight support scheme for all exports till the end of the fiscal — by when freight rates are expected to normalise. The FIEO has recommended that such a scheme also be applicable to LCL (Less than Container Load) cargo to ensure that small exporters are not excluded.

Exporters have also said the option of priority booking offered by some shipping lines was adding to freight costs. “Priority booking should be stopped and revert to first come, first served booking,” Sahai said. Commerce Minister Piyush Goyal had recently said at a meeting with textile exporters that the government “cannot mandate or force (these freight) rates" since if government forced the rates downwards, then shipping firms could also demand a hike in rates when they are low.

Experts said even though the shortage and high freight rates were international issues, persistent structural worries had led to Indian exporters facing a worse situation.

"The average turnaround time for ships in India is about 2.7 days while the world average is 23.5 hours," said Biswajit Dhar, professor at JNU's Centre for Economic Studies and Planning, noting that this was adding to container shortage for Indian exporters.

Source: indianexpress.com– Sep 11, 2021

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High shipping costs: Scheme to aid farm exporters back & fortified

FE had on September 5 reported that the government was considering extending the scheme for at least one more year with enhanced support.

Amid a surge in shipping costs, the government on Friday extended some relief to exporters of specified products by reintroducing the Transport and Marketing Assistance (TMA) scheme, with wider coverage and much larger support, for one year.

Under TMA, which was valid up to March 2021, the government reimbursed exporters a certain portion of freight charges and offered assistance for the marketing of select agricultural produce.

Rates of assistance have been increased by 50% for exports by sea and 100% for those by air. Similarly, dairy products, which were not covered under the earlier TMA scheme, will now be eligible for assistance, the commerce ministry said in a statement.

FE had on September 5 reported that the government was considering extending the scheme for at least one more year with enhanced support.

Under the revised scheme, which will be in force until March 2022, exporters of specified farm products will be granted aid in the range of Rs 8,400 to Rs 35,700 for shipping out a normal container (20-foot long) of goods, depending on the destination. Earlier, this support was in the range of Rs 5,600 to Rs 23,800. Similarly, the assistance per 20-foot refrigerated container will range from Rs 18,375 to Rs 47,250.

For exports by air, an aid of Rs 1.4-7 per kg will be extended. Earlier, it ranged from 70 paise to Rs 3.5.

The highest assistance will be for exports to South America and the lowest to Asean region (or Far East for refrigerated container), based on the proximity criterion.

The TMA scheme, introduced in March 2019, was initially applicable for exports undertaken up to March 31, 2020. Subsequently, it was extended up to March 31, 2021.

The move is part of a series of short-term and long-term measures being considered by the government to help exporters tide over a spurt in their shipping costs, which surged by over 300% in August from a year before. The Centre is also planning to encourage domestic companies to ramp up the production of containers, an acute shortage of which has accentuated the current crisis.

The crisis hits exporters at a time when they are striving to reap benefits of a resurgence in global demand for merchandise, and threatens the country's ambitious $400-billion export target for FY22.

Of course, shipping costs have gone through the roof across the globe and India isn't an outlier. In fact, the costs in China have surged at a much faster pace than in India. However, given Beijing's massive covert subsidies, the competitiveness of its exporters remains intact. So, the Indian government, too, must find ways to cushion the blow to them, domestic exporters said earlier.

Farm exports have remained insulated from the havoc wrought by the pandemic. In the first four months of this fiscal, they grew by over 31% to almost $15 billion, even on a relatively unfavourable base. In FY21, despite Covid-induced supply disruptions in initial months, outbound shipments of farm commodities grew 17%, against a 7% drop in overall merchandise exports.

Source: financialexpress.com– Sep 11, 2021

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Will follow challenge method to select states under MITRA, says textile ministry official

The Textiles Ministry will follow a "challenge method" to select states for the proposed Mega Investment Textiles Parks (MITRA) scheme, under which seven parks will be set up in the country, a top government official has said. The scheme, which was announced in the Union Budget 2021-22, is at advanced stages of approval, Textiles Secretary U P Singh said.

"We are expecting that in the next 15 days, we will get (cabinet) approval on the MITRA scheme," he told PTI.

He said that there are more takers for the scheme as some states want two or three such parks and because of that "we will follow a challenge method to select states".

Apart from 1,000 acre land for one such park, the ministry will look at some important things like nearby availability of raw material, all kinds of infrastructure including port, road and rail connectivity, water and power availability, and incentives of states among others.

States will have to apply for the scheme and "we will float expression of interest (EoI) kind of thing. We will seek documents as per a format and then we will do evaluation," Singh said.

He added that a portal will also be developed for that.

Textiles Minister Piyush Goyal had recently stated: "We need competition among states to capture business opportunities and we will see that competition in the MITRA scheme. We have to finalize 6-7 textile parks. States will have to commit for land, labour laws, infrastructure and power at attractive rates."

The government has proposed the MITRA scheme to enable the textile industry to become globally competitive, attract large investments, boost employment generation and exports.

Talking about the production linked (PLI) incentive scheme for the textiles sector, the secretary said by September-end, detailed guidelines will be issued for the scheme.

The Union Cabinet on September 8 approved the PLI scheme for MMF (man-made fibre) and technical textiles worth Rs 10,683 crore, which will be provided to industry over a five-year period.

"It is a fund limited scheme. We are expecting that more people will come forward for this and for that, we are putting certain criteria. There will be certain criteria for selection of companies, which would get the benefits of this scheme," Singh said.

He said the companies that would invest in aspirational districts and tier 3/4 towns would get preference. Preference will also be given to the companies that will go to small cities, create more employment, and have better financial and technical capabilities, he added.

"If we will get more applications in two months above Rs 10,683 crore, then we will select them based on this criteria," Singh said.

Source: economictimes.com– Sep 12, 2021

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New Incentives: Mega textile parks near ports to boost exports

The selection criteria could include the proximity of the land to ports, raw material availability and modes of transportation.

The Centre will grant incentives to investors to set up the proposed mega textile parks with plug-and-play facilities over large areas of at least 1,000 acres each, while states will pitch in with land, textiles secretary UP Singh told FE.

The move is aimed at "building scale" across the textiles and garment value chain that has remained fragmented for decades, resulting in the country ceding export market share to much smaller economies, such as Bangladesh and Vietnam. Singh said it will also complement the recently-approved Rs 10,638-crore production-linked incentive (PLI) scheme for man-made fibre and technical textiles segments.

The parks will preferably be close to ports and house all sorts of textile and garment firms, including integrated facilities, to create a robust eco-system, according to Singh. The centre will likely release the incentives to investors in two installments — upon the completion of about 60% and 100% of work.

The investors will not just build infrastructure but even manage maintenance and other related facilities. They will be given to operate the park for a period of 25-30 years and they can collect fees from the companies that set up units there. Even small firms or fashion designers will be able to set up shop quickly, thanks to the plug-and-play facilities, Singh said.

Such mega parks will be able to better draw overseas buyers by offering a broad range of products and cater for large orders, given the greater synergy among its resident entities.

"Seven mega parks will be set up in the first phase. However, if a greater number of states, who are willing to offer land, approach us for the setting up of the parks, we will undertake a 'challenge method' to select the top seven of them, using certain criteria," Singh said. The parks were announced as part of the FY22 Budget proposals.

The selection criteria could include the proximity of the land to ports, raw material availability and modes of transportation, among others.

The mega parks are the latest in a series of attempts made by the government to promote formalisation and build scale in the labour-intensive sector that has been hamstrung by millions of small units, supported by lackadaisical official policies for decades. Consequently, an overwhelmingly large percentage of firms, with very limited financial and operational heft to handle bulk orders, are scattered across the country, stunting its ability to raise exports exponentially and grab the space being vacated by China in this segment.

When India finally removed some of these shackles (by removing SSI reservation between 2001 and 2005, allowing fixed-term employment in garments in 2016, scrapping an anti-dumping duty on a key input for polyster staple fibre in the Budget for FY21, etc), low-cost economies such as Bangladesh and Vietnam — in addition to dominant China — had consolidated their positions in the world market and beaten India.

While Bangladesh's garment exports have been bolstered by duty-free access to the US and the EU due to its status as a least developed country, Vietnam has made good use of its trade pacts with large markets, freer trade policies and massive Chinese investments. Of late, even much smaller countries like Cambodia and Myanmar, too, have recorded fast growth in garment exports.

The textile secretary expected that with a raft of initiatives undertaken by the government in recent years — including the announcement of the PLI scheme, introduction of export tax remission schemes like RoDTEP and RoSCTL and easier labour norms — and the mega parks now, India's textile and garment industry is well-poised to record impressive growth and recapture lost heights.

Textile and garment exports shrank 8.6% on year to $33.7 billion in FY20 and saw a more dramatic, Covid-induced contraction of 10% last fiscal, worse than a 7% drop in overall merchandise exports. However, in the first four months of this fiscal, such exports have grown at a phenomenal pace of 106%, driven by an economic resurgence in advanced markets and aided partly by a conducive base.

Source: financialexpress.com– Sep 13, 2021

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98% exporters getting pending export incentives worth Rs 56,027 crore belong to MSME category: Govt

Trade, import, and export for MSMEs: The government on Thursday said it will release Rs 56,027 crore in the current financial year against pending export incentives due to over 45,000 exporters, around 98 per cent of which were small exporters in the MSME category. The incentives due to exporters belonged to different export promotion schemes such as MEIS, SEIS, RoSL, RoSCTL, other scrip-based schemes relating to earlier policies, and the remission support for RoDTEP and RoSCTL schemes for exports made in the 4th quarter of FY21.

Providing a breakup of the incentives due, the government said that Rs 56,027 crores of arrears is for different export promotion and remission schemes such as MEIS (Rs 33,010 crore), SEIS (Rs 10,002 crore), RoSCTL (Rs 5,286 crore), RoSL (Rs 330 crore), RoDTEP (Rs 2,568 crore), and other legacy schemes such as Target Plus (Rs 4,831 crore), etc. “This amount is over and above duty remission amount of Rs 12,454 crore for the RoDTEP scheme and Rs 6,946 crore for RoSCTL scheme already announced for exports made in this year, that is, FY22,” an official statement said.

India’s merchandise exports for April-August 2021 period stood at close to $164 billion, up 67 per cent over 2020-21 and 23 per cent over 2019-20 merchandise exports, the statement added. For merchandise exports, all sectors covered under MEIS including pharmaceuticals, iron and steel, engineering, chemicals, fisheries, agriculture and allied sectors, auto and auto components would be able to claim benefits for exports made in earlier years. The government also said that service sector exporters across travel, tourism, and hospitality segments, would be able to claim SEIS benefits for FY20 for which Rs 2,061 crore has been provisioned.

According to a recent PayPal study, increased e-commerce adoption and digital payments due to the pandemic, which has also enabled seamless cross-border trade, represented a $526 billion export opportunity for small businesses. Of this, nearly 60 per cent of exported items were goods which represented a market worth $313 billion for India’s local artisans of tribal products, handicrafts, or small exporters of gems & jewelry. Some of the best performing sectors were gems & jewelry, ready-made garments, leather products, electronics, and handicrafts, clocking in $60 billion – close to 19 per cent of the total goods exports, according to PayPal’s Cross Border Trade Report 2021.

Source: financialexpress.com– Sep 09, 2021

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Picking up the threads

PLI for man-made fibres is timely, but it should help MSMEs improve scale

Following representations from industry, the Cabinet has approved certain changes in the ₹10,683 crore performance linked incentive (PLI) scheme for man-made fibres. The PLI has been expanded to include more products. It also offers two sets of investment and turnover incentives to suit different scales of operations.

Broadly, the move is to be welcomed, as India has a lot of catching up to do with respect to grabbing market share in the global man-made fibre (MMF) trade, which accounts for over two-thirds of global textiles trade. India remains a cotton player, its value chain remaining natural-fibre oriented.

India needs to lift its now stagnant share of just over 4 per cent in global textiles exports if it has to sustain the livelihoods of over 45 million people who directly depend on this sector.

Textiles Ministry researchers have pointed out that in the top 40 MMF lines, which alone accounted for 16 per cent (about $130 billion) of the global textiles exports of over $800 billion in 2019, India's share was just $1 billion or less than 1 per cent; this is against a share of 4.3 per cent in global textiles exports overall.

Similarly, in the fast growing technical or industrial textiles segment, India is a non-entity. In the top 10 lines in this area, India's exports were $0.7 billion in global exports of over $80 billion. The PLI is focussed on these remarkably weak links in the textiles value chain. Besides these 50 MMF and technical textiles products, the PLI has been extended to include 14 MMF fabric lines.

The question, however, is whether the scheme will work well for an industry where MSMEs account for 60 per cent of overall output. Textiles Secretary Upendra Prasad Singh has said that as part of the two-tier PLI, a threshold of ₹100 crore will suit apparel makers, whereas a higher threshold of ₹300 crore will benefit spinners of yarn who want to get into weaving and processing.

However, it is worth considering whether a ₹100 crore threshold will exclude many who wish to expand their operations, perpetuating the fragmentation in the sector. That said, the MMF weavers can become competitive with the withdrawal, last month, of anti-dumping duty on viscose staple fibres.

India's local production is way too expensive compared to China even as it produces the basic petrochemicals. China has over time created scales in synthetic textiles, accounting for about 40 per cent of global MMF trade. Efforts to create an indigenous synthetic yarn sector through tariff protection have not worked. They have merely resulted in an uncompetitive MMF apparel sector.

Transformation in textiles cannot come about through PLIs alone. Mega textile parks, envisaged in Budget 2021-22, will reduce overheads, and should be implemented on priority. India should forge FTAs with countries like Britain, Canada and Australia. Textiles, generally regarded as a sunset sector, has been given the attention it deserves. The critical part is to ensure that the PLI clauses enhance the industry's competitiveness.

Source: thehindubusinessline.com– Sep 09, 2021

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BRICS leaders agree to cooperate for strong, inclusive growth

Recognise that extensive immunisation is a global public good

Leaders from the five BRICS nations have agreed to continue their cooperation towards achieving strong and inclusive growth in a post-pandemic world, and called for the recognition of Covid immunisation as a global public good.

It was also acknowledged that continued relevance of the UN system would be determined by its ability to adapt to contemporary realities in the New Delhi declaration endorsed at the end of the 13th BRICS Summit chaired by Prime Minister Narendra Modi on Thursday.

The virtual meet was also attended by Brazil President Jair Bosanaro; Russian President Vladimir Putin; Chinese President Xi Jinping; and South African President Cyril Ramaphosa.

"As we continue our efforts to strengthen our cooperation towards achieving strong, sustainable, balanced and inclusive economic growth in a post-pandemic world, we welcome the sharing of policy experience by BRICS countries on their domestic economic responses to the pandemic," the declaration said.

Macroeconomic stability

The leaders recognised that the macroeconomic stability of the BRICS economies would play a major role in achieving global recovery and stability. "We endorse the BRICS Statement on Global Economic Outlook and Responding to Covid Crisis adopted by our Finance Ministers and central bank Governors," it said

Recognising that the production of Covid vaccines has provided the greatest hope to conquer the pandemic and that extensive immunisation is a global public good, the leaders regretted the glaring inequity in access to vaccines, diagnostics and therapeutics, especially for the world's poorest and most vulnerable populations. "We note.. the ongoing discussions in the WTO on a vaccine Intellectual Property Rights waiver and the use of flexibilities of the TRIPS Agreement and the Doha Declaration on TRIPS Agreement and Public Health," the declaration added

Origin of Covid

The leaders also highlighted the need for cooperation on the study of the origins of the SARS-COV-2 – an important aspect in the fight against the pandemic.

The five resolved to strengthen and reform the multilateral system to make global governance more responsive and agile, effective, transparent, democratic, representative and accountable to member States.

“We recall the 2005 World Summit Outcome document and reaffirm the need for a comprehensive reform of the UN, including its Security Council, with a view to making it more representative, effective and efficient, and to increase the representation of developing countries so that it can adequately respond to global challenges. China and Russia reiterate the importance they attach to the status and role of Brazil, India and South Africa in international affairs and supported their aspiration to play a greater role in the UN,” the declaration highlighted.

The summit also supported India's perspective on the ongoing developments in Afghanistan.

“There was a very strong condemnation of terrorism and that the Afghan territory should not be used either for terrorism or for drug trafficking and that it should not become a problem in the neighbourhood,” said Sanjay Bhattacharyya, Secretary (CPV & OIA), MEA, said at a press conference.
The leaders also expressed appreciation of the role of India during its ongoing tenure in the UNSC for 2021-2022.

Source: thehindubusinessline.com– Sep 09, 2021

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Release of export refunds to help apparel sector bag more orders in festive season: Exporters

Will help country reach export target of $400 billion, says export promotion council

The government's decision to release Rs 56,027 crore pending tax refunds under various schemes to exporters will help the apparel sector get additional export orders in the coming festive season, the Apparel Export Promotion Council (AEPC) has said.

"It will help exporters commit to bigger export orders and thus help them achieve the ambitious target of exporting $400 billion of merchandise this year," said A Sakthivel, AEPC Chairman, in a statement.

The decision will benefit more than 45,000 exporters across the country, most of whom are in the MSME category, he added.

It will definitely ease their working capital needs, he said.

The healthy recovery in international demand for apparel ahead of the festive season will ensure that apparel exports this fiscal are well above pre-Covid levels.

"The refunds will help the sector come out of the ill-effects of the pandemic and thus help save lakhs of jobs," Sakthivel said.

The schemes for which refunds will be released include MEIS (Rs 33,010 crore), SEIS (Rs 10,002 crore), RoSCTL (Rs 5,286 cr), RoSL (Rs 330 crore), RoDTEP (Rs 2,568 crore) and other legacy schemes including Target Plus (Rs 4,831 crore).

This amount is over and above the duty remission of Rs 12,454 crore for the RoDTEP scheme, and Rs 6,946 crore for the RoSCTL scheme already announced for exports made in 2021-22, according to the Ministry of Commerce and Industry.

Source: thehindubusinessline.com– Sep 10, 2021

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Sign FTAs with US, EU for helping domestic exporters: Parliamentary panel to govt

The government should iron out the issues hindering the signing of Free Trade Agreements (FTAs) with the US and the EU nations as domestic exporters are at a disadvantage due to the absence of these agreements, a parliamentary panel has recommended in a report submitted on Saturday. The Parliamentary Standing Committee on Commerce chaired by YSR Congress leader Vijaysai Reddy submitted the report to Chairman of Rajya Sabha Venkaiah Naidu, wherein it has expressed concern that India's exports contracted from 2019-20, registering a negative growth rate of (-) 15.73 percent in 2020.

In view of the crucial role played by exports in the overall economic growth of a country, the Committee in the report opined that "India needs to step up its effort in export promotion, expand its export baskets and penetrate new export markets to recover from its current slump and increase its share in global exports".

The panel also underlined that the Indian exporters are at a 'disadvantage' in the US and the European markets while competing with other exporting nations due to the absence of FTAs with the US and the EU countries. "The Committee recommends the Department of Commerce to iron out the issues that hindered the signing of FTAs with our leading trade partners and enter into trade agreements that are beneficial for our country while balancing the interest of the domestic market with that of our exporters," the report stated.

The panel also expressed concern that the share of rail freight vis–vis road is only 35 percent whereas the trend is reversed in developed countries. The Committee, therefore, recommends the Ministry of Railways to undertake a detailed study on the reason for low share of rail and take a concerted effort to increase the share of rail in freight traffic, the report said.

At the same time, the panel said, it is "disheartening to note that the Ministry of Railways is unable to provide competitive freight rate for movement of export consignment." The Committee feels that this will adversely affect the competitiveness of India's exports in global markets as freight cost plays a crucial role in determining the final price of the product, as per the report.

The panel undertook an in-depth examination of export-oriented measures and held seven meetings with all stakeholders spanning over for nearly twenty hours, it said.

The panel led by Reddy, who is a noted chartered accountant, in the report recommended the government to take appropriate measures, relook its export strategies and policies to achieve a positive growth rate of exports and higher share in global exports markets.

Source: financialexpress.com– Sep 11, 2021

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French container line CMA CGM halts spot rate hike globally in relief to traders

Other big global box lines expected to follow in pausing spot rate increases

CMA CGM S A, one of the world's top container lines, have put a freeze on spot rate hikes till February next year as several nations turn the heat on the unprecedented surge in global container shipping costs since January, roiling exporters and importers.

The French container line CMA CGM said it has halted spot rate increases from September 9 till February 1, 2022.

The Group is prioritizing its long-term relationship with customers in the face of an unprecedented situation in the shipping industry, the world's third largest container line said.

"Since the beginning of 2021, container shipping spot freight rates have continued to rise due to port congestion and the major imbalance between demand and maritime container transport effective capacity," CMA CGM said.

"Although these market-driven rate increases are expected to continue in the coming months, the Group has decided to put any further increases in spot freight rates on hold for all services operated under its brands (CMA CGM, CNC, Containerships, Mercosul, ANL, APL)," the line said.

CMA CGM is seeking to provide some "visibility on pricing during the peak Christmas season" to its clients, a container shipping industry source said.

Other global container lines such as Hapag-Lloyd A G, Maersk Line and Mediterranean Shipping Company S A are expected to join CMA CGM in holding rates.

"The kind of pressure the Indian government, the Federation of Indian Export Organisations, export promotion councils and shippers have put on the shipping lines, other lines may also halt rate increases," reckons T S Ahluwalia, President, Northern India Shippers Association (NISA).

"There is lot of pressure on the shipping lines to pause rate increases. Every country is keeping a close watch on them," Ahluwalia said.

The ocean freight charges have increased sharply from India since the beginning of the year. For instance, the rate to Felixstowe port, which was $1,000 in February, is now hovering at $7,000, while the rate to New York is currently $12,000 from $2,000 in February.

The freight rate to Australia have risen to $8,000 from $1,500 while the container shipping rate to Toronto has jumped from $2,500 to $17,000.

The rate to South Africa has increased to $6,000 from $1,500 in February. The soaring freight rates have helped container lines reap bumper profits in the first half of calendar year 2021.

If freight rates keep rising, the container lines could collectively make $100 billion in operating income in 2021, according to Drewry Maritime Research.

Germany’s Hapag-Lloyd AG earned more in the last six months than in the previous ten years combined.

According to analysts, the Danish shipping giant Maersk Line is expected to make around $14.5 billion this year.

“Looking at the market environment today, we however do not believe that the situation will return to normal any time soon – despite all the efforts made and the additional container box capacity that is being injected. We currently expect the market situation only to ease in the first quarter of 2022 at the earliest,” Rolf Habben Jansen, CEO, Hapag-Lloyd, said on August 12 while announcing the firm’s half yearly results.

“It is expected that the rates will settle at the current levels,” Ahluwalia said, noting that the rates have to “stop somewhere”.

“Other shipping lines won't be able to increase rates freely. They have to review market dynamics. So, on current rates, there won't be any significant jumps and the rates may settle at the prevailing levels,” he added.

However, rate reductions won’t be visible until main ports in the United States, Europe and China return to normalcy in operations, he added.

Source: thehindubusinessline.com– Sep 11, 2021

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Industries grew by 11.5 per cent in July mainly on account of low base

Industrial growth based on Index of Industrial Production (IIP) recorded a growth of 11.5 per cent in July, data released by National Statistical Organisation (NSO) on Friday showed. Although low base did make an impact, but at the same time manufacturing, mining and power sectors also showed good performance.

The IIP had contracted by 10.5 per cent in July 2020.

“The growth rates over corresponding period of previous year are to be interpreted considering the unusual circumstances on account of Covid 19 pandemic since March 2020,” NSO said.

The manufacturing sector, which constitutes 77.63 per cent of the IIP, grew 10.5 per cent in July. The mining sector output rose 19.5 per cent in July while power generation increased 11.1 per cent. The data showed that industrial production recovered but was still slightly below the pre-pandemic level of July 2019.

Industrial production plunged 18.7 per cent in March last year following the Covid outbreak and remained in the negative zone till August 2020. With the resumption of economic activities, factory output rose 1 per cent in September 2020 and grew 4.5 per cent in October. In November 2020, the factory output fell 1.6 per cent and then entered the positive territory with a 2.2 per cent growth in December 2020.

According to Aditi Nayar, Chief Economist with ICRA, in sequential terms, manufacturing output rose by 8.2 per cent in July 2021, much lower than the corresponding 17 per cent change in the generation of GST e way bills. “We believe the latter represents continued inventory clearance as the state-wise restrictions eased. Subsequently, the GST e way bills have remained flat in August 2021 at the previous month's level, which may be on account of a stabilisation in dispatches rather than a signal that the growth momentum is plateauing,” she said.

Further, she expects the considerable 25 per cent shortfall in rainfall relative to the long period average to boost the performance of mining and infrastructure/construction in August this year, given the extended window for such activities. Moreover, the requirement to use electricity to draw ground water for irrigation has resulted in a spike in the electricity demand to 17 per cent in that month, which has fallen sharply to under 5 per cent in September amid abundant rains. However, a contraction in motorcycle production has pulled down the auto sector's performance in August.

“With an expected uptick in mining, electricity and infrastructure/construction goods, amidst a weaker performance of the auto sector, we project the IIP growth to improve to 13-15 per cent in August,” she said.

Source: thehindubusinessline.com– Sep 11, 2021

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The world's shippers are earning the most money since 2008

The global shipping industry is getting its biggest payday since 2008 as the combination of booming demand for goods and a global supply chain that's collapsing under the weight of Covid-19 drives freight prices ever higher.

Whether its giant container ships stacked high with of 40-foot steel boxes, bulk carriers whose cavernous holds house thousands of tons of coal, or specialized vessels designed to pack in cars and trucks, earnings are soaring for ships of almost every type.

With the merchant fleet hauling about 80% of world trade, the surge reaches into every corner of the economy. The boom back in 2008 brought with it a huge wave of new vessel orders, but the rally was quickly undone by a demand collapse when a financial crisis triggered the deepest global recession in decades.

This boom's causes are twofold -- an economic reopening after Covid that has spurred surging demand for goods and raw materials. Alongside that, the virus continues to cause disruption in global supply chains, choking up ports and delaying vessels, all of which is limiting how many are available to haul goods across oceans. That's left the majority of the shipping sector with bumper earnings in recent months.

The bonanza is centered around container shipping -- where rates are spiraling ever higher to new records, but it is by no means limited to it. The shipping industry is posting its strongest daily earnings since 2008, according to Clarkson Research Services Ltd., part of the world's biggest shipbroker. The only laggards are the oil and gas tanker markets, where more bearish forces are at play.

"I'm not really sure the perfect storm covers it -- this is just spectacular," said Peter Sand, chief shipping analyst at trade group Bimco. "It's a perfect spillover of a red-hot container shipping market to some of the other sectors."

Container shipping remains the star. It now costs $14,287 to haul a 40-foot steel box from China to Europe. That's up more than 500% on a year earlier and is pushing up the cost of transport everything from toys to bicycles to coffee.

Those gains are already showing in the earnings of A.P. Moller-Maersk A/S, the world's largest container line, which hiked its estimated profits this year by almost $5 billion last month. In a sign of just how profitable the industry has become, CMA CGM SA -- the world's third largest carrier -- said it is freezing its spot rates to preserve long-term client relationships. In other words, the company is turning away profit.

Other Sectors

While the demand for retail goods is lifting container markets, a recovering global economy is also churning through more raw materials -- boosting the revenues of bulk ships that carry industrial commodities. In that sector, earnings recently hit an 11-year high and are showing little sign of abating down the line with consumption expected to remain firm for the rest of the year.

"Strong demand for natural resources combined with Covid-related logistical disruptions" are supporting spot and future freight rates, Ted Petrone, vice chairman at Navios Maritime Holdings, which owns a fleet of bulk carriers, said on an earnings call last week. "Supply and demand fundamentals going forward remain extremely positive."

Such is the extreme strength across shipping that some bulk carriers have even turned to carrying containers on their decks. Golden Ocean Group Ltd. is among the companies that said it's looking at the idea. While it could spur additional profits in an already windfall year for owners, its not without its risks as bulk carriers aren't designed to carry the giant boxes.
"It tells a story about the special situation we are in," in the container market, Golden Ocean's chief executive officer Ulrik Andersen said earlier this month.

Tanker Doldrums

While for many shipping sectors Covid has brought a boom, for oil tankers it has meant loss-making trades for much of 2021 and owners effectively subsidizing the shipment of crude oil.

With OPEC+ still keeping a chunk of supply offline there are too many ships and too few cargoes, keeping earnings depressed. That has burned one of the hottest trades in the sector at the start of the year -- bullish oil tankers positions on the hope of a summer surge in oil demand.

Still, with on land oil inventories declining, analysts continue to anticipate a rebound. Rates could begin to move higher in October as stockpiles dwindle and demand for tankers grows, Pareto Securities analysts including Eirik Haavaldsen wrote in a note to clients.

But for now, the tanker market remains the only blot for an industry where freight capacity ever tightening. The ClarkSea index, which tracks daily earnings across a diverse range of shipping sectors has already posted its longest run of monthly gains on record.

Those bumper earnings are also being seen in more esoteric markets too. Car carriers now cost the most to hire since 2008. Rates for general cargo ships with heavy equipment are also surging, adding to a boom that is being led by container and bulk shipping.

“The charter rates reported in containers are crazy and it’s the same for dry bulk,” said Alexandra Alatari, a shipping analyst at Arrow Shipbroking Group. “The fundamentals are so strong they support rates that would be the peak of any other year.”

Source: economictimes.com– Sep 12, 2021

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Catching up: On Production-Linked Incentive scheme for textile sector

The Cabinet's approval of a Production-Linked Incentive (PLI) scheme for the textile sector that is expressly targeted at the man-made fibre (MMF) and technical textiles segments is a belated acknowledgment by the Government that the ground has inexorably shifted in the global textiles trade. A relentless shift in consumer preferences and fashion trends saw MMF surpass cotton as the fibre of choice in the 1990s, since vaulting its share in worldwide textile consumption to about 75%.

India's textile and clothing exports on the other hand have continued to remain dominated by cotton and other natural fibre-based products, with MMF having contributed less than 30% of the country's $35.6 billion in overall sectoral exports in 2017-18. And MMF's share remained relatively unchanged in the last fiscal as well when the sectoral exports were about $33 billion.

While policy makers have been cognisant of the need to bolster support for the MMF segment, the task of crafting a meaningful initiative that would engender enhanced investment in capacity creation, leading to increased exports, has been a while in coming.

Wednesday's decision on the focused PLI scheme, with a budgeted outlay of ₹10,683 crore, is the second time in 11 months that the Cabinet has approved what is broadly the same plan, with the Government using the intervening period to incorporate amendments to the incentive structure based on industry feedback.

The aim of the scheme is to specifically focus investment attention on 40 MMF apparel product lines, 14 MMF fabric lines and 10 segments or products of technical textiles. These 64 items have been chosen on account of being among the top-traded lines in the global market as well as India having less than a 5% share in each of them.

The inclusion of intermediate products at industry's request also reflects the Government's keenness to ensure the scheme ultimately delivers on the broader policy objectives. The incentives have been categorised into two investment levels.

Firms investing at least ₹300 crore into plant and machinery over two years for making a specified product would need to hit a minimum turnover of ₹600 crore before becoming eligible to receive the incentive over a five-year period, and at a second level an investment of ₹100 crore with a pre-set minimum turnover of ₹200 crore would enable qualification for the incentive.

On the face of it, the scheme appears designed with a fair deal of thought, but its operational success is likely to hinge on how new entrepreneurs and existing companies weigh the risk-reward equation, especially at a time when the pandemic-spurred uncertainty has already made private businesses leery of making fresh capital expenditure.

Source: thehindu.com– Sep 10, 2021

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Explained | Will the new Production-Linked Incentive scheme help textile industry?

What has the government announced for the sector, and will it help manufacturers to catch up with the global players?

The story so far: Ten months after it first approved a Production-Linked Incentive (PLI) scheme for the textile sector, the Union Cabinet cleared it on September 8, after the Ministry of Textiles incorporated suggestions from the industry. With a total budgeted outlay of ₹10,683 crore, the government has designed the scheme with a view to providing a big fillip to the man-made fibres and technical textiles segments of the industry.

What are the details of the scheme?

The scheme is aimed at promoting industries that invest in the production of 64 select products. The product lines include 40 in man-made fibre apparel, 14 in man-made fibre fabrics, and 10 technical textile segments/products. The investment period is two years, and the incentive will be paid for five years after the first year of post-investment operation.

The scheme is for two types of investments. The first entails a minimum of ₹300 crore in plant, machinery, equipment and civil works in a unit that must register a minimum turnover of ₹600 crore once it commences operation.

The second is for a minimum of ₹100 crore, where the business achieves a minimum turnover of ₹200 crore. Thus, the incentive is based on a combination of investment and turnover.

While details of the 64 specific products are expected to be announced once the scheme is notified — officials expect it by the end of this month — the government has indicated that the incentive for the higher investment scheme would start at 15% of the turnover for the first year, and 11% in the case of the lower turnover plan, decreasing gradually by 1% each subsequent year over the next four years for both schemes.

Priority will also be given to investment in aspirational districts, Tier-3, Tier-4 towns, and rural areas.

Why the stress on man-made fibre?

The scheme focuses on the man-made fibre segment to enable the Indian textile and clothing sector to regain its dominant status in the global textiles trade. Currently, Indian production and export of textile and clothing products are largely cotton-based.

In 2018-19, while Indian textile and clothing exports amounted to about $36 billion, less than one-third was man-made fibre-based. In contrast, of the total textile and clothing exports by China, it is estimated that almost 80% are man-made fibre-based.

Similarly, of the total global fibre manufacturing and consumption, 70% is man-made fibre-related, while in India it is just about 35%. Annual textile and clothing exports have remained largely stagnant over the last seven years, and stuck in the range of $30 billion-$35 billion.

India is ranked sixth in the global trade in this sector. Added to this, in recent years, countries including Bangladesh and Vietnam have gained a sizeable share in the man-made fibre segment of the global textile trade, making it all the more vital for India to provide policy support to ensure the country remains competitive internationally. Though the final list of products eligible for the scheme is yet to be notified, it is expected that most of the top globally traded man-made fibre product lines in which India's share is less than 5% will be covered.

How will it impact traditional textiles such as jute?

The scheme will not impact traditional textile segments such as jute or cotton. It has minimum investment thresholds and select product lines and hence targets a limited number of players. The traditional segments have a large number of industries spread across micro, small and medium enterprises and large-scale operations. They will continue to invest and grow in the fields they are strong in.

Will the scheme help lower dependence on imports?

During 2018-19, the import of man-made fibre garments jumped 39% from the previous year, while the import of the man-made fibre yarn, fabrics, and made-ups rose 16%. With the government recently removing the anti-dumping duty on viscose staple fibre and Purified Terephthalic Acid, most man-made fibre is now available in India at internationally competitive prices. With an incentive to invest in production too, Indian manufacturing of man-made fibre value-added products is expected to increase and thus bring down imports, especially of man-made fibre apparel and fabrics, from countries such as China and Bangladesh.

What lies ahead?

The government has said the scheme will help attract ₹19,000 crore of fresh investments and generate 7.5 lakh jobs. The expectation is that it will motivate industries to make fresh investments in the select product lines and scale up capacities. Global retail brands, which are present in India and sourcing man-made fibre-based apparel from other countries, are likely to start sourcing from India once the garments become available at internationally competitive prices.

Source: thehindu.com– Sep 12, 2021

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Explained: Who will benefit from the Rs 10,683 crore textiles PLI scheme?

The Union Cabinet Wednesday approved a Production-Linked Incentive (PLI) scheme for the textiles sector worth Rs 10,683 crore.

The scheme aims to attract fresh investment of Rs 19,000 crore in the sector for production of in-demand textiles, and additional turnover of Rs 3 lakh crore over five years. This is part of a larger PLI scheme for 13 sectors, with a total budgetary outlay of 1.97 lakh crore.

Which segments will the new PLI scheme promote?

The PLI scheme for textiles aims to promote the production of high value Man-Made Fibre (MMF) fabrics, garments and technical textiles.

“Two-thirds of international trade in textiles is of man-made and technical textiles. This scheme has been approved so India can also contribute to the ecosystem of fabrics and garments made of MMF,” Commerce and Textiles Minister Piyush Goyal said on Wednesday.

Man-made staple fibres accounted for exports of $1,699.05 million in FY20, while technical textiles accounted for exports of $42.7 million in the same year.

In Q1 FY22, man-made staple fibres accounted for exports of $483.3 million, while technical textiles accounted for exports of $11.7 million in the same period.

Which producers will benefit from the PLI scheme?

The scheme is set to provide incentives to eligible producers in two phases.

Any person or company willing to invest a minimum of Rs 300 crore in plant, machinery, equipment and civil works (excluding land and administrative building cost) to produce products of MMF fabrics, garments and products of technical textiles will be eligible to participate in the first part of the scheme.

Investors willing to spend a minimum of Rs 100 crore under the same conditions shall be eligible to apply in the second part of the scheme.

Goyal said the scheme would directly benefit the states of Gujarat, Uttar Pradesh, Maharashtra, Punjab, Tamil Nadu, Andhra Pradesh, Telangana and Odisha, as these were states where the textile sector is already growing. However, he said he hoped the scheme would benefit all states across the country.

Dilip Gaur, Managing Director of Grasim Industries Ltd and chairman of the CII national committee of textiles, said, "The PLI scheme will provide an immense boost to domestic manufacturing, and prepare the industry for making a big impact in global markets in sync with the spirit of Atmanirbhar Bharat. It will also help attract more investment into this sector."

Source: indianexpress.com– Sep 10, 2021

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Union Minister inaugurates fabric exhibition in Surat

The exhibition is organised at Surat International Exhibition and Convention Centre at Sarsana in Surat city.

Union Minister of State for Textiles and Railways and Surat city BJP MP Darshana Jardosh on Saturday inaugurated Weaveknitt 2021, a three-day exhibition organised by the South Gujarat Chamber of Commerce and Industries (SGCCI) at Surat International Exhibition and Convention Centre at Sarsana in Surat city.

In the exhibition, over thousands of products from the knitting industry, technical textiles and nero fabrics, developed by the Surat industry players are displayed to the buyers coming from different parts of India and abroad. The union minister appealed to the industry representatives to take maximum advantage of the central government's Production Linked Incentive (PLI) schemes to develop "Make in India" and "Make in Surat" a brand name.

She added, "The SGGCI had made a good decision to start the exhibition on Ganesh Chaturti and this is the first initiative of WeaveKnitt 2021 event.. Many works are done under the leadership of Prime minister Narendra Modi and if the glass is half-filled with water, one should not criticize the glass as half-empty, they should see it is half-filled."

She further added, "I told the Counsel General of the Republic of Indonesia in Mumbai, Agus Prihatin Saptono to do a joint venture with the industries in Surat. The requirements of establishments should be worked out and Indonesia will also be a part of it. He will regularly visit Surat in the future." Consulate General of the Republic of Indonesia at Mumbai Agus Prihatin Saptono said, "Indonesia has a good presence of manufacturing polyester fabrics, while India is biggest in the cotton fabrics. The ties between both countries in textile industry sectors will definitely boost the economies of both countries."

SGCCI president Ashish Gujarati said, "India is one of the fastest-growing markets for technical textiles, as the global average growth is 4 per cent, whereas India's growth rate is at 14 per cent per year. The biggest issue is that the raw material used in the production of technical textiles like – High Tenacity Yarn of Polyester, Nylon, and Viscose — are not manufactured in India. Union Textile Ministry should look into this aspect of capacity building, and pursue the large manufacturers of yarn to concentrate on these segments."

He added, "The Government of India has recently introduced BIS standards for different types of MMF [Man-Made Fibre] yarns to be sold in India. I request that the quality monitoring of the raw material of textile industry should be kept with the Textile Commissioner's office instead of handing it over to the BIS."

He also requested the union minister to set up a world-class Quality Certification Centre in Surat.

Textile Ministry secretary Upendra Singh said, "India is the second large producer of cotton worldwide, as a result of which 6 lakh tonnes of cotton fabrics are manufactured in India and 6 lakh tonne of MMF (Man-Made Fibre). We are presently having exports of 40 million US dollars, and we have been given a target to take it over to 100 million US dollars. The growth can be achieved by working seriously on the MMF and technical textiles. Surat is the hub of MMF and technical textiles and the industry people should take benefit of PLI scheme."

Gujarat MSME commissioner Ranjeeth Kumar, who also attended the event, said, "In the past two years, the budget of MSME has been doubled from Rs 750 to Rs 1,500 crore in the state. Most of the MSMEs are in the Surat district. Last week we did an MOU with Amazon to boost the economy through sales done globally.

Textile Commissioner Roop Rashi Mahapatra said also said that the digital platform the country can enter into the international market.

"Presently we are doing textile exports to the US, West Asia, Bangladesh, etc. We receive around 60 per cent of proposals under different schemes from Gujarat, out of which 85 per cent are from Surat," Mahapatra added.

Source: indianexpress.com– Sep 11, 2021

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Two years down the line we may have to pay the price for rising inequality: Pranjul Bhandari, HSBC India

Tamanna Inamdar: About the premise that you have based your findings on in your report...

Pranjul Bhandari: As economies build back from the pandemic, some of them are finding that new drivers are emerging. I think India is one of them. In the last couple of months, two new drivers which were not so obvious pre-pandemic have become more obvious.

One is exports. They have been growing quite rapidly. In fact, today exports are 17% higher than they were just on the eve of the pandemic. They have actually grown 36% quarter on quarter annualised in 2021 so far, and it is in a good place.

The other thing is the entire ecosystem around the new-age technology startups that we are seeing in the economy. I think there the story is that it seems like the stars have aligned. There is lot of availability of capital globally. There is a lot of liquidity. There is appetite to take risks. There are geopolitical changes, and a lot of money is coming into India. We are seeing that the number of startups are on the rise and there is a very good mix of supply and demand in that space. So, these are two drivers that I think are worth tracking at the moment.

The startup space is definitely growing at a rapid rate, but it is still a miniscule portion of the Indian economy. Do you think that can change? Can the startup space, the digital economy, can make a huge difference as a driver of growth?

The digital economy is new and we cannot confuse it with the old physical economy. What we can appreciate in the digital economy is the incremental growth. Of course, in terms of size, it is just a fraction of what the old physical economy is. That is sort of important to note.

The question is, what if it only remains a fringe player, what if it only remains in pockets and does not have a nation-wide contribution?

Well, I think we have some countries to follow on that front. For example, China. There, over the past decade, digital firms, e-commerce and fintech were big participants in the growth story. However, they had not become big participants just like that. They came on the back of very strong physical infrastructure. That is something which we will need in the our economy as well. My sense is that the digital dream will only be realised if the physical economy cooperates.

So yes, you cannot write off the physical economy at all.

There are a lot of arguments about whether Q1 was really a recovery or not. What is your take?

In the short run there are a few good things happening. The economic rebound from the second wave was far more quicker, sharper than the rebound after the first wave. Also, the economic cost of second wave was only a third of the first wave. So these are sort of positive developments.

Also vaccination rates are rising. Hopefully by December, about 50% or more of India's population will be fully vaccinated. What we have been seeing so far is pent-up goods demand. Once vaccination reaches critical mass, we could also benefit from pent-up services demand and that could become a driver of growth.

The other positive, of course, are the new drivers that we are seeing in terms of exports and the proliferation of new-age technology firms. So these are good things, but on the same note we also have to acknowledge some of the problems on the horizon.

I think one of the big problems we have is rising informality and inequality. My sense is that whenever formalisation happens in India in a forced manner — this time it was forced by the pandemic — in the beginning it is good for growth, stock markets go up, big companies do better. But over time, if the informal sector suffers and inequality rises, then the overall purchasing power of a large section of people actually falls. That hurts the fortunes of the formal sector as well and growth could begin to slow.

We will not notice it right away. That is why I am saying it is good in the short run. But two years down the line, we may have to pay the price for rising inequality. That is something which is underway at this point and it keeps me a little cautious.

Inflation is another factor. Is that as a matter of concern to you?

Things are very volatile, but every story has a different side. Right now, a lot of people want to consume things but cannot because imports are getting held up owing to high shipping costs. At some point, that will emerge as pent-up demand; what is slow right now will pick up even more rapidly than normal at a later stage. This kind of volatility will continue and we will have to be careful about it.

But looking through some of these highly volatile trends, I get the sense that the next couple of months or perhaps maybe the next couple of quarters will be good for India. We will be moving from pent-up goods demand to pent-up services demand.

But this is also window of opportunity in which we have to prepare ourselves because some of the scars that the pandemic leaves behind — for example rising inequality and its impact on growth — is something that we will only see down the line.

Source: economictimes.com– Sep 10, 2021

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Improved water management system for toxic textile effluents developed

The technology has resulted in the recuperation of 50% of the treatment cost incurred from conventional processes for water treatment

Indian researchers have developed an improved water management system that can completely reuse dye wastewater from textile industries, eliminating its toxicity and making it suitable for domestic and industrial usage, the Department of Science and Technology said on September 9. It can reduce water treatment costs and facilitate reuse of water in dry regions, it added. The current three-stage treatment process for wastewater consisting of primary, secondary, and tertiary treatment is unable to treat toxic industrial wastewater.

High cost

The stand-alone advanced oxidation process (AOP) treatment technique for colour and odour properties in industrial effluents (dye-based) may be insufficient to meet the set government standards and is also limited due to the high cost of AOPs involving continuous supply of chemical reagents.

It cannot remove the synthetic industrial dyes and the effervescent colour and odour, which have a long-lasting carcinogenic and toxic effect on the ecological balance, especially aquatic life. In order to remove this toxicity, an upgraded solution with the AOP technology is the need of the day, it added. Working towards this, researchers from Indian Institute of Technology (IIT) Kanpur along with Malaviya National Institute of Technology, Jaipur, and MBM College, Jodhpur, have developed a modified AOP solution.

Modified process

This completely modified treatment process consisting of the primary dosing step, followed by the sand filtration step, another AOP and subsequent carbon filtration step.

It eliminates the need for the conventional primary, secondary, and tertiary processes, resulting in maximum colour removal, and meets the inland water discharge standards.

The DST – Water Technology Initiative (WTI), along with the Indian National Academy of Engineering (INAE) – supported the development of this technology at pilot-level in collaboration with Laxmi Textile Prints, Jaipur.

The much-improved AOP technology targeting zero discharge water management system is being utilised for complete reuse of industrial dye wastewater for domestic and industrial usage at a rate of 10 kilo litres/day. The treatment of toxic and highly carcinogenic industrial dyes of textile effluents is performed using this AOP technology for degrading and mineralising recalcitrant organic matter from effluent wastewater.

Low-cost solution

It is a direct replacement of the existing treatment plant processes and consists of a low-cost solution of dye adsorption on acid-modified soil, followed by a photochemical reaction step within a photocatalytic visible light filter and a unique carbon and PAN (polyacrylonitrile) nano-mat fibre filtration process. Having been set up on a pilot basis, it remediates industrial wastewater.

The technology has resulted in the recuperation of 50% of the treatment cost incurred from conventional processes for water treatment (especially due to the high cost of sludge disposability) in the water-scarce regions of Rajasthan. Further, scaling up of this plant to 100 kilolitres/day capacity to meet the current industrial requirement is underway, it added.

Source: thehindu.com– Sep 11, 2021

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Fabindia considers raising up to $1 billion via initial public offer

Fabindia, a retailer of artisan products and lifestyle items, is considering raising up to USD 1 billion through an initial public offering (IPO), according to people in the know of the development.

The company said it considers various capital-related options from time to time and take advice from its bankers. However, it declined to confirm the development.

The company is believed to be in talks with several investment banks, including SBI Capital Markets, ICICI Securities and JPMorgan, to manage its IPO, said the industry people close to the development.

Fabindia is expected to submit its draft IPO documents with markets regulator Sebi by the end of November, they added.

The company is expected to seek a valuation of USD 2 billion and sell around 25-30 per cent stake through the IPO.

Its existing shareholders, such as Azim Premji's private equity fund PremjiInvest, may sell partial stakes in the company.

Infosys co-founder Nandan Nilekani and his wife Rohini Nilekani are also shareholders of the company.

When contacted, a Fabindia Group spokesperson said, "The company considers various capital-related options from time to time. We also take advice from our bankers. At the right stage, we will discuss any plans with the board of directors and be guided by their decision. We have nothing further to comment on this subject at this stage."

Established in 1960, Fabindia mainly sources its products from villages helping to provide and sustain rural employment in India. According to reports, they are currently produced by over 40,000 artisans and craftspeople across India.

Source: business-standard.com– Sep 11, 2021

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