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INTERNATIONAL NEWS

Global cotton output seen rising 6%: ICAC

Prices likely to stay firm as traders expect robust consumption

Global cotton output is seen rising by 6 per cent with expected rise in the output in the growing countries of Australia, Brazil and the US.

In its latest October cotton production and stock projections for the 2021-22 season, the International Cotton Advisory Committee (ICAC) has indicated that the global output of the fibre crop will be around 25.7 million tonnes (mt), which would be higher by six per cent over previous year, but still be lower than the pre-pandemic levels.

The ending stocks for 2020/21 has been revised downward to 20 mt, leading to the world cotton supply to be around 45.8 mt for the 2021/22 season. The global consumption is estimated at 25.9 mt.

ICAC noted that the global cotton trade stood at the highest levels ever in 2020/21. “The estimate of 10.29 million tonnes for the coming season shows that industry sentiment remains positive — especially given the robust levels of retail sales of textiles seen in many developed countries,” it said in its commentary.

The ICAC Secretariat has projected a higher cotton price of the season-average “A index for 2021/22 ranges from 82 cents to 127 cents, with a midpoint at 101.60 cents per pound,” it added.

The latest price forecast is on the higher side of the previous forecast issued in August 2021, with season-average A index for 2021/22 ranging between 73 cents to 125 cents, with a midpoint at 95.43 cents per pound.

Revival in production

Notably, earlier in August 2021, ICAC had indicated a revival in the global production to 25 mt in 2021-22 with a robust consumption growth expectations.

India’s cotton scenario is likely to be bright. The trade estimates cotton output for the season 2021-22 at 395 lakh bales (each of 170 kg) as against the estimated 356 lakh bales for 2020-21.

Inspite of the heavy flooding following recent incessant rains in the growing regions of Gujarat, the crop is likely to be around 105 lakh bales in the State.

The trader sources estimate cotton carry forward stock to be lesser than the previous season at around 80 lakh bales on improved consumption.

Source: thehindubusinessline.com– Oct 03, 2021

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How is Xinjiang's economy holding amid US sanctions, and can China keep supporting its 'great burden'?

Nine months ago, when the United States banned cotton and tomato products from Xinjiang over alleged human rights violations and the widespread use of forced labour in the region, cotton farmers in particular in the far-west region feared the worst.

But with the unprecedented coronavirus stimulus packages around the world spurring consumption and increasing demand for cotton, a key material in garments and other textile products, the fallout has not been as bad as first feared.

At the same time, the region's revenue is heavily dependent on the central government, with Beijing required to pour large amounts of money into the region.

The region is seen as being more important for "national and territorial security" rather than for it to become a "very strong economic province", according to Gu Xuewu, the director of the Centre for Global Studies at the University of Bonn in Germany.

Xinjiang with money and resources, and is it unclear if this is a sustainable economic model, even if it has been able to benefit from a coronavirus-induced shift in production away from major cotton and textile producers in Southeast Asia and India, increasing demand for Xinjiang cotton.

In the first seven months of 2021, China's exports of home textiles – including rugs, bedsheets and curtains – reached US18.44 billion, up 44.8 per cent year on year.

Xinjiang's annual output of cotton is around 5 million tonnes, accounting for 87.3 per cent of the country's total cotton production last year.

A survey in July of more than 90 textile manufacturers across the country by the China Cotton Association showed that factories are slightly reducing their reliance of Xinjiang cotton, increasing the use of imported products, but it still accounted for 86.7 per cent of the total cotton consumption across the country, compared to 9.8 per cent for imported.

Under the new measures, any products entering the US must come with accompanying paperwork to prove to border staff that they are not linked to forced labour, but the complexity of supply chains makes it very difficult to track down the exact origin.

Xinjiang, China's top cotton producer

This is due to the fact that Xinjiang does not export much raw cotton or yarn overseas itself, but instead, most is consumed locally or sold to other provinces and then made into cloth, garments or other textile products for both domestic and overseas markets.

Officials in the US looking to enforce the ban have heard from companies pitching a range of cutting-edge technologies, including DNA-based molecular tagging, genotyping and stable isotope analysis to track down the origin of the cotton.

But Mr Zhang, who runs a cotton-processing plant in a county in the middle of Xinjiang, heard about such DNA-based technology around three years ago, and remains sceptical about how widely the technology will be applied. "Of course I have some concerns about that technology, because that's a potential risk for us. But if the global demand for cotton keeps rising, and there is not enough supply, they must rely on Xinjiang cotton, right?" said Zhang, who asked not to be fully identified due to the sensitive nature of the issue.

"Currently, as long as you have the written proof, products containing Xinjiang cotton can still be sold to the US, unless one day they start to refuse exporters' written proof and strengthen random testing, then things will be different."

Earlier this year, Zhang had been quite worried about his business after the US government ban, but now the outcome is "not as bad" as expected, he expects the price of raw cotton to increase by at least by 20 per cent this year as demand for yarn continues to rise.

Luo Yan, secretary general of the Xinjiang Digital Cotton Research Centre, said the current demand for Xinjiang cotton is quite high, meaning cotton purchases this year are more pronounced as some textile mills from inland provinces have even made direct purchases from Xinjiang.

"The pandemic has partially contributed to the surging demand for Xinjiang cotton, for example, cotton and cotton fertiliser production have been greatly disrupted in India, as a result, they increased purchase from China," she said.

For Xinjiang's tomato farmers, the US import ban was less of a concern, with exports minimal compared to other countries as well as the European Union.

The European Union has so far not banned cotton or tomato imports from Xinjiang, but it is drawing up a supply chain due diligence plan to restrict the flow of goods made using forced labour into the market, with a first draft expected later this year.

Xinjiang remains a major agricultural base and primary industries that harvest or extract raw materials still accounted for 14.4 per cent of gross domestic product (GDP) in 2020.

Textiles, food processing and metallurgy dominate industry in the region, but pillar industries – those that are the most important to the economy – are heavily concentrated on energy related sectors such as extraction of petroleum, petrochemical industries and electricity production.

Renewable energy has also developed quickly in the far-west region, accounting for 9.4 per cent of the total energy production in Xinjiang in 2019.

Unlike coastal provinces, Xinjiang's economy does not heavily rely on exports, which accounted for just 6.8 per cent of the province's GDP in the first half of 2021.

But the sanctions do seem to be casting a shadow on foreign investment into the region after it dropped by 34.7 per cent in 2020. Foreign investment into Xinjiang had plunged to decade-lows in 2017 and 2018 before surging by 61.5 per cent in 2019.

A total of 94 per cent of the foreign investment came via Hong Kong – which analysts said was mostly from Chinese state-owned enterprises – followed by South Korea and the Netherlands.

Around 90 per cent of the total utilised foreign investment flowed into the mining sector, followed by manufacturing, which attracted 5.8 per cent of the investment in 2019.

In 2020, newly signed contracts stood at US$451.49 million, representing a 87.4 per cent decrease from the previous year.

The Xinjiang government, though, stopped releasing foreign investment data this year, with the Statistic Bureau of Xinjiang, claiming the data is “confidential”.

But despite investment in factories, roads and other fixed assets rising by 16.2 per cent in 2020 – the fastest growth across the country at more than five times the national average – Xinjiang’s economy only grew by 3.4 per cent last year.

Source: scmp.com– Oct 02, 2021

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Long Beach Unloading 7,000 Containers Per Ship, 73% Surge Over 2019

As much as 10 percent of global container capacity is stacked up on ships outside of congested ports, according to data from Everstream Analytics. And now, only adding to the seemingly never-ending congestion problems, the number of containers being loaded and unloaded from these vessels keeps escalating.

Container "call sizes" are up between 10 percent and 73 percent over a two-year span across major U.S., Northern European and Asian ports, according to the latest Port Performance Data from research and analysis firm IHS Markit.

The Port of Long Beach lays claim to the 73 percent surge, taking in 7,000 containers per shipment instead of the early 2019 totals of approximately 4,000. The second and third-highest container shipment rates occurred in Singapore and Shanghai's Yangshan, where call sizes increased by 27 percent and 23 percent respectively.

"The severe operational strain is caused by the surge in cargo volumes coming in much more concentrated loads," Turloch Mooney, associate director, maritime and trade at IHS Markit, said in a statement. "This spike in demand is placing heavy stress on ocean and landside operations, increasing yard congestion and cargo dwell times, with knock-on effects on equipment repositioning and intermodal links further fueling the problem and resulting in sustained congestion at key global gateways."

In total, the average vessel now requires more than 3,000 container moves per single call as global trade volume bounces back, IHS Markit said. And on the U.S. West Coast, this situation is even more intense, said Mirko Woitzik, senior manager, intelligence solutions at Everstream, during a webinar discussing the impasse in the oceans.

North American ports lag Asian counterparts in productivity, anchorage

A productivity issue in Los Angeles, Long Beach and Canada's Port of Vancouver appears to exacerbate the heavy congestion.

Asian ports can load or unload a container more than twice as fast as their North American counterparts, taking an average of 27 seconds compared to 76 seconds on large call sizes, IHS Markit said.

With that in mind, more than 40 percent of ships at the three major North American West Coast ports require to anchor before loading or unloading cargo. This compares to 26 percent of vessels in Southeast Asia, 23 percent in Northern Europe and only 12 percent in Northeast Asia.

As a result, the average anchorage time in North America is 24 hours, compared to just two hours in Northeast Asia.

Everstream data appears to support this, as vessels that are waiting at the Ports of Los Angeles and Long Beach idled for 12-13 days on average in September. And at the Port of Seattle, the rate is even higher now at 16 days per ship, largely due to delays of intermodal shipments to the Midwest.

Currently, the West Coast ports are much more congested than those at China's Yantian and Ningbo, despite the latter two experiencing Covid-related closures in the summer. On average, both Chinese ports have an average waiting time of only three days, further giving credence to the idea that they have a better handle on quickly loading and unloading cargo.

As scheduling becomes less reliable, every event can be a disruptor

While dozens of ships remain anchored in the West Coast ports, the western Pacific Ocean is currently dealing with yet another issue as Typhoon Mindulle skirts Japan's coast on Friday, bringing minor disruption to the country's ports in Nagoya, Kobe and Osaka.

"That event is maybe not extraordinary in itself in normal times, but given the current turmoil in ocean logistics, every event really, minor or big—whether it's a storm like this one that's not even making landfall, or a hurricane, such as Ida a few weeks ago, which devastated parts of the U.S. Gulf Coast—is really responsible for the current situation," Woitzik said. These instances will keep supply chains from normalizing "any time soon," he added.

As of August, scheduling reliability is at an all-time low, with Sea-Intelligence data indicating that only 33 percent of services arrived on time. Prior to Covid-19, those numbers typically ranged between 70 percent and 80 percent, Woitzik said. What's even worse though is that the port system

in Los Angeles and Long Beach reached as low as 10 percent when it comes to reliability.

Asia-Northern Europe spot rates see biggest rise

While much ado has been made about the rising freight rates, particularly from Asia to the U.S. coasts, the routes from Asia to Northern Europe have actually gotten the worst of deal, Woitzik pointed out.

According to Clarksons Research, spot freight rates on a two-year basis soared 886 percent, while costs for shipments contained within Southeast Asia grew 567 percent. Additionally, these container rates jumped 507 percent for goods routed from Asia to Latin America. Asia-to-U.S. spot rates still saw a big bump, with prices for West Coast shipments escalating 314 percent and East Coast cargo swelling 345 percent.

"The actual spot market rates may actually be far greater because of a lot of the additional costs to obtain space on vessels in an increasingly competitive bidding environment," Woitzik said.

In addition, spot rates usually capture bookings offered in the week before a ship's departure. However, some ocean carriers continue offering slots on ships past that point to award space to the highest bidder.
The paradox of capacity

Woitzik noted one apparent paradox in today's supply chain, in that despite the unprecedented congestion, shipping lines have actually increased nominal shipping capacity in the past 12 months, Everstream data says. For example, on the Asia-Northern Europe trade line, carriers typically had 10 to 11 active ships for the services there, but have since added two or three more ships that are hardly visible since most of the vessels are tied up at ports.

"There's more capacity now available than 12 months ago or even 18 months ago," Woitzik said. "But the additional capacity increases have in reality been very net negligible because of the congestion and the delays that we see around the world."

For now, prices will continue to increase, even in areas where capacity remains stable, according to Everstream's analysis of the DHL Market Outlook for September. The company is anticipating a strong rate increase for 43 percent of DHL's 21 shipping lanes out of Asia, and a moderate

increase for 38 percent of routes. Only 19 percent either would see no change (14 percent), or a decline (5 percent).

Everstream predicts that the capacity dilemma will likely persist until either Lunar New Year in February 2022, when Chinese factories typically shut down, or potentially even the summer of 2022.

“This could allow some of the equipment imbalances to be restored and a lot of the backlogs to be cleaned out,” Woitzik said. “It happened to some degree actually in 2021, but then the Suez Canal closure really undid most of those efforts. And so, what we’re seeing here is that any external shock, such as the Suez Canal closure, or something like the Yantian Covid-19 outbreak will very likely only delay the normalization period even further.”

Source: sourcingjournal.com– Oct 02, 2021

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India, Pakistan surpass Bangladesh in RMG export growth in EU, US markets

Despite Bangladesh's securing a good number of apparel work orders from the European Union and the United States, it was outnumbered by neighbouring India and Pakistan in terms of export growth in the two major markets in January-July this year. The two countries clearly capitalised on their competitive advantages.

In the first seven months of this year, Bangladesh's readymade garment exports registered a little over 18% growth in the EU, while the two neighbouring countries saw their exports rise by 22% and 28% respectively, according to Eurostat.

Likewise, exports from India and Pakistan to the US market during the same period experienced better growth over Bangladesh, according to Otexa data.

Apparel exports say an abnormal rise in yarn prices - a key ingredient that accounts for 50-60% cost of a clothing item - has given the two countries an edge over Bangladesh as they can source yarns domestically at prices 30%-50% lower than in Bangladesh.

"Many work orders slipped out of our hands and shifted to India or Pakistan because of high yarn prices in Bangladesh," Fazlee Shamim Ehsan, chief executive officer at Fatullah Fashion Limited, told The Business Standard.

As the two neighbouring countries produce cotton locally, they can offer clothing items at comparatively low prices, he said.

Md Fazlul Hoque, former president of Bangladesh Knitwear Manufacturer & Exporters Association (BKMEA), told TBS, "The difference between raw material prices might be the reason why India and Pakistan performed better than us in RMG growth. Our exports are increasing and there is room for further development."

"There is no research on why our apparel exports are not growing more. We have to find out the reasons. We need to assess what strategies our competing countries have adopted to accelerate growth," he pointed out.

However, Shahidullah Azim, vice-president of Bangladesh Garment Manufacturers & Exporters Association (BGMEA), expressing his optimism, said, "We will surpass both the countries in the coming months with a large number of work orders flowing in."

According to Eurostat data, European countries imported around $38 billion worth of apparel items in the January-July period this year, up by 13% over the same period a year ago.

Bangladesh, the second largest RMG exporter after China, exported apparel items amounting to $7.82 billion to 27 European countries in January-July this year.

Other top garment exporters to the EU market are Turkey, India, Cambodia, Vietnam, Pakistan, Morocco, Sri Lanka and Indonesia.

Professor Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue (CPD), told TBS that Bangladesh stays behind a bit because it does not have its own cotton, which can be compensated to some extent by enhancing productivity and product diversification.

"There is a competition over getting hold of the buyers moving away from China. Bangladesh should pay attention to it," he added.

Prices of cotton had been rising worldwide since the beginning of this year, leading to a surge in yarn and fabric prices.

RMG entrepreneurs have claimed that local spinning mills have been charging much higher than in the global market, while spinners have repeatedly clarified that they hiked prices in line with cotton prices.

Both the parties, however, recently reached an agreement on pricing of yarns.

In FY21, Bangladesh exported $31.45 billion worth of garment products, of which knitwear items accounted for over 50%.

In 2020, Bangladesh exported a little over $14 billion worth of RMG items to the European market, while the volume amounted to $16.45 billion in 2019.

Yarn price differences between local and global markets

According to global market data, the current cotton price is a little less than 95 cents per pound. Cotton imported by Bangladesh is mostly used to produce 30 count yarn meant for manufacturing knitwear items.

RMG exporters claim that per kg yarn price should not cost more than $3.8, including all expenses, but is being sold at $4.15-$4.2 at the local market.

Textile millers, however, say it costs about $4.12 to produce 30 count yarn per kg of yarn, which they offer at $4.2 per kg.

Drawing a comparison between 30 cotton carded yarn prices in Bangladesh and India as of last Wednesday, Fazlee Shamim Ehsan said per kg import cost of the same yarn from India is $3.60, which is sold at $4.15 per kg in Bangladesh. But Indian buyers get the same at $3.5 per kg.

Source: tbsnews.net – Oct 01, 2021

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Chinese FDI in Bangladesh sees tremendous growth

Foreign direct investment (FDI) from China to Bangladesh has jumped by about 200 per cent year on year (YoY) to $418 million in the past seven months, according to Chinese ambassador to Bangladesh Li Jiming. China has become Bangladesh's largest trading partner and the latter is the former's third largest market for engineering contracts in South Asia, he said.

Jiming was speaking at the China-Bangladesh Economic and Trade Cooperation Forum 2021 and inauguration of the seventh council of the Chinese Enterprises Association in Bangladesh (CEAB) held virtually recently.

"Even amid the Covid-19 pandemic, our bilateral trade and investment bucked global trends, fully demonstrating the resilience and vitality of China-Bangladesh cooperation during such a crucial period of time," the envoy remarked.

From January to July this year, the trade volume between China and Bangladesh reached $13 billion, up by 58.9 per cent YoY. At the same time, Chinese contractors in Bangladesh registered turnover of $3.18 billion, up by 59.5 per cent YoY.

After the zero-tariff benefit afforded to 97 per cent of Bangladesh's exports to China took effect, shipments to the East Asian nation have posted double-digit growth.

During the January-July period, Bangladesh's exports to China increased by about 38 per cent YoY, Jiming said. Up till March this year, the total value of FDI in Bangladesh stood at about $20 billion, of which China provided around $1.4 billion.

Most Chinese investment comes in the local power sector, which received about $443 million as of May this year, according to data from Bangladesh Bank.

According to data compiled by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), bilateral trade between China and Bangladesh was about $12 billion in 2019-20 fiscal, which was heavily tilted towards China.

Source: fibre2fashion.com– Oct 02, 2021

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Ho Chi Minh City in Vietnam starts lifting COVID restrictions

Vietnam's industrial hub Ho Chi Minh City has started easing its pandemic-related restrictions today, officials said, bringing a phase-wise end to four months of strict curbs that have halted commercial activity. "We are gradually opening but put our residents' safety first," Le Hoa Binh, deputy chairman of the Ho Chi Minh City People's Committee, said.

"All checkpoints on the streets will be lifted and no travel permits will be needed after today," Binh told a recent press conference.

Ho Chi Minh City accounted for half of Vietnam's 780,000 COVID-19 cases and four-fifths of the 19,000 deaths. So far, more than 98 per cent of the city's adults have been partially vaccinated, whereas close to half have received both shots. However, the overall vaccination rate of the country remains low at 9.8 per cent due to a shortage of vaccine.

The decline in production in Vietnam's textile, leather and footwear industries due to COVID-19 has affected the global supply chain, according to a report released by HSBC last month. Nearly 35 per cent of textile-garment factories in the country were forced to close down due to the pandemic, according to the Vietnam Textile and Apparel Association (VITAS).

The country's General Statistics Office (GSO) reported this week that its gross domestic product slid 6.17 per cent year over year for the July-September period, the first such decline in two decades.

Growth in the final quarter of the year could be 5.3 per cent following an expansion of 1.4 per cent in the first nine months of the year.

Source: fibre2fashion.com– Oct 01, 2021

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Concor cuts rates by 35% for Nepal-bound import boxes

Triggers rate war among container train operators on the sector

State-owned Container Corporation of India Ltd (Concor) has cut rates by some 35 percent for hauling import containers landing at Visakhapatnam, Haldia and Kolkata ports and bound for Nepal. This follows entry of private operators into the segment.

The move, aside from triggering a rate war on the sector among container train operators, will impact Concor's bottomline by as much as ₹120 crore a year, said people with knowledge of the matter.

The rate cut by Concor followed a June amendment to the Rail Services Agreement signed between India and Nepal that also allowed "authorised cargo train operators licensed by Indian Railways or privately-owned wagons approved by Indian Railways under any train operator or wagon investment schemes" to ply between the two nations.

'Segment opened up'

The earlier agreement of 2004, allowed only trains run by Indian Railways or Concor to operate on the sector. After the container train operation sector was privatised by the government in 2006, private firms who secured licences to operate trains, pushed for an amendment to the RSA, to secure permission to operate to and from Nepal.

The amendment was approved on June 28 this year. On average, 5,000-6,000 containers move between the two counties every month.

Besides running trains to Nepal, Concor was also operating a key inland container depot (ICD) at Birgunj, the only rail-linked dry port in Nepal. The ICD at Birgunj is Nepal's key Customs facility for handling third country imports and is also considered the lifeline for the landlocked nation's trade and industry.

New operator

The ICD Birgunj contract ended last year, and the new operation and management contract was awarded by the Nepal government in a tender to a smaller Indian rival, which also holds a licence to run container trains.

The new O&M contract is for five years which can be extended by another five years.

This gave the new operation and management contractor of the Birgunj ICD a distinct advantage in running both the ICD and container trains.

"Hence, the industry expected Concor to lower the rates and set off a rate war among operators," said an industry source.

On September 15, Concor revised rail freight rates for the movement of third-country import containers from India to Nepal and empty containers on the return leg, cutting rates by about 35 per cent.

Source: thehindubusinessline.com– Oct 03, 2021

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Pakistan: Grappling with a chronic trade deficit

According to State Bank of Pakistan (SBP) data, the import bill rose 62.2 per cent to over $13 billion during July-August, up from over $8bn in the corresponding months of last year. Though steep rupee devaluation has made foreign goods expensive, it has failed to curb rising imports. And trade deficit has sharply increased by 93.5pc during the first two months of 2021-22.

The proposed regulatory measures, officials say, will not affect the growth target of 4.8pc for this fiscal year.

Simultaneously, Finance Minister Shaukat Tarin has assured the International Monetary Fund (IMF) of Pakistan's commitment to the IMF's programme when nominated Fund's resident representative to Islamabad Esther Pervez Ruiz called on him on September 27.

The Asian Development Bank (ADB) however, sees Pakistan's economic growth for 2021-22 at 4pc provided private investment and business activities pick up with steady Covid-19 vaccine rollout.

Meanwhile, concerned ministries are preparing lists of luxury/non-essential imported items on which regulatory duty will be increased in order to curtail the rising import bill, say official sources.
After scrutiny, the Tariff Policy Board is expected to send the proposals to the Economic Coordination Committee and the Cabinet for approval.

Inheriting a record trade deficit of $37.6bn in 2017-18, the PTI government had raised tariff barriers to slash imports. It turned out to be a temporary regulatory measure as growth started to pick up. Pakistan has also not succeeded in reducing adverse imbalances in bilateral foreign trade.

The State Bank of Pakistan (SBP) has also decided to slow down the growth of imports and moderate domestic demand by bringing about changes in prudential regulations, beginning with curbs on the financing of imported vehicles.

With the inter-bank market in the grip of speculative reports and observations, the rupee plunged to an all-time low of Rs169.97 against the dollar on September 28. "Panic buying has caused the rupee's slide," says Ismail Iqbal Securities Head of Research Fahad Rauf.

Anticipating the SBP policy rate hike by 25 basis points to 7.25pc, the private sector stepped up its borrowings from banks. Between September 3 to 17, the borrowings increased by Rs172bn against a net retirement of Rs133bn recorded in the same period last year.

Bankers said it was a clear indication that the private sector has been chasing the annual economic growth faster than anticipated by the government and the SBP.

According to the Pakistan Bureau of Statistics, (PBS) in August import of some major groups as compared to the same month of last year shot up as follows: petroleum 127.51pc, machinery 52pc, chemicals 122.51pc, metal 83.04pc, food 82pc and transport 234.74pc.

Media reports suggest that the cash margin for opening on Letter of Credit for imports will increase soon.

The food import bill, PBS figures show, also increased by over 50pc to $1.473bn in the first two months of the current fiscal year against 0.980bn in a year-ago period in an official effort to bridge the gap in production. The main items of imports were sugar, wheat, palm oil and pulses.

To build strategic reserves, the government has also decided to import six million tonnes of sugar and 4m tonnes of wheat in the coming months.

There are however positive indicators in respect of some crops in this fiscal year About 2.69m bales of cotton have reached ginning mills so far — nearly 160pc higher arrivals against 1.04m bales of last year. The National Food Security and Research Minister Syed Fakhr Imam says the country's cotton production will exceed the earlier estimate of 8.46m bales.

The government had set an intervention price of Rs5,000 per 40kg which officials said encouraged growers to invest in crop management and harvest higher yields.

In the first crop estimate, the country has become self-sufficient in the production of mung beans. The output has been estimated at 253,000 tonnes against the domestic demand of 180,000 tonnes, according to an announcement in a meeting organised by the Pakistan Agricultural Research Council on its project 'Promoting Research for Productivity Enhancement in Pulses.'

On the supply side, ADB sees the outlook for agriculture as ‘encouraging’ in view of the government’s ambitious Agriculture Transformation Plan. Noteworthy, the Bank says, are also efforts to augment bank credit and introduce Kissan Card as a digital wallet for direct and swift transfer of subsidies for seed, fertiliser and pesticides.

The government is eying wheat production of 30m tonnes during 2021-22, against an output of 27.5m in 2020-21. Besides reducing imports, the expected improved farm harvests will provide an impetus to the manufacturing sector and exports.

Advisor on commerce and investment Razak Dawood says the target for exports for this fiscal year for goods and services has been raised to $40bn against the initial projection of $38bn. He believes the only permanent way to stop returning to the IMF is through exports.

SBP data shows that the export receipts for goods posted a 55pc jump in August at $2.881bn, up from $1.860bn in the same month last year. Exports in August were slightly higher than in July. But according to PBS data, textile and clothing shipments recorded an impressive growth of 28.67pc to $2.93bn during July-August compared to $2.28bn over the year period.

Mr Dawood is of the view that exports will not only fetch foreign exchange but will also generate employment opportunities and aid in import substitution which is another government target. Quoting an example, he elaborated that the government has facilitated local production of mobile phones which has surpassed imports while exports of cellular phones have also started.

Now, says the advisor, we are trying to enter the global value chain by diversifying export products in terms of sectors, spectrum and geography. The focus is shifting to exports of engineering goods, marble and minerals, pharmaceuticals, processed food and beverages, gems and jewellery, chemicals, meat and poultry, food and vegetable.

To encourage businessmen to set up engineering units, a 5pc tax rebate is offered against 2pc on textiles. And special importance is being accorded to exports of services in IT, transport, logistics and tourism segments.

Source: dawn.com– Oct 04, 2021

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Pakistan: Weekly Cotton Review: Cotton rate soars on bullish trend in international market

There has been a bullish trend in international cotton market. The spot rate increased by Rs900 per maund. Textile millers and ginners were cautious due to increase in the rate of cotton. As per details, the bullish trend remained continued in the local cotton market during the last week. Under the influence of increasing trend in the Rate of Promise (Waday Ka Bhao) of New York Cotton bullish trend remained continued in the local cotton market during the last week.

In the same way the rate of good quality of cotton reached at Rs14500 per maund which is highest in 11 years. The increasing trend remained continued in the rate of Phutti. Textile mills remained cautious due to increasing rates. The mills which were involved in buying despite high rates during the first three days of the week started cautious buying from Thursday due to which some ginners starting selling cotton keeping in mind the trend of market due to which the rate of cotton stopped from further increasing.

On the other hand it looks that New York Cotton market is the centre of increasing trend in the rate of cotton. The Rate of Promise (Waday Ka Bhao) of New York Cotton witnessed an increase due to increase in buying by China.

The rate of cotton in New York Cotton crossed one dollar per pound and reached at one dollar seven cent which is highest after the season of 2011. After that due to profit taking the market closed at one dollar four cent. In 2011-12 China was the biggest buyer at that time the Rate of Promise (Waday Ka Bhao) of New York Cotton reached at the highest level in the history.

At that time the rate of cotton reached at the highest level of Rs14500 per maund. Now after 11 years again the rate of cotton reached at Rs 14500 per maund. At that time many textile mills and ginners faced severe financial crunch and many textile mills and ginners were bankrupted but many fortunate ginners and textile mills earn a lot of profit.

At this time the rate of cotton in international market is more than local cotton market. Moreover the rate of dollar after increasing reached in between Rs 172 to Rs 173 due to which the import of cotton is expensive. On

the other hand the container and shipment charges have increased many times and there is unprecedented delay in delivery due to which textile mills are facing financial crunch. The rate of cotton has increased and it is difficult to sell yarn on this price.

The rate of cotton in Sindh as per quality is in between Rs12800 to Rs14300 per maund. The rate of Phutti is in between Rs4800 to Rs6100 per 40 kg. The rate of Banola is in between Rs 1450 to Rs 1800 per maund.

The rate of cotton in Punjab is in between Rs 13800 to Rs 14500 per maund. The rate of Phutti is in between Rs 5500 to Rs 6400 per 40 Kg. The rate of Banola is in between Rs 1500 to Rs 1850 per maund.

The rate of cotton in Balochistan is in between Rs 13800 to Rs 14200 per maund. The rate of Phutti is in between Rs 5800 to Rs 6800 per 40 kg. The rate of Banola is in between Rs 1600 to Rs 1900 per maund.

The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs 900 per maund and closed it at Rs 14100 per maund.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that bearish trend prevails in international cotton market. The Rate of Promise (Waday Ka Bhao) of New York Cotton in international cotton market reached at one dollar seven American cents which is highest after 2011-12 when the rate of cotton reached at the highest level of two dollars 26 American cents due to massive buying by China.

According to USDA weekly export report, more than five Lac seventy one thousand bales were exported which was 65 per cent more as compared to last week. This time too China was the biggest importer with more than four Lac eighteen thousand bales.

As per information, trade conflict between China and America has been settled after that China will import more cotton from America. Bullish trend remained continued in Brazil, Central Asian states, Argentina and China. In India it is expected that unprecedented rains may damage cotton crop in Gujarat due to which bullish trend prevails in Indian cotton market.

According to World Agricultural Supply and Demand Estimates this year cotton production in the world will be less than the demand due to which bullish trend will prevail in the market.

Moreover, cold war is going in between APTMA and Value added sector. Value added sector in its arguments saying that due to export of yarn they are not getting yarn on reasonable rates due to which they are saying that duty should be imposed on the export of yarn. APTMA is against, saying that there is no need of imposing duty on the export of cotton because cotton reserves in the country are stable.

The Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) has stressed the need for continuing duty-free import of cotton and yarn from all over the world till the country becomes self-sufficient in the raw material. PRGMEA newly-elected regional chairman Sheikh Luqman Amin stated that Pakistan has been unable to achieve its full exports potential due to lack of product diversification and limited access to raw-material. All taxes and duties on cotton yarn import should be terminated on long-term basis to achieve price competitiveness and product diversification, he added.

He said the Economic Coordination Committee (ECC) of the Cabinet had announced to withdraw customs duty on import of cotton yarn in April this year for the period of three months in order to ensure smooth supply of it to the value-added apparel industry. The government's earlier move of withdrawing five percent regulatory duty in December 2020 on the import of cotton yarn, and then removal of customs duty in April 2021 greatly supported the apparel sector and contributed to the country's economic stability, which needs continuation, he added.

"As the relief has been withdrawn after June 2021 amidst shortage of cotton, export growth is expected to be affected severely, which should be avoided at any cost," he said.

PRGMEA Chief Coordinator Ijaz Khokhar has appealed to PM Adviser on Commerce and Investment Abdul Razak Dawood to put this demand of PRGMEA before the ECC once again for the continuation of taxes and duty-free import of cotton and cotton yarn from across the world as shortage of yarn still persists and the exporters are presently not booking foreign orders due to scarcity of raw material.

At a time when the exporters are facing financial crunch in the wake of 700 percent jump in sea freight charges and uncertainty in rupee-dollar exchange rate, the duty-free raw material would provide some cushion to the apparel sector, which is suffering a huge shortage of industry raw material, he observed.

The PRGMEA still thinks that the real solution of raw material shortage lies in opening of import through land route, as cotton yarn import via sea can never become the substitute of extremely low-cost yarn via land route particularly in the wake of exorbitant hike in freight rates of shipping lines, he added.

PRGMEA regional chairman asked the government that previous relaxation of customs duty on yarn import should not have been limited to just three months, rather it should have been continued until the country is capable of meeting textile value-added industry's demand of 10 million cotton bales.

He said the apparel industry has stopped to book orders, as the exporters are no more capable of entertaining the international market generally due to price factor and especially because of artificial shortage of cotton yarn created by the spinning industry which was holding stock in the hope of further hike in rates.

Sheikh Luqman Amin requested the prime minister to direct the ministries concerned to focus on the value-added apparel sector and prepare a solid strategy to help the industry stay afloat. He said the country has been unable to achieve its full exports potential due to lack of product diversification and limited access to raw-material. To this effect, he added, the all taxes and duties on cotton yarn import should be terminated on long-term basis so that exporters could be able to achieve price competitiveness and product diversification.

As the country receives huge exports orders, local production of cotton is not sufficient to meet the demand of the textile. Cotton was not available at competitive prices due to the customs duty and hectic procedures.

Source: brecorder.com– Oct 04, 2021

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Pakistan APTMA plans $5bn investment this year to add 100 new plants

All Pakistan Textile Mills Association (APTMA) Patron-in-Chief Gohar Ejaz has announced that the textile industry is going to invest $5 billion by adding 100 new textile plants which will provide 500,000 new jobs and increase textile exports.

Addressing the annual general meeting of the association at APTMA House, Gohar hoped to achieve the current year's textile export target of $21 billion.

He mentioned that exports of the value-added sector have shown remarkable growth during FY 2020-21, registering 32 percent in the towel, 19 percent in garments, 37 percent in knitwear, and 29 percent in bed wear exports.

He added that textile exports increased by 23 percent in last FY, while registering 29 percent growth in the first 2 months of the current fiscal year. In August 2021, textile exports have registered a growth of 45 percent over the same period last year.

He assured that APTMA is committed to give international prices to the cotton farmers, and this year cotton farmers would get Rs600 billion instead of Rs200 billion paid to them last year.

He said that cotton yarn is sufficiently available in the country for consumption in the value-added sector for export purposes which is evident from the fact that cotton yarn export has declined by 25 percent in quantitative terms from 0.522 million tonnes in 2018 to 0.390 million tonnes during 2021 and 26 percent in value terms.

Gohar said that domestic production of cotton yarn was about 3.5 million tons and 90 percent of this production was used for value-added sector while only 10 percent was being exported.

Earlier, Mohammad Raza Baqir, Secretary General and Executive Director APTMA, announced the results on behalf of election commission.

According to the APTMA election results, Abdul Rahim Nasir has been elected as Central Chairman APTMA along with Muhammad Jameel Qasim as Senior Vice Chairman and Atta Shafi Tanvir Sheikh as Vice Chairman.

While in zonal elections, Hamid Zaman has been elected as Chairman, Kamran Arshad as Senior Vice Chairman, Muhammad Anees Khawaja as Vice Chairman and Asad Shafi as Treasurer of the Northern Zone.

On this occasion, Abdul Rahim Nasir thanked Gohar Ejaz and all members of APTMA for their unflinching support.

He vowed to put his best for the restoration, viability and competitiveness of the industry and increasing textile exports.

Outgoing chairman of APTMA Adil Bashir highlighted the efforts made during 2020-21.

He said that it was a challenging year both for the government and the industry due to the successive waves of a global pandemic of Covid-19 which plunged the global economy and created repeated uncertainties in the supply chains and consumer demands.

He said that waiver from lockdown granted to export-oriented industry enabled the textile industry to operate at its full capacity to regain export markets at a fast pace.

He thanked Prime Minister Imran Khan, Advisor to Prime Minister on Commerce Abdul Razzak Dawood and the whole government machinery for their support to revive the industry and uplift exports.

Source: pakobserver.net– Oct 03, 2021

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NATIONAL NEWS

Exports jump over 21 pc to USD 33.44 bln in September

India's merchandise exports jumped 21.35 per cent to USD 33.44 billion in September on a year-on-year basis, mainly due to better performance by key sectors like engineering goods and petroleum products, according to preliminary data released by the government on Friday.

In September, merchandise imports stood at USD 56.38 billion, an increase of 84.75 per cent compared to the year-ago period. The same was at more than USD 30.52 billion in the same period a year ago. It is also up 49.58 per cent over September 2019 when it had totalled USD 37.69 billion.

The trade deficit in September was at USD 22.94 billion as gold imports jumped nearly 750 per cent to USD 5.11 billion.

As per the preliminary data released by the Ministry of Commerce and Industry, the trade deficit, which is the gap between imports and exports, works out to be USD 78.81 billion during April-September period.

"India's merchandise exports in September 2021 was USD 33.44 billion, an increase of 21.35 per cent over USD 27.56 billion in September 2020 and an increase of 28.51 per cent over USD 26.02 billion in September 2019," it said.

Exports of engineering goods stood at USD 9.42 billion, up 36.7 per cent over September 2020. The outward shipments of petroleum is estimated at USD 4.91 billion in September 2021, an increase of 39.32 per cent over the year-ago month.

Outward shipments of 'gems and jewellery' were 19.71 per cent higher at USD 3.23 billon. However, exports of 'drugs and pharmaceuticals' registered a decline of 8.47 per cent.

The imports of 'petroleum, crude and products' soared nearly 200 per cent to USD 17.436 billion in September on an annual basis.

The data also showed that imports of 'coal, coke and briquettes' were up 82.89 per cent at USD 2.18 billion in September 2021 over the same month last year.

The ministry said value of non-petroleum exports in September was USD 28.53 billion, a growth of 18.72 per cent over the year-ago period and 26.32 per cent higher compared to September 2019.

Value of non-petroleum imports was at USD 38.95 billion in September, an increase of 57.73 per cent compared to the same period a year ago, and 36.14 per cent over September 2019.

As per the data, value of non-petroleum and non-gems and jewellery exports in September was at USD 25.29 billion, registering a growth of 18.59 per cent year-on-year.

The exports in the first half of the fiscal (April-September 2021) stood at USD 197.11 billion. This is an increase of 56.92 per cent over USD 125.61 billion in the year-ago period and 23.84 per cent compared to April-September 2019.

Source: financialexpress.com– Oct 01, 2021

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ECGC assures exporters to provide cost-effective credit insurance cover

ECGC Ltd. (formerly Export Credit Guarantee Corporation) has assured the exporters that it will not increase the insurance premium and will continue to give credit insurance cover at the same cost, despite the disruption caused by COVID-19 pandemic. Addressing media persons and exporters in Mumbai, the Chairman & Managing Director of ECGC Shri M. Senthilnathan said “all payable claims will be duly paid and we have enough financial resources to meet any increase in claims.”

The media interaction was held in the light of recent decision of the Union Cabinet to infuse Rs. 4,400 crore additional capital and list the corporation on the stock exchange. Shri Senthilnathan said: “The support from the Government is very timely and adequate. This will add to our financial strength not just to make claim payment but also to expand our services.”

“There is an enormous opportunity for a country like India, where international businesses across the globe are looking to seriously diversify supply sources. This is the right time and we are sure, we will be able to expand our services in tune with the demand from expanding exports from India,” Shri Senthilnathan added.

Speaking about the huge opportunities awaiting India’s exports sector, he explained how the V-shaped recovery (post pandemic), as seen in most countries will positively add to the growth of international merchandise exports. “It is predicted that the international merchandise exports will grow at 3.1% per annum till 2030 to reach $26 trillion.”

Senthilnathan elaborated about ECGC’s commitment to expand exports. He expressed ECGC’s desire to partner with like-minded institutions like SIDBI which is trying to identify new companies and start-ups to export indigenous products which are advanced and uses new technologies.

The Chairman also spoke about the crucial role played by ECGC during the pandemic to support the exports sector of the country. “When many private insurers had withdrawn from the market (owing to the pandemic), we had expanded our cover during 2020. We are like fire fighters”.

The CMD further said that unlike other countries, in India, Government has created a special purpose vehicle in the form of NEIA (National Export

Insurance Account) Scheme to support exports and ensure that the trust is funded on a leverage ratio of 1:20 so that the risk is undertaken by the trust and it is also supported by government funding. The Union Cabinet has also approved infusion of Rs.1,650 crore grant-in-aid over five years. Speaking about future projects, the CMD said that ECGC is taking the help of Indian Institute of Foreign Trade, to identify sectors which are credit insurance intensive and export-intensive.

At a presentation given during the event, GM, ECGC, Shri Nirdosh Chopra informed that ECGC had paid around Rs. 7,500 Crore claims during the last five years, thereby helping exporters as well as banks in executing their business without any delay.

He said that the capital infusion will enable ECGC to issue insurance covers that can support additional exports of ₹ 5.28 lakh crore over the five-year period. "Capital infusion in ECGC will enable it to expand its coverage to export-oriented industry particularly labor-intensive sector. The approved amount will be infused in instalments thereby increasing the capacity to underwrite risks up to ₹ 88,000 crore."

ECGC listing in FY 22-23

ECGC is expected to be listed on the stock exchange during FY 2022-23. This is expected to help the company adopt better corporate governance practices and mobilize resources from market through IPO in future.

About ECGC

ECGC was set up in 1957 with the objective of promoting exports from the country by providing Credit Risk Insurance and related services for exports. It functions under the administrative control of Ministry of Commerce & Industry. Over the years it has designed different export credit risk insurance products to suit the requirements of Indian exporters and commercial banks extending export credit. The company is headquartered in Mumbai, and has branch offices across major cities of India.

The official statement by ECGC on the cabinet decisions can be accessed ***Here***.

Source: pib.gov.in– Oct 01, 2021

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India, UAE discuss ways to facilitate investments

India and the UAE on Saturday explored mutually beneficial methods and incentives to facilitate investments from the United Arab Emirates' sovereign investment entities in key priority sectors in New Delhi.

Both the countries also noted the importance of concluding the negotiation process of amending the UAE and India's long standing Bilateral Investment Treaty as soon as possible.

These issues came up for discussion during a meeting between Sheikh Hamed bin Zayed Al Nahyan, Member of the Executive Council of the Emirate of Abu Dhabi, and Piyush Goyal, Minister of Commerce and Industry.

Both co-chaired the ninth meeting of the UAE-India High Level Joint Task Force on Investments here.

"At the meeting, discussions were also held on exploring mutually beneficial methods and incentives to facilitate further investment from UAE sovereign investment entities in key priority sectors in India…both sides agreed to continue to focus on ways of providing tax incentives to certain UAE sovereign investment entities," an official statement said.

Given the importance of air transport in facilitating bilateral ties and people-to-people connections, India and the UAE agreed that their respective civil aviation authorities should continue to work together on a priority basis, for their mutual benefit, to ensure the speedy normalisation of air transport operations.

The statement also said the progress of ongoing discussions for the India-UAE Comprehensive Economic Partnership Agreement was reviewed.

The involvement from the UAE Special Desk within Invest India in expediting the resolution of both legacy issues and current difficulties experienced by the UAE firms and banks in India were discussed.

"Both sides agreed to continue coordination and cooperation at the highest official levels for the early resolution of these issues," it said.

Commenting on the ninth meeting of the Joint Task Force, Al Nahyan said it is an important platform for dialogue between the two countries, raising new opportunities for trade and investment, and removing bottlenecks to further cooperation.

"Looking ahead, India and the UAE share ambitious goals to expand trade and investment activities between our countries, and the Joint Task Force will continue to play an important role in achieving these objectives," he said.

Goyal said given the strong growth prospects of the Indian economy, "we look forward to increased investment from the UAE in diverse sectors of India".
The Joint Task Force was established in 2013 as a key forum for promoting economic ties between the UAE and India.

Source: financialexpress.com– Oct 02, 2021

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Sustained pick-up: GST collections rise 23% to Rs 1.17 lakh crore in September

During September, the revenues from domestic transaction (including import of services) are 20% higher than the revenues from these sources during the same month last year.

Gross goods and services tax (GST) collections came in at Rs 1.17 lakh crore in September (largely August transactions), up 23% on year and 4.5% on month, signalling a sustained pick-up in trade and commerce.

Data released separately said the Nikkei manufacturing PMI rose to 53.7 in September from 52.3 in the previous month; also, average daily e-way bill generation in the first 26 days of September was 3% higher than the level in August.

The output of eight core infrastructure sectors grew 11.6% in August from a year before and exceeded even the pre-pandemic level (same month in FY20) for a second straight month (by 5.4%). Of course, the growth was aided by a favourable base effect (the index had contracted by 6.9% in August 2020 in the wake of the pandemic and 0.2% in August 2019). Still, the latest expansion – driven partly by increased output of cement, natural gas and coal – points at a nascent recovery in the industrial sector.

The average monthly gross GST collection for the second quarter of the current financial year has been Rs 1.15 lakh crore, which is 5% higher than the average monthly collection of Rs 1.1 lakh crore in the first quarter of the year. “This clearly indicates that the economy is recovering at a fast pace.

Coupled with economic growth, anti-evasion activities, especially action against fake billers have also been contributing to the enhanced GST collections. It is expected that the positive trend in the revenues will continue and the second half of the year will post higher revenues,” the ministry of finance said in a statement.

The Centre released GST compensation of Rs 22,000 crore to states to meet their GST revenue gap, the ministry added.

The Centre’s net tax receipts rose 127% on year to Rs 6.45 lakh crore or 41.7% of FY22BE in the April-August period, compared with just 17.4% of the corresponding target reported in the year-ago period.

Even as the weighted average GST rate continues to be around 11% against the revenue-neutral rate computed of a little over 15% and major items like auto fuels are still outside the net, the collections have shown an upswing for several months till the pandemic's second wave hit businesses, recovering quickly after taking a hit in June (Rs 92,849 crore).

During September, the revenues from domestic transaction (including import of services) are 20% higher than the revenues from these sources during the same month last year.

Of the gross GST revenue collected in September 2021, central GST was Rs 20,578 crore, state GST Rs 26,767 crore, integrated GST Rs 60,911 crore (including Rs 29,555 crore collected on import of goods) and cess Rs 8,754 crore (including Rs 623 crore collected on import of goods).

GST collections from key manufacturing states such as Maharashtra, Tamil Nadu, Gujarat and Karnataka showed year-on-year growth of 21-29% in September.

The government has settled Rs 28,812 crore to CGST and Rs 24,140 crore to SGST from IGST as regular settlement. The total revenue of Centre and the States after regular settlements in the month of September 2021 is Rs 49,390 crore for CGST and Rs 50,907 crore for the SGST.

For the second year in a row, the Centre will borrow under a special, relatively low-cost mechanism in 2021-22 to bridge a yawning shortfall in the GST compensation cess pool and transfer the funds to states as back-to-back loans sans any big fiscal cost to states. The plan is to borrow under this window Rs 1.59 lakh crore in 2021-22.

While the amount borrowed under the RBI-enabled mechanism last year was Rs 1.1 lakh crore, the Centre recently acknowledged in Parliament that an amount of Rs 81,179 crore was yet to be released to the state governments towards fully compensating them for their GST revenue shortfall for the financial year 2020-21.

Source: financialexpress.com– Oct 02, 2021

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Proposed e-commerce policy to be robust, balanced, says Union Minister Piyush Goyal

The Consumer Protection (E-Commerce) Rules, 2020 were first notified in July last year. Their violation attracts penal action under the Consumer Protection Act, 2019.

Goyal said that the whole purpose of an inter-ministerial consultation was to get views and comments from different quarters.

Union minister Piyush Goyal on Sunday assured that every stakeholder's interest will be taken into consideration while framing the e-commerce policy which would be robust and in the interest of every Indian.

Goyal, who heads commerce and industry as well as consumer affairs ministries, also said that he welcomes all the feedback on the draft e-commerce rules but comments about inter-departmental issues on the draft rules are totally unwarranted.

The minister's comments has come following reports that the Department for Promotion of Internal Industry and Trade (DPIIT), the Corporate Affairs Ministry and the Niti Aayog have objected to some provisions of the draft e-commerce rules.

The report citing an RTI reply has claimed that Niti Aayog has expressed apprehensions that the draft rules may harm ease of doing business.

Goyal, who was here to inaugurate India pavilion at Dubai Expo 2020, said that the whole purpose of an inter-ministerial consultation was to get views and comments from different quarters.

"I do believe that I welcome all the feedback and look forward to a very robust and healthy consultations with all the stakeholders...We are trying to balance everybody's interest and come up with a robust framework in which this (policy) can be implemented in the interest of all Indians," Goyal told PTI.

The very purpose of releasing draft rules is to elicit public opinion, ideas from other departments, from stakeholders, encourage feedback, he said, adding the government has always believed in engaging with all the stakeholders before taking a final decision on any policy.

Citing example of data privacy law, national education policy and jewellery hallmarking norms, he said the government conducts stakeholders consultation to arrive at a good decision.

Domestic jewellers are now appreciating the hallmarking norms, which they were opposing earlier tooth and nail, he said.

"The consumer rules around the e-commerce are under public consultation. I warmly welcome feedback from various stakeholders but I have to protect everybody's interest and balance consumers interest, ecommerce interests, retailers interests," he said, adding that "everybody's interest will be taken into consideration and a balanced and a very robust policy will be finalized." When asked if there is any move to link all the policies together, he said every department has to protect its own stakeholders.

The DPIIT under the commerce and industry ministry is also framing a national e-commerce policy.

"Consumer department has to protect the interest of consumers. Ecommerce policy is a matter for industry department to focus on, because they have to protect the interest of industry and internal trade …so we have an orderly behaviour in the industry and at the same time ensure that internal trade is also protected," he said.

He said that they are trying to balance everybody's interest and come up with a robust framework in which this policy can be implemented in the interest of all Indians.

On June 21, the consumer affairs ministry released draft e-commerce rules under which it banned fraudulent flash sale and mis-selling of goods and services on e-commerce platforms.

Appointment of chief compliance officer/grievance redressal officer are among other key amendments proposed to the Consumer Protection (E-Commerce) Rules, 2020.

The government also proposed registration of every e-commerce entity which intends to operate in India with the DPIIT. The proposed amendments also included e-commerce entities requiring to provide information not later than 72 hours of the receipt of an order from a government agency for prevention, detection, investigation and prosecution of offences under any law.

According to research firm CUTS International, many consumer organisations have felt that draft e-commerce rules should stick to only consumer-facing issues.

The Consumer Protection (E-Commerce) Rules, 2020 were first notified in July last year. Their violation attracts penal action under the Consumer Protection Act, 2019.

On free trade agreement with the US, he said that the US has not yet decided about what kind of policies they would like to follow about such pacts with India.

On the ongoing talks at the WTO about fisheries subsidy agreement, he said that it should happen successfully, but “on fair and equitable terms”.

India has given its own proposal, which if the other countries accept, then “we will be happy to conclude negotiations and we will make every effort to conclude negotiations”.

When asked whether the issue of Indian Covid vaccine with the UK would have any impact on FTA talks, he said the international trade does not happen like that.

“The vaccine issue will be sorted out by concerned officials of both sides, but it is not going to something that change the way our relationship is blossoming.. We do believe that they should have accepted our vaccine..we have one of the best vaccine manufacturing (facilities),” he added.

Later, addressing Indian People’s Forum (IPF) Business Conclave here, Goyal called upon the diaspora in the UAE to encourage others to Invest in India. He said this is the right time for India’s vast expatriate community to invest in India.

He said the government has taken many steps to create conducive business environment.

Source: financialexpress.com– Oct 03, 2021

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Need to Tap into J-K's Potential, Make It Textile-manufacturing Hub: Union Minister Jardosh

Union minister Darshana Jardosh on Sunday said Jammu and Kashmir has a vast potential in the textile sector and there was a need to tap it and make the region a textile-manufacturing hub.

Union Minister of State for Textiles and Railways conducted a whirlwind tour of the Srinagar district as part of the Union government's public outreach programme for Jammu and Kashmir.

During the tour, the minister visited Government Arts Emporium at Raj Bagh, a silk factory and Bemina Wollen Mills.

At the arts emporium, she asked the officers to create awareness across the country about the products being sold here, tie up with e-commerce sites to market and sell the products online.

The minister added that the products of Kashmir are known worldwide and they need proper publicity and marketing.

During the visit to the silk factory, Jardosh interacted with artisans of papier-machie clusters, willow wicker clusters and crewel crafting clusters. She also distributed certificates among the artisans for participating in Colour and Design Trends workshop and Market Research and Buyer Trends Workshop.

She asked the officers to establish a common facility centre to impart required training and marketing techniques to the artisans.

The minister also visited the Directorate of Sericulture here and participated in Cocoon Auction Market 2021-22 and also interacted with cocoon weavers.

She underlined that the purpose of her visit is to ascertain the development of the textile sector in the Union Territory and added the government has launched several schemes for the development of this sector and the people associated with it should take due benefits of these schemes.

"Under the able guidance of Prime Minister Narendra Modi, the textile sector has seen a sharp growth. Technical infrastructure, as well as knowledge resources for the farmers, are given due importance," she said.

Later, the minister visited Central Sericulture Research and Training Institute, Pampore, and interacted with the scientists of the institute on research and development of the sericulture sector across north India.

Source: latestly.com– Oct 04, 2021

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Power crisis in China a business opportunity for textile industry in Surat: SGCCI president

Business management consultant Haresh Calcuttawala said, “Majority of the power plants in China are coal-based, and the Chinese government has reduced coal production.

Southern Gujarat Chamber of Commerce and Industry president Ashish Gujarati Saturday said that due to the power crisis in China there is a big business opportunity for textile industry players in Surat.

Gujarati was speaking at a meeting organized by the SGCCI with the experts and textile industry players on the topic of “Power crises in China, an advantage for Surat and India”.

The shortage of coal supplies, toughening emissions standards and strong demand from industry have led to record rise in coal prices in China triggering widespread curbs on usage.

“Due to the power crisis in China, a big business opportunity has come out for all the industries of Surat, South Gujarat, and entire India, and time has come to grab it. Those industries running with the raw materials imported from China will have to start preparations as there would be a shortage of supply. The industry people should also work to find out other sources of the supply of raw materials,” Gujarati said.

He added, “China is also a major exporter of apparel and textiles to the world. Due to the reduction of coal production, the power rates will go high up between 30-40 per cent, which will also lead to rise in production costs. The power crisis of China will benefit to many industries in India and especially the textile industry of Surat.”

Source: indianexpress.com– Oct 03, 2021

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Trade deficit spikes to $23 billion in September

Merchandise exports have now exceeded the pre-pandemic level for seven months in a row. Exports between April and September hit $197.1 billion, up 56.9% from a year before and 23.8% from the same period in FY20.

Trade deficit spiked to almost $23 billion in September from $13.8 billion in the previous month, as imports surged at a much faster pace than exports, driven by elevated global crude oil prices and massive purchases of gold in the build-up to the festival season.

With crude oil prices hovering around 3-year highs, petroleum imports may continue to surge in the coming months. This will pressure trade and current account deficits, which have remained well under control in the aftermath of the pandemic.

Merchandise exports rose 21.4% in September from a year before to $33.4 billion, thanks to sustained order flow from critical western markets. Interestingly, exports recorded an even higher jump of 28.5% over the pre-pandemic (same month in FY20) level, according to the provisional estimates released by the commerce ministry on Friday.

However, at $56.4 billion, imports staged a smart rebound and grew 84.8% from a year earlier and 49.6% from September 2019, driven partly by a spill-over of pent-up domestic demand that remained mostly muted in the wake of the pandemic. But what inflated the import bill the most were oil and bullion.

Imports of petroleum products jumped almost 200% year-on-year to $17.4 billion, supported by elevated crude oil prices. Gold purchases from overseas climbed 751% to $5.1 billion in the build-up to the festival season.

Of course, base effect, too, remained unfavourable. Even edible oil imports shot up by 132% and coal purchases surged 83%.

Merchandise exports have now exceeded the pre-pandemic level for seven months in a row. Exports between April and September hit $197.1 billion, up 56.9% from a year before and 23.8% from the same period in FY20.

Importantly, core exports (excluding petroleum and gems and jewellery) rose 18.6% in September from a year before, lower than the 21.4% growth in overall merchandise exports. Also, it was 33.1% higher than the level witnessed in August 2019.

Similarly, core imports (excluding petroleum and gold) rose 39.6% year-on-year and 22.9% from the pre-pandemic level.

Total goods imports in the April-September period stood at $275.9 billion, up 82.4% from a year ago and 11.2% from the pre-Covid level.

Among the key performers on the export front, outbound shipment of cotton yarn, fabrics, made-ups and handloom products rose by 40%, while that of petroleum products shot up by 39%, engineering goods by 37% and organic and inorganic chemicals by 30%.

Commenting on the export data, A Sakthivel, president of exporters' body FIEO, said recovery in advanced economies and sustained order flows ahead of the festive season have led to the continuous growth in exports.

Aditi Nayar, chief economist at ICRA, said: "While domestic demand is recovering, the surge in imports in September likely also reflects pent-up demand and/or inventory restocking prior to the festive season, and the pace may moderate in the coming months." Nayar expected the current account to display a double-digit deficit in the September quarter. Nevertheless, current account deficit is unlikely to cross 0.8% of GDP, she added.

Source: financialexpress.com– Oct 02, 2021

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Centre may re-appoint GK Pillai panel to address possible ‘anomalies’

Handicraft, electronics makers complain that RoDTEP rates fall short of tax paid by them

To address anomalies in rates under the new input duty remission scheme for exporters, the Centre may ask the committee, under former Union Secretary GK Pillai, that calculated the rates, to examine if there are any discrepancies.

“The government has got consent of the members but a formal committee to address the anomalies in the Remission of Duties and Taxes on Exported Products (RoDTEP) is yet to be announced,” an official tracking the matter told BusinessLine.

The government announced rates under the RoDTEP scheme last month for remitting all input duties paid by exporters, including embedded taxes, after calculating taxes that went into the production and exports at every stage from raw material to finished product.

But many exporters from sectors such as handicrafts, engineering products and electronic items have complained that the rates fall short of the taxes paid by them, and must be enhanced.

RoDTEP rates

The RoDTEP rates fall between 0.01 per cent and 4.3 per cent of the export value of a specific item and cover about 8,555 product lines. However, more than half the items are entitled to 1 per cent or less and fewer than 400 items get 4 per cent or more.

Previously, under the Merchandise Export from India Scheme, which RoDTEP replaced, the rates ranged between 2 per cent and 5 per cent.

“MEIS cannot be compared to RoDTEP as the rates of remission of duties under the scheme were not calculated specifically for each product and thus could not be transparently linked to input taxes paid. That is why the WTO ruled that it was an export subsidy and must go,” the official said.

However, the government doesn't rule out that the grievances of some of the exporters related to the RoDTEP rates could be genuine and thus all complaints needed to be examined.

For instance, handicraft exporters, in a recent meeting with the Finance Minister, pointed out that the rates of refund ranging between 0.01 per cent and 2.4 per cent were much lower than the the 3 per cent and 5 per cent they estimate.

The Engineering Export Promotion Council, too, pointed out that the RoDTEP rates have not taken into account the taxes embedded in raw materials like steel in the engineering products in a large number of cases.

Electronics makers

The Indian Electrical & Electronics Manufacturers' Association has said that for a number of items, for instance electric cable and fibre optic cable, the rates of 0.8-0.9 per cent per metre did not fully cover the input duties and taxes on manufacturing and inland transportation costs,

Commerce & Industry Minister Piyush Goyal, in response to industry complaints, had earlier said that if some exporters felt that their product had not rightly received what is due to them, it would be examined by the independent committee. "It is not for the government or Ministry to finalise or settle across the table. It is a rational scientific process," the Minister said. The allocation for the RoDTEP scheme is ₹12,454 crore per annum as opposed to more than ₹40,000 crore per annum for MEIS.

Source: thehindubusinessline.com– Sep 30, 2021

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Cotton growers rejoice as price doubles this year

Cotton growers in Chamarajanagar and Mysuru districts are all smiles again as they have got bumper prices for their crop this year.

The price of cotton has doubled when compared to previous years. Last year, they sold it for Rs 60 per kg and now prices range between Rs 110 and 130, said Nagarajappa, cotton grower in Gundlupet taluk of Chamarajanagar district.

Farmers of the two districts have been cultivating Cotton in around 28,123 hectares. It is cultivated in Gundlupet taluk, a few pockets of Chamarajanagar and Hanur taluks in Chamarajanagar district, HD Kote, Hunsur, Saragur and Nanjangud taluk in Mysuru district.

Currently, the state government announced the minimum support price of Rs 5500 per quintal. The 140-180 day hybrid BT Cotton crop varieties like Bahubali, Puli and Minerva, which were sown in rain-fed areas during pre-monsoon showers are reaping bumper prices after the harvest in September.

As most textile industries are situated in Tirupur and Erode in Tamil Nadu where raw cotton is processed and the yarn exported to Bangladesh, local traders sell raw cotton to them after buying from regional farmers.

"Most of them have bid goodbye to traditional cotton varieties and opted for hybrid BT cotton as it is disease-resistant and yields sooner. Local farmers will get more price if the government establishes a market for them locally, which will also avoid the role of middlemen," farmer leader Kurubur Shanthakumar told TOI.

Speaking to TOI, joint director of agriculture Dr Mahantheshappa said many farmers were cultivating cotton in old Mysuru region till recently in about 60,000 hectares. But now it is down to about 30,000 hectares due to labour problems and unseasonal rain. The textile industry is bouncing back and the low yield due to weak monsoon are some of the reasons attributed for the bumper prices for cotton this year, he said.

Source: timesofindia.com– Oct 04, 2021

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Delayed payment applications filed by MSMEs near a whopping 1-lakh mark: Govt data

Only 9.8 per cent (8,939) applications were mutually settled with buyers.

Ease of Doing Business for MSMEs: Even as the government has been urging central and state departments, public sector units (PSUs), and others to clear payments to micro, small, and medium enterprises within 45 days of receipt of goods, the number of delayed payment applications filed by MSMEs has only grown further.

In nearly four years since the launch (October 30, 2017) of the delayed payment monitoring portal MSME Samadhaan, the number of applications has already crossed the 90,000-mark.

A total of 90,906 applications involving Rs 24,309.65 crore were filed as of October 3, 2021, official data showed. Of these applications, nearly 28,000 applications (30 per cent) were filed in little over the past nine months. As of December 23, 2020, 63,184 applications involving Rs 18,036.22 crore were filed.

Out of the total applications filed, only 10 per cent (9,381) applications involving Rs 1,685 crore were disposed by the Micro and Small Enterprise Facilitation Councils (MSEFCs), while only 9.8 per cent (8,939) applications were mutually settled with buyers, data from the portal showed.

Moreover, nearly 39 per cent (29,823) applications were yet to be seen by MSEFC while 27 per cent (24,639) cases were currently under MSEFC consideration. 20 per cent (18,124) applications involving Rs 3,703 crore were rejected by the council.

"There are a lot of issues. One of them is the sheer bureaucratic approach by all government organisations. Another challenge is that most MSMEs are not well versed with digital platforms and government processes etc.

While the government had made a policy for buyers to clear MSME payments in 45 days, but if MSMEs are not paid in that period then it would never be going to solve this issue for MSMEs," Sanjiv Layek, Executive Secretary, World Association For Small And Medium Enterprises (WASME) had told Financial Express Online.

MSEFCs are essentially dispute settlement units established by state governments in their respective geographies to resolve delayed payment issues. After MSE files an application against the buyer before the concerned MSEFC of its state, the MSEFC examines it and accordingly issues directions to the buyer for payment of due amount along with interest as per the provisions under the MSMED Act 2006.

According to MSME Samadhaan, every reference made to MSEFC has to be decided within a period of 90 days from the date of making such a reference. The Department of Expenditure had in July last year issued an Office Memorandum asking buyers to pay penal interest of 1 per cent per month for delayed payments beyond the prescribed duration.

Despite concerns of MSEs, the government had earlier said that it cannot 'issue directions' to buyers to clear payments. Former MoS Finance Anurag Singh Thakur had informed Lok Sabha in February this year that while "The Ministry has taken up the subject (delayed payments) vigorously with the Central Ministries, Central Public Sector Enterprises (CPSEs) and State Governments and the Corporate entities. But, it is to be noted that the Central Government cannot issue any directions to, or force, State Governments or State PSEs to pay the dues."

Source: financialexpress.com– Oct 03, 2021

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Odisha registers 65% growth in GST collection in April-September

With increasing economic activities, the GST collection in Odisha grew by a whopping 65.44 per cent year-on-year to Rs 20,303.86 crore in the first six months of the current fiscal, an official said on Saturday.

Around Rs 12,272 crore was mopped up as the Goods and Services Tax in the April-September period of the last financial year, he said.

In September, Rs 3,325.94 crore was collected as GST, up by 40 per cent, as against Rs 2,383.99 crore in the year-ago month.

"This is the highest growth rate of the indirect tax collection among all the major states in the country," GST Commissioner SK Lohani said.

The collection of Odisha GST (OGST) reached Rs 929.68 crore, up by 48 per cent, in the last month.

In April-September of FY22, the OGST mop-up was Rs 5,766.43 crore, registering a staggering 57 per cent growth over the year-ago period.

Over Rs 772 crore was collected as CGST, Rs 996.48 crore as IGST and Rs 626.85 crore as cess in the last month.

"The increased revenue collection is a result of better compliance by dealers having turnover of more than Rs 5 crore as well as a follow-up action of non-filer assessment and return scrutiny," he said.

Enhanced commercial activities in the manufacturing and mining sectors contributed to the growth of revenue collection, he said.

The total collection of VAT from fuel and liquor was at Rs 807.81 crore in September as against Rs 577.27 crore in the year-ago month.

Source: financialexpress.com– Oct 02, 2021

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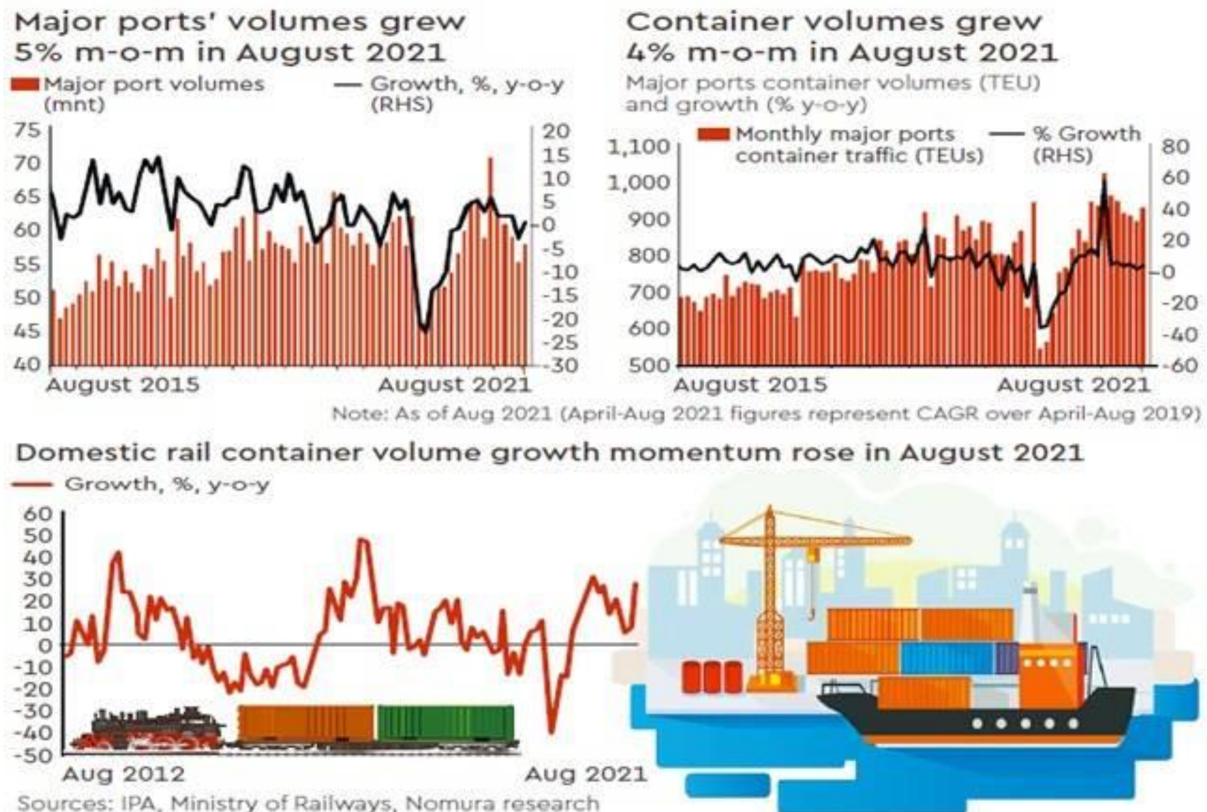
Data monitor: Major ports traffic up 5% m-o-m in August

Major ports' volumes grew 5% m-m to ~57.6mnt in Aug 2021, and were flat vs Aug-19 (compared with a 3.7% CAGR decline in July-21 vs July-19).



POL volumes fell at a 5% CAGR vs Aug-19, and iron ore volumes fell at a 6.3% CAGR.

This was offset by a 6.1% CAGR in coal and 4.5% CAGR (tonnage) in container volumes.

Container volumes at 923kTEUs recorded a 2.3% CAGR vs Aug-19 and 4% growth m-m.

Source: financialexpress.com– Oct 04, 2021

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Sharpest rise in salaried jobs: Employment rises by 8.5 million in September; at highest level in 20 months

CMIE's sample comprises over 1.79 lakh households and over 5.22 lakh members who are over 15 years old.

Led by salaried jobs, employment increased by 8.5 million in September to 406.2 million, the highest level since March 2020. However, it still remained slightly lower than the September 2019 level of 406.7 million.

Consequently, unemployment rate fell to 6.86% in September from 8.3% in August this year, but remained slightly higher than 6.68% recorded in September last year, CMIE's consumer pyramids household survey revealed.

CMIE's sample comprises over 1.79 lakh households and over 5.22 lakh members who are over 15 years old.

As per the survey, labour force participation rate increased from 40.5% in August to 40.7% in September and, importantly, the employment rate inched up from 37.2% to 37.9% in September this year.

Labour force participation rate is an age-specific proportion between persons either working or actively seeking work and the total population in working age group, usually 15 years and above. Unemployment rate is a ratio between persons who are not currently in job but are actively searching for one and the total labour force.

"The best part of the increase in employment in September 2021 is the increase in salaried jobs. These increased by 6.9 million from 77.1 million in August to 84.1 million in September. Of all the major occupation groups, salaried jobs saw the biggest increase. This big jump in September brings salaried jobs the closest to their average in 2019-20, which was 86.7 million," CMIE's MD and CEO Mahesh Vyas wrote in a recent article.

Employment among daily wage workers and small traders also increased by a substantial 5.5 million, from 128.4 million in August to 134 million in September. With this, employment as daily wage labourers or small traders has crossed the pre-pandemic level of 130.5 million in 2019-20.

September 2021, however, saw a fall in employment as entrepreneurs. Their estimated count fell from 76 million in August to 74.4 million in September. The number of farmers also fell from 116 million in August to 113.6 million in September 2021.

“This fall could imply a combination of two factors. First, some salaried jobs that were lost earlier have been revived and some of the labour that migrated to the farms has come back to these salaried jobs. Second, economic activity is likely to have revived to absorb additional people in the form of daily wage labourers,” Vyas wrote.

This is likely to have happened dues to a big increase in employment in the construction industry in October. Employment in this industry shot up by 5.5 million in September.

The service sector surprises with no increase in employment in September. The sector shed over a million jobs in the month.

“India is now at the cusp of the festive season and expectations are that the coming months could boost employment in general and in retail trade in particular. Given the large size of the retail trade industry an increase in employment in this can be expected to have a significant impact on overall employment,” Vyas wrote.

Source: financialexpress.com– Oct 03, 2021

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Walmart to triple exports from India by 2027

Global retail giant Walmart plans to triple its exports from India to $10 billion annually by 2027. The retailer has been undertaking extensive training sessions for MSMEs alongwith Flipkart.

Under the Walmart Vriddhi Supplier Development Program (Walmart Vriddhi), the retail giant has so far trained over 2,500 MSMEs in modern business management frameworks to enable them to modernize and become part of the digital retail revolution. The e-commerce company aims to triple exports from India to $10 billion annually by 2027.

The different phases in the program delivered by partner Swasti, give MSMEs access to advanced business tools and strategies, as well as one-on-one expert consultation, to help them unlock their entrepreneurial capacity, modernize their business, and thrive.

Walmart and Flipkart expect many more entrepreneurs to graduate from the Vriddhi program over the next few months. Both the companies plan to partner with MSMEs by providing access to online and offline markets in India and around the world.

Launched in 2019, Walmart Vriddhi program aims to empower 50,000 MSMEs across India over five years.

Source: fashionatingworld.com– Oct 01, 2021

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