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INTERNATIONAL NEWS

White House Negotiates Expanded Port Hours in Bid to Beat Back Bottlenecks

The Port of Los Angeles will join the Port of Long Beach in shifting to 24/7 operations as part of a White House-led plan to address ongoing West Coast bottlenecks.

The ports had announced new measures to improve freight movement and reduce delays last month. The changes, made after consultation with the U.S. Department of Transportation, were framed as "the first step" toward a 24/7 supply chain. A week later, the Port of Long Beach unveiled a new pilot program to widen access and speed deliveries during the overnight hours.

Retailers like Walmart and Target and shipping giants UPS and FedEx have already committed to increasing their use of night-time and off-peak hours, and the International Longshore and Warehouse Union (ILWU) has indicated its members are willing to work the extra shifts, according to White House intel.

President Joe Biden plans to formally announce the news Wednesday afternoon in a meeting that will include the CEOs of Walmart U.S., Target, FedEx Logistics, Samsung Electronics North America, the National Retail Federation (NRF), the American Trucking Association, the American Association of Railroads, the U.S. Chamber of Commerce, the Consumer Brands Association and the Pacific Maritime Association. Leaders from the ILWU, Teamsters, AFL-CIO, the Port of Los Angeles, the Port of Long Beach and the UPS are also expected to attend.

NRF President and CEO Matthew Shay praised the administration's leadership on port congestion and emphasized the long-term need for a more reliable global supply chain.

"We thank President Biden, Vice President Harris, Secretary [Pete] Buttigieg, [National Economic Council] Director [Brian] Deese and Port Envoy John Porcari for their leadership to address the ongoing global supply chain disruption," Shay said in a statement. "It is critically important that we all come together—business, labor and government—to address the current issue regarding port congestion, and the long-term need to create a more reliable supply chain globally and within the United States. The retail industry greatly appreciates President Biden's personal commitment to marshal the power of the federal government behind efforts to reduce the disruptions our members are currently facing, and retailers remain committed to working with all stakeholders to ensure consumers have access to the products and services they want and expect. NRF has been urging more focus and resources to address supply chain failures for many years, and we look forward to continued efforts that result in sustainable solutions for this growing problem."

In a fact sheet released ahead of the meeting, the White House revealed Walmart has committed to increasing its use of night-time hours "significantly" and projects it could raise throughput by up to 50 percent over the next several weeks. Target, which currently moves about half of its containers at night, committed to increasing that amount by 10 percent over the next 30 days. Samsung plans to move nearly 60 percent more containers by operating 24/7 through the next 90 days, while The Home Depot expects to move up to 10 percent additional containers per week during the new off-peak hours at the two ports.

The UPS, meanwhile, committed to an increased use of 24/7 operations and enhanced data sharing with the ports—moves that could allow it to move up to 20 percent more containers, the White House said. FedEx plans to both increase night-time hours and make changes to trucking and rail use. With these efforts in place, it estimates it could double the volume of cargo it moves out of ports at night. "Just UPS and FedEx alone, combined, shipped 40 percent of American packages by volume in 2020," a senior administration official said. "By taking these steps, they're saying to the rest of the supply chain, 'You need to move, too. Let's step it up.'"

Together, the six companies' commitments will translate to more than 3,500 additional containers moving through ports at night per week through the end of the year, the White House said.

The administration attributed the extended port hours and business commitments to the ongoing work of the Biden-Harris Supply Chain Disruptions Task Force. Established in June, the task force is led by Transportation Secretary Pete Buttigieg and includes input from Agriculture Secretary Tom Vilsack and Commerce Secretary Gina Raimondo. In August, the White House appointed John D. Porcari the group's port envoy—a move welcomed by the National Retail Federation.

Source: sourcingjournal.com– Oct 13, 2021

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USA: September Retail Apparel Prices Fell 1.1%, as Home Goods Rose

Retail apparel prices fell a seasonally adjusted 1.1 percent in September after rising 0.4 percent the prior month, with promotional pricing apparently winning out over high raw materials and shipping costs.

The lower clothing prices were also counter to the 0.4 percent increase in the overall Consumer Price Index (CPI) reported Wednesday by the U.S. Bureau of Labor Statistics (BLS) for September.

Price declines were seen across the board in apparel. Women's apparel prices declined 2.6 percent for the month, led by a 3.7 percent decline in suits and separates, along with dips of 1.3 percent in dresses and the underwear, nightwear, swimwear and accessories group. Outerwear was the only sector to see an increase, rising 1.8 percent.

Men's wear prices were down 1.1 percent in September, with declines of 2.4 percent in suits, sport coats and outerwear, and 1.7 percent in pants and shorts. Balancing that were increases of 1 percent in shirts and sweaters, and 0.6 percent in the underwear, nightwear, swimwear and accessories group.

Boys' apparel prices fell 1.7 percent for the month and girls' were down 3 percent, while infants' and toddlers' clothing prices rose 0.8 percent. Retail footwear prices were up 0.5 percent, as men's prices rose 1.7 percent, and boys' and girls' jumped 3.3 percent, while women's stepped down 1.1 percent.

BLS reported prices for home furnishings and supplies increased 1.3 percent in September compared to August, with furniture and bedding prices up 2.4 percent.

The soft goods prices are under particular pressure from significant increases in raw material and shipping costs. U.S. spot cotton prices averaged $1.05 cents per pound for the week ended Oct. 7, according to the U.S. Department of Agriculture (DOA). This was the highest weekly average since the week ended Sept. 15, 2011, when the average was $108.18, DOA noted. The weekly average was up from 97.22 cents the prior week and from 61.13 cents a year earlier.

In the same time period, Drewry's composite World Container Index (WCI) inched down 2.2 percent to $10,129.72 per 40-foot container or equivalent unit (FEU), but remained 289 percent higher than a year earlier. The average composite index of the WCI, assessed by Drewry for the year-to-date, is $7,056 per FEU, which is $4,593 higher than the five-year average of $2,464 per FEU.

In September, the indexes for food and shelter rose, contributing more than half of the monthly increase. The energy index, important for business operations, was up 1.3 percent, with the gasoline index up 1.2 percent after increasing 2.8 percent in August. The electricity index increased 0.8 percent in September following a 1 percent rise the prior month. The index for natural gas also increased in September, rising 2.7 percent–its eighth consecutive monthly increase.

The core index, minus food and energy, rose 0.2 percent in September, after increasing 0.1 percent in August. Along with the index for shelter, the indexes for new vehicles, household furnishings and operations, and motor vehicle insurance also increased in September. The indexes for airline fares, apparel, and used cars and trucks all declined over the month.

BLS reported that over the past 12 months, the CPI increased an unadjusted 5.4 percent. The core index rose 4 percent in the same period, with the energy index rising 24.8 percent.

Source: sourcingjournal.com– Oct 13, 2021

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IMF lowers global growth projection for 2021 to 5.9%

The International Monetary Fund (IMF) has slightly lowered its global growth projection for 2021 to 5.9 per cent while keeping it unchanged for 2022 at 4.9 per cent. However, this modest headline revision masks large downgrades for some countries, IMF reported in its World Economic Outlook released yesterday.

The dangerous divergence in economic prospects across countries remains a major concern, said Gita Gopinath, IMF economic counsellor and director of its research department. These are a result of the 'great vaccine divide' and large disparities in policy support, IMF said in a press release.

Gopinath said risks to economic prospects have increased and policy trade-offs have become more complex in the ongoing COVID-19 pandemic. Monetary policy will need to walk a fine line between tackling inflation and financial risks and supporting the economic recovery.

"One of the major risks remains that there could be new variants of the virus that could further slow back the recovery. We're seeing major supply disruptions around the world that are also feeding inflationary pressures, which are quite high and financial risk taking also is increasing, which poses an additional risk to the outlook," explained Gopinath.

"The foremost priority is to vaccinate the world. Much greater multilateral action is needed to vaccinate at least 40 per cent of the population in every country by the end of this year and 70 per cent by the middle of next year," added Gopinath.

Source: fibre2fashion.com– Oct 13, 2021

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China exports up 28% in September; surplus with US at $42 billion

China's import and export growth slowed in September amid shipping bottlenecks and other disruptions combined with coronavirus outbreaks, according to customs data reported Wednesday.

The report showed exports rose 28.1% to $305.7 billion. That was slightly slower than the 33% increase logged in August. Imports rose 17.6% to $240 billion, accelerating from the previous month's 26%.

Disruptions in industrial supply chains have persisted after last year's global economic downturn. Renewed clusters of infections in the United States and some other markets also dampened consumer sentiment.

Economists have forecast that surging global demand for Chinese goods will level off as anti-disease controls ease and entertainment, travel and other service industries reopen.

The politically sensitive trade surplus with the U.S. rose to $42 billion from nearly $38 billion in August, the report said.

Overall growth in two-way trade rose 15% in July-September, slowing from 25% year-on-year growth in the previous quarter.

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

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Vietnam garment exports hit hard by labor shortage, disrupted supply chains, and swelled freight fares

According to a government figure, Vietnam has over 6,000 clothing and textile factories employing about three million people.

While around one million RMG workers, or one-third of the total number employed, have quit their jobs or are staying away from work with or without pay, VITAS projected.

On top of it, workers making a departure to their hometowns – intensifying labor shortage.

Due to this most of the textile factories face labor shortages and hindrance in supply chains which is leading to failing in export orders said the Vietnam Textile & Apparel Association (VITAS).

VITAS projected that some one million workers in the sector, or one-third of the total number employed, have quit their jobs or are staying away from work with or without pay, VITAS.

On top of it, brands and retailers are shifting their orders to other countries due to supply chain glitches. Nike and Adidas suppliers stopped operations in Vietnam earlier this year. Nike has cut its fiscal 2022 sales expectations and cautioned of holiday delays, while Lululemon is moving production out of Vietnam.

While VITAS stressed that factories in the south have implemented the stay-at-work and commute-to-work models, but only managed to get 10-30% of their workers.

Besides, logistics costs – which is some 9% of production costs of Vietnamese garment and textiles – have gone up steeply.

Making it tough for factories to maintain production and ensure timely delivery of goods.

As a result, in September, Vietnam's garment and textile exports declined by 9% to $3 billion month-on-month. The figure for the year-to-date was $29 billion.

For the month of October, the Vietnam's government predicted that the country's garment exports will fall short by $5 billion – achieving $34 billion of textiles exports, shy of the targeted $39 billion.

VITAS has three dissimilar export scenarios subject on how the COVID situation turn out: it believes shipments of $33.5-34 billion this year if the pandemic lingers until early December, $36-36.5 billion if until November and $37.5-38 billion if it is reduced by October.

Truong Van Cam, Vice Chairman, Vitas said, "It is very difficult for the sector to realize the export target of $39 billion set for this year."

While the government painted a grim picture and said in a statement that the last three months of this year will be an extremely difficult time for Vietnam's textile and garment industry.

Source: textiletoday.com.bd– Oct 13, 2021

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Bangladesh: Diversifying our RMG offerings

Bangladesh's RMG industry continues to bring in the lion's share of its export earnings, and as such, there should continue to be emphasis on its improvement, be it the safety of its employees, the efficiency of production, or the quality of products offered.

The findings from a recent study, commissioned by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH with support of BGMEA, states that sustainable growth as well as additional value can be derived if the RMG sector expands towards the production of technical textiles (TT) and personal protective equipment (PPE) -- these findings must be heeded by the relevant authorities concerned, and all stakeholders.

While Bangladesh has established itself as one of the main players when it comes to supplying textiles, the recent shocks as a result of the Covid-19 pandemic should make us wary, and therefore, we must explore any possible strategy that might give us a competitive edge.

Bangladesh's RMG industry, while remaining a pillar of the economy, continues to face the same issues year on year. Industry leaders have often complained about buyers offering unfair prices, and despite Bangladesh now boasting the highest number of green factories in the world and an increased focus on safety of operations, there remains a stigma that is hard to shed.

Moving forward, diversifying what the RMG sector offers, along with a strategic approach to shifting this pre-conceived notion about the sector in Bangladesh, will go a long way to ensuring the sustainable health of this industry, and by extension, its continuous support of the Bangladesh economy.

Source: dhakatribune.com– Oct 13, 2021

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Pakistan: Textile sector seeks duty-free yarn import

"The government must allow import of cotton yarn from across the world as it is a major raw material of value-added textile export industry," Pakistan Hosiery Manufacturers and Exporters Association Central Chairman Shahzad Azam Khan said, adding that the available cotton yarn was of substandard quality.

Exporters were reluctant to finalise export orders due to the prevailing cotton yarn crisis, he said. "In this scenario, such export orders will be diverted to other regional countries."

Despite a huge demand for cotton yarn in the local value-added industry, yarn manufacturers and spinners were seen exporting the raw material to regional countries.

"Yarn manufacturers are depriving the value-added textile sector of the main input and in the meantime passing the subsidy benefit, given by the government, on to regional competitors," he alleged.

In comments to The Express Tribune, Topline Securities analyst Saad Ziker termed these claims a true picture of the current situation in the industry.

"There is a massive need for cotton in the industry," he said, adding that the value-added textile sector wanted to fulfill maximum export orders but they could not due to cotton shortage.

He underlined that their demand for cotton import from around the world was drawing a lot of criticism in the market, as textile was the largest contributor to overall exports from the country.

Other regional countries such as India and Bangladesh were also recovering from the Covid-19 pandemic and trying to capture their lost share in orders.

"The government needs to pay attention to their demands and address their queries as soon as possible, which will ultimately help Pakistan in the long run," he added.

AHL analyst Arsalan Hanif was of the view that textile manufacturers' demand to eliminate customs and regulatory duties and allow import of cotton yarn would not only resolve supply-side issues but would also reduce cotton prices in the local market.

However, this could have negative repercussions, as farmers would feel insecure and demotivated if they did not receive the expected price, he added.

While exporters were demanding duty-free cotton yarn imports, some sources said it was unnecessary and would burden the country.

“There is no shortage of cotton yarn in the country,” said an industry source requesting anonymity.

“If you compare cotton yarn production with its exports, you will realise that only 11% of the cotton yarn produced has been exported,” he said, adding that the issue was with the rising cotton cost around the globe.

“How exports of value-added textile products increased, if there was a shortage of cotton yarn,” he asked.

Source: tribune.com.pk– Oct 12, 2021

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NATIONAL NEWS

Prime Minister launches PM Gati Shakti

Prime Minister Shri Narendra Modi launched PM Gati Shakti - National Master Plan for multi-modal connectivity here today. He also inaugurated the New Exhibition Complex at Pragati Maidan. Union Ministers, Shri Nitin Gadkari, Shri Piyush Goyal, Shri Hardeep Singh Puri, Shri Sarbananda Sonowal, Shri Jyotiraditya Scindia and Shri Ashwini Vaishnaw, Shri R K Singh, Chiefs Minister, Lieutenant Governors, State Ministers eminent industrialists were present on the occasion. From Industry, Shri Kumar Mangalam Birla, Chairman Aditya Birla Group; Ms Malika Srinivasan, CMD Tractors and Farm Equipments; Shri TV Narendran, CEO, MD, Tata Steel and President CII and Shri Deepak Garg, Co-founder Rivigo expressed their views on the occasion.

Addressing the gathering, the Prime Minister noted the auspicious day of Ashtami, the day of worshiping Shakti and said that on this auspicious occasion, speed of nation's progress is also getting new Shakti. He said that with the resolve of aatmnirbhar Bharat, the foundation of India for the next 25 years is being laid today. PM Gati Shakti National Master plan will take the confidence of India to the pledge of aatmnirbharta. "This Masterplan will give impetus (Gati Shakti) to 21st century India," the Prime Minister said.

The Prime Minister stressed that the people of India, Indian industry, Indian business, Indian manufacturers, Indian farmers are at the center of this great campaign of Gati Shakti. It will give new energy to the present and future generations of India to build the India of the 21st century and will remove the obstacles in their path.

The Prime Minister said that over the years, the signage 'work in progress' became the symbol of lack of trust, He said progress requires speed, eagerness and collective efforts. Today's, 21st century India, he said, is leaving behind old systems and practices.

" Today's mantra is -

'Work For Progress'

Wealth for Progress.

Plan for progress.

Preference for progress.

We have not only developed a work culture of completing the projects within the stipulated time frame but efforts are now being made to complete the projects ahead of time”, he added.

The Prime Minister lamented the fact that the subject of infrastructure in our country has not been a priority for most political parties. This is not even visible in their manifesto.

Now the situation has come that some political parties have started criticizing the construction of necessary infrastructure for the country, the Prime Minister said. This despite the fact that it is globally accepted that the creation of quality infrastructure for Sustainable Development is a proven way, which gives rise to many economic activities and creates employment on a large scale, the Prime Minister pointed out.

The Prime Minister said that due to the wide gap between macro planning and micro implementation problems of lack of coordination, lack of advance information, thinking and working in silos are leading to hampered construction and wastage of budget.

Shakti gets divided instead of getting multiplied or enhanced, he said. PM Gati Shakti National Master Plan will address this as working on the basis of the master plan will lead to optimum utilisation of resources.

He recalled 2014 when he took over as Prime Minister when he reviewed hundreds of stuck projects and put all projects on a single platform and tried to remove hurdles. He expressed satisfaction that now the focus is on avoiding delays due to lack of coordination.

The Prime Minister said now with the whole of government approach, the collective power of the government is being channelled into fulfilling the schemes. Because of this, many unfinished projects are being completed for decades now, he said. The Prime Minister remarked that the PM Gati Shakti Master Plan not only brings together the government process and its various stakeholders but also helps to integrate different modes of transportation. “This is an extension of holistic governance”, he said.

The Prime Minister elaborated upon the steps taken to increase the speed of infrastructure development in India. He said that the first interstate natural gas pipeline in India was commissioned in 1987. After this, till 2014, i.e. in 27 years, a 15,000 km long natural gas pipeline was built. Today, work is going on for a more than 16,000 km long gas pipeline across the country. He added that this work is targeted to be completed in the next 5-6 years.

The Prime Minister said in the 5 years before 2014, only 1900 km of railway lines underwent doubling. In the last 7 years, more than 9 thousand kilometres of railway lines have been doubled. In the 5 years before 2014, only 3000 km of railways were electrified. In the last 7 years, more than 24000 kilometres of railway tracks have been electrified, Shri Modi informed. The Prime Minister said before 2014, the metro rail was running on only about 250 km of track. Today the metro has been expanded up to 700 km and work is going on in the 1000 km new metro route. In the five years before 2014, only 60 panchayats could be connected with optical fibre. In the last 7 years, we have connected more than 1.5 lakh gram panchayats with optical fibre.

The Prime Minister said in order to increase the income of the farmers and fishermen of the country, the infrastructure related to processing is also being expanded rapidly. In 2014, there were only 2 Mega Food Parks in the country. Today 19 Mega Food Parks are functioning in the country. Now the target is to take their number to more than 40. There were just 5 waterways in 2014, today India has 13 functional waterways. Turnaround time of the vessels at the ports has come down to 27 hours from 41 hours in 2014. He said that the country has realised the pledge of One Nation One Grid. Today India has 4.25 lakh circuit kilometre power transmission lines compared to 3 lakh circuit kilometers in 2014.

The Prime Minister expressed the hope that with the development of quality infrastructure, India can realize the dream of becoming the business capital of India. He said our goals are extraordinary and will require extraordinary efforts. In realizing these goals, PM Gati Shakti will be the most helpful factor. Just as JAM (Jan Dhan, Aadhar, Mobile) trinity revolutionized the access of government facilities to the people , PM Gati Shakti will do the same for the field of Infrastructure, he added.

Source: pib.gov.in– Oct 12, 2021

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India-China trade on course to touch record USD 100 billion-mark

The Indian exports totalled to USD 21.91 billion, registering a noteworthy increase of 42.5 per cent.

The India-China trade volume looks set to cross the record figure of USD 100 billion this year as the total has already touched USD 90 billion in the first nine months, despite a chill in bilateral relations due to the continuing military standoff between the two countries in eastern Ladakh.

China's total imports and exports expanded 22.7 per cent year on year to 28.33 trillion yuan (about USD 4.38 trillion) in the first three quarters of 2021, official data showed on Wednesday.

The figure marked an increase of 23.4 per cent from the pre-epidemic level in 2019, according to the General Administration of Customs.

The bilateral trade between India and China totalled to USD 90.37 billion by the end of September, an increase of 49.3 per cent year-on-year (YoY), according to the nine-month data released by the Chinese customs.

China's exports to India went up to USD 68.46 billion up 51.7 per cent YoY, apparently aided by massive imports of urgent supplies, like oxygen concentrators, when India was in the grip of the second wave of the COVID-19 pandemic in April and May this year.

The Indian exports totalled to USD 21.91 billion, registering a noteworthy increase of 42.5 per cent.

However, from India's point of view the trade deficit, which remained a concern over the years, reached USD 46.55 billion and is expected to climb further by the year-end.

Observers say with three months still remaining, the target of USD 100 billion trade previously set by both the countries was expected to be reached this year despite the eastern Ladakh impasse.

Source: financialexpress.com– Oct 13, 2021

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GDP to expand at close to double-digit rate in FY22: Finance Minister Nirmala Sitharaman

With India's growing middle class with purchasing power ability offers an opportunity to investors to produce in India for the the large captive market. Indian economy will expand close to double digit in the current financial year and will likely grow by 7.5-8.5% thereafter for a decade, finance minister Nirmala Sitharaman said on Tuesday during a conversation at Harvard Kennedy School.

She said her observations are based on growth projections of the World Bank, IMF and rating agencies and that ministry of finance has not done any assessment as yet about the growth number.

On Tuesday, the International Monetary Fund (IMF) retained India's gross domestic product (GDP) growth forecasts at 9.5% in FY22 and 8.5% for FY23. The Reserve Bank of India has also maintained its GDP growth target for FY22 at 9.5%. Global rating agency Moody's expects India's real GDP growth rate to be 9.3% in FY22. India's GDP grew 20.1% in the June quarter from a year before, giving the illusion of a sharp economic recovery, but it was largely driven by a deeply-contracted (-24.4%) base.

In the interaction moderated by former US Treasury Secretary Larry Summers, Sitharaman said India's economic growth would be somewhere between 7.5% to 8.5% in FY23. "I expect that to be sustained for the next decade because of the rate at which expansion in core industries is happening, the rate at which services are growing, I don't see a reason for India to be any way lesser than in the next coming decades," she said.

India's eight core industries grew by 11.6% in August compared with 9.9% in the previous month even as the low base effect has started to peter out. According to IHS Markit India Services Purchasing Managers' Index survey, services sector activity in India continued to remain strong at 55.2 in September despite a small fall from August (56.7).

When asked about how India will sustain growth of 8%, a historical rarity, her medium and long term vision of where that growth is going to come from, Sitharaman said investors are looking for destinations where certain assumptions can be taken up – rule of law, democracy, transparent policies and assurance that the country is with a broad global frame of things. All these are factors that helped India to attract industries to set up businesses.

With India's growing middle class with purchasing power ability offers an opportunity to investors to produce in India for the the large captive market. "So, I see every reason to believe that this 7.5% to 8.5% growth is absolutely sustainable for the next decade," the minister said.

Source: financialexpress.com– Oct 14, 2021

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Indo-Japan trade increases to $ 18 bn in 2019: Exim Bank study

India Exim Bank's study titled " Prospects for Enhancing India Japan Trade Relations"has noted that over the past decade, India's total trade with Japan has increased from $ 10 billion to almost $ 18 billion, with exports valued at US$ 5 billion and imports $ 13 billion in 2019.

However, despite having a Comprehensive Economic Partnership Agreement (CEPA) with Japan, India has been running a persistent trade deficit with Japan, which has more than doubled during the decade, to almost US$ 8 billion in 2019.

The Study, through the trade complementarity analysis, recommends suitable product categories in which India has a latent advantage in exports. The study suggests that there is significant potential for India's exports in categories such as mineral fuels and oils, electrical machinery and equipment, machinery and mechanical appliances, optical, photographic equipment, pharmaceutical products, articles of apparel and clothing, etc.

The study also highlights that India's exports face both tariff and non-tariff barriers in Japan and suggests that in the subsequent CEPA review negotiations India could deliberate upon these issues.

Further, the study observes that the potential for India-Japan relations extend beyond the sphere of bilateral trade. India and Japan have aimed at coordinating India's "Act East" policy and Japan's vision of a free and open Indo-Pacific. This policy coordination had given birth to the idea of Asia-Africa Growth Corridor (AAGC), which is a megaregional program aimed at improving ties between Asia and Africa.

Releasing the study last week Harsha Bangari, Managing Director, India Exim Bank in her address highlighted that India and Japan have been enjoying a strong and cordial relationship.

Source: economictimes.indiatimes.com– Oct 13, 2021

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Allow e-commerce sector in India to flourish

It's no longer about global behemoths; MSMEs and kirana stores, too, have much to gain from e-commerce

E-commerce is India's sunrise sector, poised to boost the Indian economy with a technology-led push. There has been a perception that if it is not tightly regulated, global retail giants could swoop in and destroy the livelihoods of millions of small traders.

However, for a country like India, e-commerce is a jet-propellant of growth and beyond any foreign behemoths. It is imperative to help achieve the goals of a $5 trillion economy, jobs for our millions across the country and a huge spurt in exports. The sector should not be choked with unnecessary regulations, and a holistic approach must be taken keeping in view the country's interests.

India is the fourth largest retail market in the world, and expanding fast especially in rural areas and tier 2/3 towns. The retail market has trebled during the last decade to almost 1$ trillion. Largely unorganised, 88 per cent of the market comprises kirana and neighbourhood stores. There is need to equip them with modern technology and management tools, enhance digital payments, expand logistics infrastructure and strengthen the backbone for efficient supplies and distribution.

Online sales, which constituted about 3 per cent of the traditional $1 trillion retail industry, is now expected to double to 6 per cent, according to a RedSeer estimate.

According to another recent survey, 75 per cent of traditional kirana shops are keen on going digital. While only 3 per cent of kiranas were tech-enabled in 2018, 70 per cent of them in urban areas and 37 per cent in tier 2 cities now want to embrace technology to scale up their business.

Efficient inventory management had been a challenge for most kirana stores as majority of them are operated and managed by a single person. However, digital technology has helped them with wider access to products without increasing working capital. The most lucrative benefit is increased turnover and efficient inventory management. As per a study by Accenture, every such kirana store experienced revenue growth of 20-300 per cent while profits grew by 30-400 per cent.

Strong ecosystem

Today, we have world-class payment, logistics and delivery systems which might have been built to cater to demand generated by India's e-commerce titans, but now available for everyone. Thanks to UPI, anyone can transfer money to anyone else using a mobile phone, and India has 75 crore mobile users, the second highest globally.

There are programs like Local Shops on Amazon, similarly on Flipkart, which allow kirana shops to garner larger revenues, and there are service providers like Dunzo and Swiggy Genie to deliver anything within a city. E-commerce is no longer about the global behemoths which dominate public perceptions.

According to a study, kirana stores ordered $4 billion worth of groceries and essentials directly from companies like ITC, Hindustan Lever and Dabur through online apps, bypassing traditional distribution channels. HUL has sixlakh retailers on its 'Shikhar app', accounting for 10 per cent of total orders. Similarly, Metro enrolled 2.5 lakh kiranas and small retailers for online orders during pandemic, contributing 16 per cent of overall sales.

MSMEs have traditionally formed the backbone of the Indian economy contributing about 30 per cent to India's GDP. With the e-commerce industry innovating on logistics and delivery services, new growth opportunities have led to the MSMEs building successful enterprises in this space. As people continue to expect faster deliveries, companies like Flipkart and Amazon and others like Reliance and Tatas are strengthening all parts of their network through different programs and encouraging entrepreneurs to partner and grow with them.

The next frontier for MSMEs is global online trade. India has an opportunity to access international markets placed at a combined annual $400 billion. However, supply chain complexities, market entry investments, cross-border payments and uncertainty of demand have often deterred small players.

Today, e-commerce exports have lowered the barrier for MSMEs to enter, experiment and win in global markets. In China, the US, the EU and the tiger economies of South-East Asia, e-commerce has played a big role in the growth of their economies. India should not be an exception. Let's allow it to grow.

Source: thehindubusinessline.com– Oct 13, 2021

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Revisit labour codes

Some provisions don't support job creation

The four labour codes are pieces of legislation that have been a long time coming. The existing labour laws have over 40 separate legislation, making compliance tedious and burdensome for businesses.

The new labour codes make both implementation and enforcement a lot easier. However, Covid-19 has wreaked havoc on businesses. For the past one-and-a-half years, revenues have fallen significantly and many businesses have incurred massive losses and shut down. The country is already facing the largest unemployment rate in the modern era.

After any major economic crisis, what encourages a return to normalcy is more liberal labour policies that encourage entrepreneurs to push up investments and take risks. There is a creeping doubt that the new labour codes would prevent that.

The pandemic has given rise to uncertainty of payments across all levels of business — from manufacturing and distribution to retail. Having wage laws that are streamlined and benefit employees is a good thing. However, in the current pandemic, with so many jobs lost, job creation should be paramount. At such a time, encouraging contractual labour with tougher standards on pay and social security will encourage entrepreneurs to take risks for business expansion.

Gig workers

The pandemic has given a leg up to the gig economy. Platforms like Amazon, Uber, Flipkart, Myntra, Ajio, BigBasket, Swiggy and PharmEasy have provided jobs to lakhs of people, especially in the online delivery sector. While these are not full-time jobs, they help a lot of people who lost their livelihood during the pandemic find a source of income to keep their households running.

Gig work has been beneficial to both businesses and freelancers looking for work. It helps businesses hire people depending upon supply and demand with less than usual compliances as are required for full-time employees.

Shops and establishment jobs require flexibility for all parties involved. The work hours provisions for regular workers do not provide flexibility to fix work hours beyond eight hours a day. The provisions are regressive, especially when countries are transitioning from 5-day to 4-day work-week. The codes have also missed laying down uniform provisions for part-time employees.

The labour codes also chalk out fines on businesses for non-compliance of provisions, second offences and officer-in-default. The fines can range from ₹10,000 to ₹1 lakh. While the list of compliances has decreased overall, this needs to be propagated to businesses across the country.

While these provisions might not affect big companies that have both resources and manpower to tackle these problems, they will be hard on SMEs. In the current pandemic situation, a majority of small businesses are in no position to adopt and implement the labour code changes. Any failure to comply will invariably lead to the imposition of fines and penalties on both businesses and their respective representatives. And this will affect job creation.

There are also provisions that impact employee wages. The code seeks to cap allowances at 50 per cent, which means basic pay has to be at least 50 per cent of CTC. While it will increase social security benefits, the take-home salary will reduce. Also, employers will need to contribute more to EPF and other perks. The code should not be implemented in a hurry as certain provisions need to be revisited.

Source: thehindubusinessline.com– Oct 13, 2021

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Delhi for fast-tracking the review of India-South Korea CEPA

After Goyal raised concerns on lack of balance in bilateral trade between the two countries in his meeting with South Korean counterpart, officials to follow up the matter

India has called for fast-tracking the review of the India-South Korea Comprehensive Economic Partnership Agreement (CEPA) to bridge the high trade deficit with the country.

New Delhi wants the review to focus on increasing market access for Indian businesses in both goods and services, according to officials tracking the issue.

Commerce & Industry Minister Piyush Goyal, in a recent meeting with his South Korean counterpart Yeo Han-koo on the sidelines of the G20 meet in Italy, insisted that a review of the India-South Korea CEPA needed to be expedited for a more balanced trade relationship.

"India has been seeking the review for some time but it has been getting delayed. Now that the Commerce & Industry Minister has made a fresh call, officers are going to follow it up with their counterparts in South Korea," an official told BusinessLine.

India's exports

The India-South Korea CEPA was implemented in 2010 envisaging tariff elimination/reduction in about 80 per cent of goods such as textiles, leather goods and, pharmaceuticals and opening up of sectors such as tourism and healthcare and freer people movement.

While the pact has given a boost to exports from South Korea to India, there hasn't been a commensurate increase in India's exports to South Korea resulting in a widening trade deficit between the two.

"Various studies show that India's utilisation of the FTA with South Korea is very low. As part of the review, the two sides need to find out ways to overcome this through simplification of procedures or further lowering of tariffs. The net result has to be a bridging of the trade deficit through an increase in India's exports," the official said.

'Nominally upgraded'

India and South Korea nominally upgraded the CEPA in 2018 with South Korea agreeing to reduce import duties on 17 items from India and India on 11 items from South Korea over a number of years. The move, however, did not significantly affect exports from India.

South Korea's exports to India increased from $8.57 billion in 2009-10, a year before the implementation of the CEPA, to $15.65 billion in 2019-20 (the pre-pandemic year). South Korea's exports dropped to $12.77 billion in 2020-21 due to the pandemic related overall slowdown. India's exports to South Korea, on the other hand, increased from $3.42 billion in 2009-10 to $ 4.84 billion in 2019-20 and $4.68 billion in 2020-21.

India's trade deficit against South Korea, therefore, doubled to $10.8 billion in 2019-20 (pre-pandemic year) from $ 5.15 billion in 2009-10.

"Not only has India not got the advantage in the area of goods as it had hoped for, enough gains also did not materialise in the area of services," the official said.

As mutual recognition agreements for recognising local qualifications of various professionals is taking time to materialise, New Delhi wants both countries to accept home country certification for identified professions in the mean time, the official added.

Source: thehindubusinessline.com– Oct 13, 2021

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Govt engaging with States, UTs to implement 'export hub initiative' in all districts: Patel

Union Minister Anupriya Singh Patel on Tuesday said the government was engaging with States and Union Territories to implement the export hub (DEH) initiative in all districts of the country to tap the export potential of agriculture and industrial products.

Jammu and Kashmir is heading towards a new era of prosperity and is witnessing a wave of positive change, with the government taking several reformative measures for socio-economic development, besides empowering the people of the UT, the Minister of State for Commerce and Industry said.

"To tap the export potential of agricultural and industrial products, the government is engaging with states and union territories to implement the districts as export hub (DEH) initiative in all districts of the country," she said while concluding her two-day-long visit to Rajouri district as part of the Central government's public outreach programme.

She further informed that under the DEH initiative, district export promotion committees have been constituted in most of the districts, and products and services with export potential have been identified.

"The scheme will go a long way in ushering in an era of socio-economic development of the region and for catering to the aspirations of people and it will also provide impetus to micro, small, medium and larger enterprises," she added.

Patel informed that an industrial land bank has been established and 6,000 acres of land acquired. "Under this new industrial policy, 4.50 lakh unemployed youth would be provided employment," the Minister said.

Source: thehindubusinessline.com– Oct 13, 2021

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PayPal, IIFT to help MSME exporters tap into cross-border trade opportunity with training, support

Trade, imports, exports for MSMEs: Digital payments company PayPal and the Indian Institute of Foreign Trade (IIFT) on Wednesday signed an MoU to launch the India Digital Trade Facilitation Forum (IDTFF). The forum would help micro, small & medium enterprises (MSMEs) leverage cross-border trade opportunities with necessary expert support and guidance.

It would facilitate education, training, and guidance to MSME exporters around marketing, scaling, and digitising their businesses along with enhancing exports. IDTFF will particularly look at challenges around exports faced by small exporters and share ideas for possible solutions. The partnership will also host virtual webinars with industry experts, traders, and policymakers on existing challenges and policy discussions.

"It is an opportune time for MSMEs to leverage cross-border e-commerce to grow exports supported by an enabling export policy framework," said Nath Parameshwaran, Senior Director, Corporate Affairs, PayPal India at the event. "The MSME community will play a key role in realising PM Modi mission of $400 billion exports target by this year and his long-term vision of $5-trillion economy," he added.

"One of the most critical issues impacting the activities of small exporters, who are also at the forefront of India's exports, relates to the uncertainty of payments from international transactions. And that's where PayPal has been playing a pivotal role in facilitating online payments, and instilling confidence among India's exporters to engage in digital trade – which, undoubtedly has become the need of the hour," said Professor Manoj Pant, Vice-Chancellor, IIFT.

The launch comes days after the Commerce Ministry had approved a capital infusion of Rs 4,400 crore into the state-owned ECGC (earlier known as Export Credit Guarantee Corporation of India) over the FY22 to FY26 period among measures to boost exports.

The export promotion organization ECGC provides credit insurance covers against non-payment risks by the overseas buyers due to commercial and political reasons.

In September 2021, MSME Minister Narayan Rane had also launched MSME body India SME Forum's portal IndiaXports to further enable exports by small businesses globally.

The portal offers information and knowledge on exports for MSMEs around all 456 tariff lines as well as trends in exports, export procedures, etc. MSMEs share in India's exports has been 48 per cent. Former MSME Minister Nitin Gadkari, during multiple events last year, had aimed for enhancing it to $60 per cent in the following two years.

Source: financialexpress.com– Oct 13, 2021

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Rupee's test

RBI has done well to build its forex reserves to face taper-induced volatility in rupee

The recent decline of the rupee below the 75 mark against the dollar may have caused a flutter in financial markets. But the Indian unit's 3 per cent depreciation is relatively small when compared with other emerging market currencies such as the Malaysian Ringgit, Philippine Peso, Thai Baht and South Korean Won.

The rupee has actually been quite stable so far this year, moving within a band of 72 to 76. The recent weakness is primarily due to two external factors — rising oil prices and imminent commencement of monetary policy normalisation by the US Federal Reserve. With the country dependent on imported oil to meet most of its requirements, the rupee has typically been very sensitive to price movements in the commodity.

The 30 per cent gain in oil prices since the last week of August is partly responsible for the sharp slide in the rupee. Given that there are no quick fix solutions to address India's dependence on imported oil, the central bank needs to buttress the rupee, until prices cool down.

Volatility caused by the US Federal Reserve's taper of monthly bond purchases is however likely to persist longer. The taper is scheduled to continue until the first half of 2022 with interest rate hikes expected to begin in 2023. Risk aversion in currency markets is beginning to surge with other global central banks too moving towards liquidity tightening and interest rate hikes.

The dollar has begun appreciating as global investors move money back to the safe haven of dollar-denominated securities. The dollar index which tracks the movement of the US unit against major currencies has gained 6 per cent since June. The dollar's strength, along with hardening of yields in US treasury securities, is causing downward pressure on all emerging market currencies, including the rupee.

The RBI however appears quite prepared to face taper related tantrums this time round. It has been gradually increasing the forex reserves, making the most of the copious portfolio inflows last year. Foreign exchange reserves have grown $161 billion since March 2020.

The strong reserves along with good growth in exports puts the rupee on a relatively better footing compared with the conditions in 2013, when India was among the fragile five countries due to its weak external account. While portfolio outflows can cause turbulence in forex market, India is likely to continue to attract foreign investments over the longer term given the relatively higher growth prospects.

The central bank has had a difficult task since last year in buying dollars to build reserves, since this results in increasing the liquidity in the system. Shifting part of its forex interventions to the forwards market since the beginning of this year has helped address this issue, while providing additional arsenal which can be used to stem currency volatility.

The pandemic and the actions of central banks to counter its impact have increased indebtedness of countries and money supply to unprecedented levels. Normalising these conditions will be disruptive to currency markets. Hopefully, we are better prepared this time.

Source: thehindubusinessline.com– Oct 13, 2021

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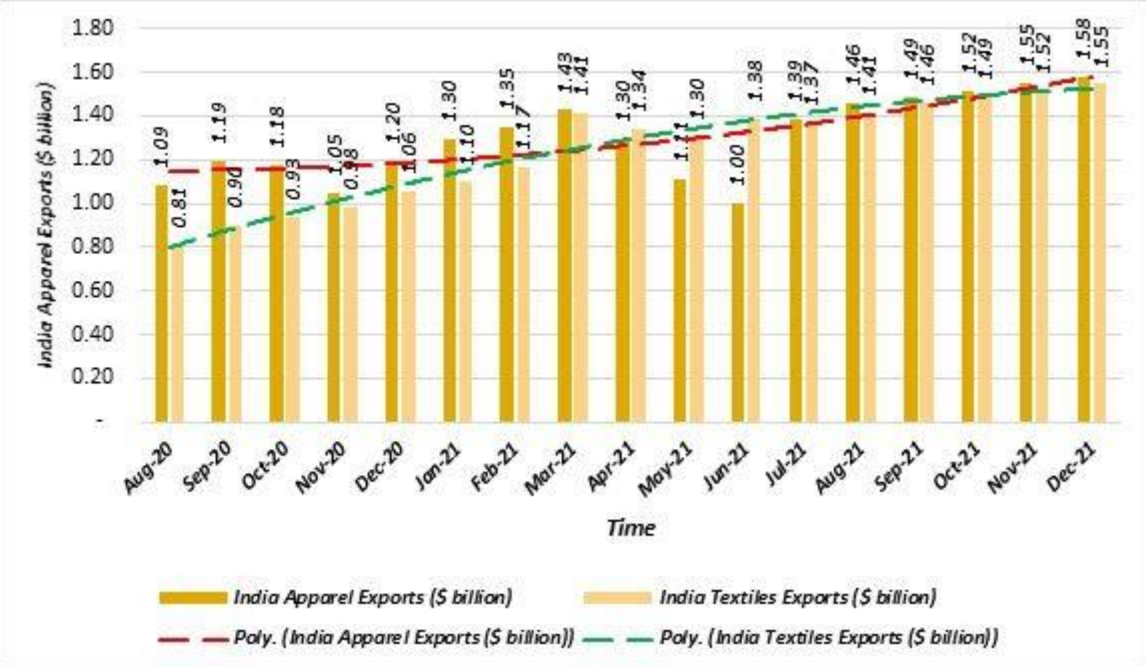
Here's why India's apparel exports will increase in coming months

Indian apparel and textile exports are expected to increase in the coming months due to various global factors such as increasing demand for the festival season the western region, sanctions on China's Xinjiang by the US, UK and EU, and reduced production capacity and exports share of China and Vietnam due to power outages and COVID-19 waves, respectively.

Coal prices in China are on the rise due to tight supply, toughening emissions standards and strong demand from the industry, causing power rates to rise by more than 30 per cent. This further escalated production costs and selling prices. Almost all the factories in the country are currently operational for only 2 to 3 days a week, as per the new rules of the Chinese government. This situation is expected to continue till December 2021.

Coal shortage has been caused as operations at major ports such as Ningbo and Yantian were suspended due to new COVID-19 waves. Imports from Australia, a major coal-exporting country, are monitored at these ports.



Textiles and clothing units located in Jiangsu, Zhejiang and Guangdong in China have been affected due to power shortage. These regions make for more than the 30 per cent of the total apparel and textiles production of the country. In addition, textiles exports from Xinjiang have been impacted due to labour issues.

Exports of cotton and cotton products from India has been rising continuously due to higher international cotton prices compared to the prices of Indian cotton. The US ban on Xinjiang cotton has further supported the demand for cotton from India.

An expected fall in cotton area harvested in China, India and Pakistan may put further pressure on cotton prices. Moreover, shipping and logistics costs have also been rising consistently.

The production and exports from Vietnam have depleted due to social distancing measures in the country and a shortage of labour amid COVID-19. Many buyers are expected to shift to new suppliers due to delays.

The monthly average of apparel exports of India was $1.14 billion in Q4 2020, which increased by 9.30 per cent to $1.25 billion in H1 2021, according to Fibre2Fashion's market analysis tool TexPro. It is expected to rise further by 20.02 per cent in H2 2021 to reach $1.50 billion.

As for the textile exports of India, the monthly average went from $0.99 billion in Q4 2020 to $1.28 billion in H1 2021, rising by 29.42 per cent. It is expected to escalate further by 14.18 per cent to $1.47 billion.

Source: fibre2fashion.com– Oct 13, 2021

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SIMA seeks steps to stabilise cotton prices

The Southern India Mills Association (SIMA) on Tuesday appealed to Prime Minister Narendra Modi to introduce an innovative Cotton Procurement and Trading Scheme for Cotton Corporation of India for price stability. It can be done by providing government funding to procure 10 to 15 per cent of the cotton that arrive in the market during the season and by creating a strategic stock for price stability, selling cotton only to actual users in a staggered manner till the end of the season and maintaining some buffer stock for the next season, SIMA Chairman Ravi Sam said in a statement here.

Cotton being the engine of growth for the Indian textiles and clothing industry owing to the advantage of home grown cotton for several decades at a competitive price, which enabled the industry to become the second-largest employment provider in the nation providing jobs to over 105 million people including 6.5 million farmers, rural masses and women folks across the country, he said.

However, the industry has been facing challenges very often during the last ten years due to high volatility in cotton prices that account 60 per cent of cotton production for the yarn, Sam said. Consequent to removal of cotton from the Essential Commodities Act, multinational cotton traders started dominating the Indian cotton economy, procuring cotton on a large scale during peak season taking advantage of hedging facility and cheaper funds, export cotton at a lower price, create scarcity and speculate the prices during the off season, the SIMA chairman said.

Further, he said the CCI also offloads bulk volume with attractive discount including free period up to 120 days to liquidate the stock and facilitate price speculation by constantly increasing the prices, which greatly affects the MSME cotton textile units across the value chain and the exporters find it difficult to meet the export commitments.

SIMA sought the Prime Minister's immediate intervention to stabilise cotton prices as they have surged to the peak level in the last 11 cotton seasons especially in the international market.

Source: economictimes.com– Oct 13, 2021

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Exim Bank targets $7 billion financing of project exports over 5 years

Export-Import Bank of India (Exim Bank) targets to achieve financing of USD 7 billion of project exports over the next five years with the government announcing fund infusion of Rs 1,650 crore in the National Export Insurance Account (NEIA) to boost project exports. The NEIA Trust, set up by the Ministry of Commerce and Industry, in March 2006, provides export credit insurance cover for promoting medium and long-term project exports from India.

The corpus infusion will enhance the project export possibility having cover by NEIA by about Rs 33,000 crore over the next five years (equivalent to USD 4.5 billion), the bank said in a statement.

"The capital infusion will help tap huge potential of project exports in focus markets. The Bank has currently supported 31 projects valued at USD 2.74 billion in 14 countries under the Buyer's Credit under NEIA programme," it said.

The opportunity for Indian exporters remains significant given the fact that the project exporters have already developed substantial competitiveness in several sectors and the financing options provided by Exim Bank are well recognised, it added.

Source: economictimes.com– Oct 13, 2021

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Uttar Pradesh to push apparel sector to meet export target

To increase UP's exports to Rs 3 lakh crore within the next five years, the state government has identified apparels as a crucial sector which has a massive potential for growth.

In a study carried out by PricewaterhouseCoopers at the behest of Invest UP, it was found that due to differences in tariff regulations among various countries, India in general and UP in particular, is losing out to countries like Bangladesh, Turkey, and Cambodia. A slew of measures have been proposed to increase UP's presence in apparel export. These include attempts to renegotiate trade deals with USA, UK, European Union, Canada and Australia.

"When several foreign companies were shifting base out of China during Covid pandemic in 2020, Chief Minister Yogi Adityanath saw a growth opportunity and proposed improvement in UP's exports," he said.

"We appointed PWC to study UP's export pattern in 15 sectors, covering 100 products. A report giving suggestions on way ahead is now ready to help UP's exports to leapfrog from the current Rs 1.21 lakh crore to Rs 3 lakh crore by 2025-26," he said.

In the apparel sector, for which Gautam Budh Nagar and Kanpur are hubs, PWC has said that there is at least a 10% difference in tariff rates between India and countries like Bangladesh, Turkey, Cambodia etc which make it unfavourable for India to compete with these countries.

Due to unfavourable tariff structures, UP loses out to Turkey, UK and Italy, which impose no tariff in export of house coats and similar synthetic fibre clothes to countries like Germany and UK. Similarly, UP's export of cotton T-shirts to countries like USA, Germany, UK, France and Spain loses out to exports from Honduras, Nicaragua, El Salvador, Bangladesh, Turkey, Portugal etc, which have zero tariff.

PWC has proposed infrastructural interventions in Gautam Budh Nagar and Kanpur. The measures include setting up of an apparel park in Gautam Budh Nagar, common facility centres, laboratories by testing agencies, design labs and apparel manufacturing training centres, raw material depots and sourcing hubs.

“UP already has a ‘Handloom, Powerloom, Silk, Textile and Garmenting Policy of 2017’ which is being used to provide incentives to manufacturers but needs to be publicised more. We are also looking at technology transfer for upgradation of automation in manufacture of raw material and apparel. There is also a need to encourage manufacturers to diversify,” Singh said.

Source: timesofindia.com– Oct 13, 2021

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