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INTERNATIONAL NEWS

Textile Makers See Business Looking Up: ITMF Survey

The 10th International Textile Manufacturers Federation (ITMF) "Corona-Survey" among companies around the world covering all segments of the textile value chain found that textile makers see a mostly good business situation and anticipate even more favorable prospects in six months' time.

ITMF said some differences between regions and segments persist. The survey was conducted between the middle of August and the middle of September. The latest results reveal that on average the business situation of the companies was mostly positive.

The balance between companies finding themselves in a "good" and a "poor" business situation was 10 percentage points, and 5 percent higher than in July and 14 percent above the May survey. The business expectations in six months' time was on a relative high, with 48 percent of companies expecting a more favorable condition and 13 percent a less favorable business.

Regions with a slower inoculation campaigns are lagging those with high vaccination rates when it comes to business situation and expectations, ITMF said.

As for the segments, upstream players have been faring somewhat better since the recovery began than their downstream peers, but the latter seems to be catching up.

"One important reason for this are the supply chain disruptions the industry is faced with," ITMF said. "Further down the value chain, the disruptions are felt more pronouncedly due to the cumulative effects in delays of raw and intermediate materials."

Compared to May and July, order intake has increased significantly through September on a global level and companies anticipate a further increase in the next six months, according to survey respondents. A look at the order backlog since May revealed that companies have a stable order queue averaging around 2.4 months. Differences between regions and segments remain.

The ITMF has conducted these surveys since the Covid-19 pandemic began impacting textile manufacturers. The first one was published in April 2020.

Source: sourcingjournal.com– Oct 16, 2021

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Global debt jumps to new high of $226 trillion: IMF

Due to the COVID-19 pandemic and policies put in place in response, global debt has jumped to a new high of $226 trillion, with India's dues projected to rise to 90.6 per cent in 2021, according to the International Monetary Fund (IMF), which recently said advanced economies and China contributed more than 90 per cent to the accumulation of worldwide debt in 2020.

The remaining emerging economies and low-income developing countries contributed only around 7 per cent.

"Because of COVID 19, and of policies put in place to respond to it, debt levels increased fast and reached high levels. High and rising levels of public and private debt are associated with risks to financial stability and public finances," IMF director of fiscal affairs department Vitor Gaspar told reporters while releasing the 2021 Fiscal Monitor Report.

Constraints on financing are particularly severe for poorer countries, Gasper said. Noting that in 2020, fiscal policy proved its worth, he said the increase in public debt, in 2020, was fully justified by the need to respond to COVID-19 and its economic, social and financial consequences. But the increase is expected to be one-off, he said.

Gasper said debt is expected to decline this year and next, by about 1 percentage point of gross domestic product (GDP) per year.

After that it is projected to stabilise at about 97 per cent of GDP. These debt dynamics are driven by a strong contribution from nominal GDP growth, accompanied by a much more gradual reduction in the primary deficit, he said.

In its report, the IMF said risks to the fiscal outlook are elevated. A scaling up of vaccine production and delivery, especially to emerging markets and low-income developing countries, would limit further damage to the global economy.

"On the downside, new variants of the virus, low vaccine coverage in many countries, and delays in some people's acceptance of vaccination could inflict new damage and increase pressures on public budgets. The realisation of contingent liabilitie—including from loan and guarantee programmes—may also lead to unexpected increases in government debt," it said.

"Further pressures could come from social discontent, with the crisis estimated to have thrown between 65 and 75 million people into poverty in 2021 relative to pre-pandemic trends. Large government financing needs are a source of vulnerability, especially in emerging markets and low-income developing countries, where financing conditions are sensitive to global interest rates and central banks have begun to raise short-term reference rates," IMF said.

Fiscal policy will need to respond nimbly to these challenges and facilitate the transformation of the global economy to make it more productive, inclusive, green, and resilient to future health or other crises, it said.

At the same time, it will be crucial to ensure transparency and accountability, plot a medium-term path to rebuilding fiscal buffers, and make progress toward Sustainable Development Goals, it said.

Source: fibre2fashion.com– Oct 16, 2021

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China's economic growth reflects strong resilience, vitality: Li

Premier Li Keqiang recently said China is capable as well as confident of achieving the goals set for this year with the nation's economic growth showing strong resilience and vitality.

In a keynote speech delivered at the opening of the 130th session of the China Import and Export Fair in Guangzhou, Li said the economy is on track for a sustained and stable recovery, and major indicators are now within an appropriate range.

The nation added over 9 million urban jobs in the first eight months of this year, and the number of newly registered market players reached 70,000 on a daily basis, he was quoted as saying by a state-run newspaper.

China's economy maintained the trend of recovery in August despite pandemic-induced disruptions and natural disasters. Its industrial output showed stable growth in August, with the value-added industrial output, a key indicator reflecting industrial activities and economic prosperity, expanding by 5.3 per cent year on year, according to the National Bureau of Statistics.

The figure was up by 11.2 per cent from the level in August 2019. In the first eight months, industrial output increased by 13.1 per cent year on year, resulting in an average two-year growth of 6.6 per cent, NBS data shows.

The high-tech manufacturing output in August jumped by 18.3 per cent year on year, accelerating by 2.7 percentage points compared with the figure registered in July.

China's retail sales of consumer goods went up 2.5 per cent year on year in August, down by 6 percentage points from the previous month.

Source: fibre2fashion.com– Oct 16, 2021

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China's cotton yarn imports rise by 7.9 % in August

Cotton yarn imports of China in Augustincreased by 7.9 per cent to reach 168.9kt and up 0.8 per cent on the month. As per a CCF Group report, imports amounted to about 1,400kt cumulatively in January-August increasing by 22.6 per cent year on year, and 3.6 per cent from the same period of 2019.

According to export data of foreign markets in August,cotton yarn exports of Vietnam saw a small decrease on the month partly because the pandemic delayed the export. The control and prevention measures in southern zone surrounding Ho Chi Minh have been eased, but the spinners still ran at low rate amid severe pandemic. On the other hand, orders of mills in central and southern zones performed well. Therefore, overall exports to China did not slump and remained relatively stable. In Sep, this situation may sustain. Cotton yarn exports of Pakistan in Aug increased. They were ordered in Jul when the buying sentiment of siro-spun yarn in China was mild. Sep arrivals to China are expected to increase further.

Aug arrivals from India and Uzbekistan have not been released, but looking from yarn and apparel exports, India's Aug exports is assessed to decline slightly on the month and Uzbekistan's may remain stably upward. It is initially estimated that cotton yarn imports of China in Sep from Vietnam is at 69kt; from Pakistan 23kt, from India 25kt, from Uzbekistan 25kt and from other regions 25kt.

Arrivals of cotton yarn imports of China in September declined, and the sales were reported to be slow. The traditional peak season did not show bullish sentiment it should have been. On the contrary, downstream operating rate slid sharply weighed by dual control on energy consumption and electricity restriction. Cotton yarn was sold slowly and traders lowered prices with upset mindset. However, looking from the inventory, structural issues were relieved.

Source: fashionatingworld.com– Oct 16, 2021

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UK retail sales rise by 0.6% in Sep 2021; figure 5.6% in Sep 2020

Total UK retail sales rose by 0.6 per cent in September this year against a growth of 5.6 per cent in September 2020, according to the British Retail Consortium (BRC). This is below the three-month average growth of 3.1 per cent and the 12-month average growth of 9.8 per cent. It grew by 5.8 per cent during last month compared with the same month in 2019.

UK retail sales decreased by 0.6 per cent on a like-for-like basis from September 2020, when they had increased by 6.1 per cent. This was below both the three-month average growth of 1.7 per cent and the 12-month average growth of 10.2 per cent, BRC said in a press release.

Over the three-months to September, non-food retail sales increased by 3.8 per cent on a Total basis and 1.6 per cent on a like-for-like basis. This is below the 12-month Total average growth of 14.0 per cent. For the month of September, Non-Food was in growth year-on-year.

On a two-year basis, non-food sales saw growth of 8.7 per cent for the three-months to September during which in-store sales of such items grew by 10.8 per cent on a total basis and increased by 6.6 per cent on a like-for-like basis. The total growth was below the 12-month average of 23.3 per cent.

On a two-year basis, stores saw a decline of 9.6 per cent on a like-for-like basis and 1.6 per cent on a total basis.

Online non-food sales decreased by 7.3 per cent in September against a growth of 36.7 per cent in September 2020. This is below the three-month average decline of 4 per cent.

Non-food online penetration rate decreased to 40.1 per cent in September from 44.9 per cent in September 2020. While down on last year, it was up 9.7 percentage points on the 30.8 per cent seen at the same point in 2019.

Source: fibre2fashion.com– Oct 16, 2021

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Will Mid-October Milestone Ease Shipping Struggles? Week Ahead

With October halfway and the window closed to ferry goods in for the holiday selling season, retail should see better shipping availability, according to Jefferies analysts.

This suggests the disruption that has plagued the sector for more than a year may be reaching its peak, potentially clearing up the congestion that for months has hamstrung critical ports. Conditions should trend up early in the new calendar year with “significant improvement by the second half of 2022,” analysts said.

Analyst Janine Stichter believes apparel and footwear’s biggest challenges may already be in the rearview mirror, though she doesn’t see supply chain delays fully reverting until well into 2022. Accounting for one-third of U.S. footwear imports and 20 percent of apparel, Vietnam remains fashion’s biggest pressure point.

However, Asia’s covid restrictions and port challenges remain headwinds. “Currently, we are monitoring production in China where power usage regulation is leading to factory closures or shorter operating hours,” Stichter said.

Retailers will need to either cancel or liquidate goods that miss the holiday selling window. Nike, Foot Locker and Journeys parent Genesco face the greatest near-term inventory shortage risk, given their reliance on athletic footwear manufacturing. Deckers has significant exposure to Vietnam, but its factory concentration is in the Southeast Asian country’s less-affected northern territory.

Apparel faces less severe headwinds as it’s better equipped to migrate production than footwear. Lean retail inventories could empower off-price retailers to raise prices, Stichter said.

Retailers in the department store sector have taken actions to secure inventory, such as pulling forward receipts, adding carriers and increasing store deliveries. Kohl’s, Macy’s, and Nordstrom have previously noted second-quarter challenges for women’s apparel and footwear coming from Asia.

Analyst Stephanie Wissink said Nordstrom is working with vendors for goods, and Kohl's is diversifying sourcing by moving production out of Vietnam and prioritizing time-sensitive women's proprietary/private label items. Macy's is placing stipulating earlier ship dates for both holiday and spring goods.

Wissink said department stores are already running on especially lean inventory exiting the second quarter. That could put them at a disadvantage heading into the holiday season if inventory fluidity becomes further constrained, she noted, adding that low promotional levels should drive higher full-price selling.

Wissink, who also covers the mass merchants, said Walmart is in a good position to weather the storm as it has managed disruption by changing supply sources, factoring in more lead time and chartering its own vessels. While Target has had to chase supply for its October holiday kick-off, the retailer could face medium-term risks because production impacts on its mostly private-label softline categories have been more severe.

Similar to Stichter, hardlines retail analyst Jonathan Matuszewski believes production is unlikely to normalize before late 2022, assuming elevated home goods demand continues.

Vietnam, a major upholstery producer, remains a challenge for the sector. For other home categories, Mexico's seven-week average lead time compares favorably to Asia, where many factories require four to seven weeks of production lead before loading up cargo ships for the long maritime journey.

"In addition, China, Cambodia, Indonesia, Malaysia, Serbia, Thailand, Turkey and Vietnam have been levied with anti-dumping duties on mattresses, which complicates production there aside from everything else going on," Matuszewski said.

Restoration Hardware has extended delivery times, but cancelation rates are not going up. Same for Bed Bath & Beyond, he said, adding that the retailer is just now starting to increase prices.

Mexico might also be strategic for value retailers—namely, the dollar stores. The analyst cited a recent call with Howard Jackson, president of HSA Consulting LLC, in which the warehouse club, discount and grocery consultant said retailers facing Asian supply constraints are strengthening Mexican vendor relationship to augment assortments.

Jefferies' chief economist Aneta Markowska doesn't see stagflation on the horizon. Current bottlenecks are a consequence of excess demand, with the supply side unable to adjust quickly. That also means the current inflationary pressures are largely demand-pull, rather than cost-push.

While product shortages will intensify in the fourth quarter, mostly due to the seasonal surge in demand running into an inflexible supply scenario, bottlenecks could begin to ease in the first quarter as seasonal demand declines. This could allow retailers to rebuild inventories, Markowska said.

Source: sourcingjournal.com– Oct 15, 2021

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Benetton to increase RMG sourcing from Bangladesh

Italian fashion brand, Benetton plans to increase its sourcing of readymade garments (RMG) from Bangladesh.

At a meeting with Faruque Hassan, President, BGMEA, Monica Joshi, Head - Operations at Benetton Asia Pacific, said her company would source an increased volume of apparels from the local factories.

Highlighting the industry's capacity, Hassan emphasized on the industry's increased focus on diversification of products, especially non-cotton and high-end segments.

He requested Benetton to support and collaborate with their suppliers in Bangladesh to build their capacities in manufacturing apparel products having higher market demand.

He assured Benetton of all-out support from the BGMEA to expand its suppliers' base and increase sourcing volume in Bangladesh.

Hassan also pointed out that increased prices of yarn, chemicals and other raw materials in the global supply chain have pushed up manufacturing costs of apparels.

In such context, he underscored the need for justified pricing and more empathy towards supply chain partners to make the supply chain sustainable.

Source: fashionatingworld.com– Oct 16, 2021

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Western crackdown inspires Xinjiang cotton industry to rise

With white cotton blossoming in the fields and fluttering in the air like snowflakes, Northwest China's Xinjiang Uygur Autonomous Region, the country's largest cotton production base that accounts for over 85 percent of the nation's output, is embracing another bumper cotton harvest season this month.

This is the first picking season since the West launched large-scale boycotts and smears against Xinjiang cotton over claims of "forced labor."

It has been half a year since the targeted vicious attacks, but cotton farmers in Xinjiang can easily recall the outrage they felt over groundless accusations at that time. But now, they are even more determined to bolster the industry.

While cotton farming remains unaffected, with output expected to reach a new high, changes have been slowly taking place, in particular with growing confidence from downstream to upstream industries and an aspiration to show the world how Xinjiang cotton smashes Western attacks and conspicuously rises to the top.

In Xinjiang's Aksu Prefecture in October, the endless cotton fields across the roads and the roaring cotton machines that run in full swing is an impressive scene for visitors.

The cotton planting area in Xinjiang has reached 37.18 million mu (2.47 million hectares) and output is expected to hit 5.2 million tons, slightly up from the 5.16 million tons last year.

Local officials in Aksu told the Global Times that the cotton yield per mu is expected to reach 430 kilograms this year, in tandem with last year, despite more extreme weather conditions like hail and the early arrival of a cold wave.

"Thanks to mechanization and the application of intelligent agricultural technologies, the cotton yield has been jumping significantly in recent years, from only 200 kilograms per mu," Fan Xinbin, who manages the cotton business of Lihua Agriculture in Shaya county, told the Global Times over the weekend.

The joy of the plentiful harvest is also on vivid display through the bright smiles of thousands of local cotton farmers.

"In terms of revenue per mu, I'm able to earn several hundred yuan more compared with last year as cotton prices have kept rising. Last year, the cotton was purchased at prices of 7 to 8 yuan a kilogram. But this year, it was bought for more than 10 yuan," Yimin Anayeti, a cotton farmer in Shaya who owns 1,000 mu of cotton fields, told the Global Times on Friday.

Anayeti estimated that he is able to earn 3 million yuan in revenue through selling cotton.

"The vicious boycotts by some Western fashion brands in April did not dampen local farmers' enthusiasm and initiative to seed the crops. We also adjusted the local subsidy mechanism to offer more reassurance to farmers. They're able to receive 400 yuan per mu in subsidies this year," Liu Guisheng, a Shaya official, told the Global Times on Friday.

In April, some Western brands, including Adidas, Nike and H&M, boycotted Xinjiang cotton, following a call from the Better Cotton Initiative (BCI) that cited alleged "forced labor" in Xinjiang. It sparked a fierce backlash in China as Chinese consumers rushed to buy homegrown brands that use Xinjiang cotton to voice their support.

"Although exports of most Xinjiang textile and yarn products have stalled, our sales in the domestic market have more than doubled thanks to this endorsement. Xinjiang cotton has become a calling card," a manager of a textile company in Aksu surnamed Zhang, told the Global Times on Saturday.

Zhang added that to cope with potential impact, his company is also developing more high-end cotton products to diversify its sales.

"The boycott in fact marked a psychological watershed for Xinjiang's cotton industry, after which our will to fight became aroused and united. We want to build up our own world-leading clothing brands and are determined to prove the high quality of Xinjiang cotton," Zhang said.

Zhang's sense of mission is also widely shared among Xinjiang cotton farmers, some of whom became excited when talking about the future of their cotton careers.

"I have a deep understanding of the crops that I planted, and that's why I have confidence in Xinjiang cotton. The Western slander will not frighten or deter us, and I will work even harder from now on," Yusu Pujiang, a 40-something Uygur cotton farmer in Aksu, told the Global Times.

Pujiang added that now, some Xinjiang cotton farmers often shares videos of cotton farming and picking on social media platforms, in an attempt to "let the outside world know them better."

Source: globaltimes.cn– Oct 17, 2021

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Bangladesh RMG must be more resilient after Covid-19

The world might look a very different place 10 years from now. If the Covid-19 pandemic has taught us anything, it is that nothing can be taken for granted—in life or in business.

Bangladesh's RMG industry entered 2020 primed for further growth. Our main concern as an industry at that time was the unrest around the new minimum wage and workers' rights. While such issues can never be ignored and we must take them seriously, they look like nothing at all compared to the tsunami we as an industry have undergone these past 18 months.

I won't lie, the first year of the pandemic was extremely tough—as RMG factories and many of our major export markets were in lockdown. It was difficult to get raw materials. Brands and retailers were cancelling orders left, right and centre. And there was a general level of uncertainty and chaos in the air, the likes of which I have not experienced in more than two decades as a business owner.

It is only as we have gotten further into 2021 that our industry has begun to find some breathing space. Several things have been in our favour. The first is the global vaccine rollout, which has led to the opening up of major markets and the removal of lockdowns across the US and Europe. The second is the "bounce" we have seen as shoppers return to shops and make up for lost time in purchasing clothing. Many are calling this "revenge" spending. The last issue is that our rivals in Vietnam and China have had harsher lockdowns of their textile industries than Bangladesh. This, combined with the fact that Myanmar—another competitor—has had a military coup has led to brands and retailers placing more orders with us. In a world of uncertainty, Bangladesh is seen as a "safe bet" right now for fashion retailers. We cannot, however, rest on our laurels.

Throughout this past 18 months, Bangladesh's RMG industry has shown strength in adversity. The relative stability of our political environment coupled with our pragmatic management of the pandemic—allowing factories to remain largely open was a smart move by our industry leaders—means we are well placed to capitalise on future opportunities.

But we must use this time to build resilience in our RMG sector and not let our hard-won gains go to waste. To return to the point made at the beginning of this article, none of us can be sure of what is around the corner.

A recession in 2022, which some forecasters are predicting, could quickly derail things.

So how can we build this resilience in the months ahead? How can we ensure we are prepared for the next crisis or to ride out any future recession?

I can think of three ways.

The first refers to the current situation we find ourselves in. We are picking up extra orders due to complications in the supply chains of some of our competitors. We need to make these orders stick and turn them into long-term business opportunities. We must see it as an important feather in our cap that buyers have turned to us in their hour of need, at a time when all retailers are struggling to secure product in the run up to the festive season.

All of us need to go above and beyond to illustrate that Bangladesh is a safe pair of hands—a true thoroughbred when it comes to textile and garment sourcing.

The second issue relates to logistics. One thing we have seen in the past few months is how a few small issues in terms of moving cargo about can soon mushroom into much larger ones. A problem in one part of the world can spread like a virus, and supply chains can quickly become unstuck.

More than ever, we need to invest in our logistics infrastructure—our roads, our ports, our rail network—to make moving product about slick and seamless. There is talk of a 10-fold increase in the global cost to move a container from one part of the world to another this past 12-months. Nobody can live with this kind of uncertainty long-term. China has been particularly hard hit, but these problems can strike anywhere.

All options must be on the table. I was delighted to see the major projects being undertaken by our government recently for upgrading airports, including the construction of a third terminal at the Hazrat Shahjalal International Airport. This will help to meet future demand of air cargo transportation and contribute to further economic growth in Bangladesh. More of this please.

Finally, we must continue to lead on sustainability in line with the demands of buyers. The presence of Bangladeshi representation at the 26th UN Climate Change Conference of the Parties (COP26) is critical for our industry. Our buyers, more than ever, are turning to us for solutions to their emission challenges. The environmental crisis will not be solved in the shiny stores of our buyers—for instance, the products in the stores need to be manufactured back in Bangladesh using renewable energy.

The solutions lie in resilient, future-proofed, garment supply chains.

We know what we need to do.

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

Source: thedailystar.net- Oct 18, 2021

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NATIONAL NEWS

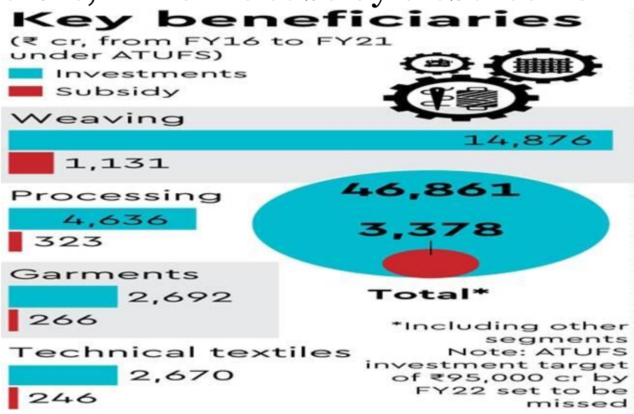
Textile sector: Govt mulls major overhaul of ATUFS to spur investment

The scheme is supposed to mobilise fresh investments of about Rs 95,000 crore in the textile and apparel sector by FY22 and create 3.5 million new jobs.

The government is planning a major revamp of its flagship incentive scheme for capital investments in the textile and garment sector to improve its performance and align its objectives with other recently-launched programmes, including the production-linked incentive (PLI) scheme and mega parks, official sources told FE.

While notifying the Amended Technology Upgradation Fund Scheme (ATUFS) in January 2016, the government had set aside an outlay of Rs 17,822 crore (Rs 12,671 crore for clearing pending claims under the scheme's earlier avatars and Rs 5,151 crore for implementing the ATUFS) until FY22. The scheme is supposed to mobilise fresh investments of about Rs 95,000 crore in the textile and apparel sector by FY22 and create 3.5 million new jobs.

However, until FY21, it could incentivise projects worth only Rs 46,861 crore, while the subsidy disbursement stood at Rs 3,378 crore.



"So, instead of merely extending the ATUFS with the same structure, the government has decided to revamp it," said a source.

The new scheme that is being worked out will focus on expeditious subsidy disbursement for large investments and better incentivise segments that have high employment potential, said one of the sources. The thrust on technical textiles and man-made fibre products could be raised, in sync with the recently-launched Rs 10,683-crore PLI scheme for these segments, he added.

Similarly, while subsidy up to Rs 5 crore is currently cleared within a short period (a week, in most cases), dole-out above this amount for big-ticket investments typically takes much longer. This process is expected to be expedited.

Industry sources said the ATUFS is set to miss the investment target by a wide margin, as cash-strapped, highly-leveraged companies in the labour-intensive sector had cut down on both technology upgrade and capacity expansion, even before the pandemic struck. However, given the current economic resurgence in key export markets like the US and the EU, large investments could flow in if the government plans meaningful interventions, they added.

The new scheme will likely be designed to help the fragmented textile and garment industry acquire scale and boost exports, and complement the PLI and the mega textile park schemes. It would also facilitate the upgrade of existing looms to better-technology ones, ensure quality in processing and curb fabrics imports by garment firms. The TUFS, the earliest version of the ATUFS, was introduced in 1999 to make available funds to the textile industry for upgrading technology at existing units as well as for setting up new ones with state-of-the-art facilities. The idea was to improve their viability and competitiveness in both the domestic and export markets.

Under the extant scheme (ATUFS), garments and technical textiles firms are provided a 15% subsidy on capital investments, subject to a ceiling of Rs 30 crore for each investor. Remaining segments, such as weaving, processing, jute, silk and handlooms, get 10%, with a cap of Rs 20 crore.

Before the ATUFS was introduced, the various versions of the TUFS had attracted investments of more than Rs 2.71 lakh crore in about 16 years through FY15, according to an earlier official estimate. Subsidies of Rs 21,347 crore were disbursed under the scheme during this period and a lot of pending claims were settled later. The capital-intensive spinning industry has been the largest beneficiary of the TUFS, as most of the investments have taken place in this segment. Of course, with the change in the incentive structure under the ATUFS, spinning mills haven’t quite reaped the benefits in recent years. Large-scale capacity addition in spinning in earlier years also discouraged them from undertaking fresh expansion.

Source: financialexpress.com– Oct 18, 2021

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Opportunities galore in India amid current reset in global supply chain: FM

Opportunities are galore in India for all investors and industry stakeholders with the current reset in the global supply chain and clear headed and committed leadership in the country, Finance Minister Nirmala Sitharaman has said.

Sitharaman arrived here late Friday after her visit to Washington DC where she participated in the annual meetings of the World Bank and the International Monetary Fund.

"With the current reset in the global supply chain and clear headed and committed leadership in India, I see opportunities galore in India for all investors and industry stakeholders, Sitharaman said during her address to global business leaders and investors at a roundtable organised here by industry chamber FICCI and the US-India Strategic Partnership Forum here on Saturday.

Startups in India have grown tremendously and many are now raising money through capital markets. This year itself, more than 16 of them will qualify as unicorns, she said.

India has fully leveraged the potential of digitisation even during the most challenging times, the finance minister said.

The role of technology in the financial sector is enabling pushing the frontier of financial inclusion and fintechs are playing a key role in this area, she said at the roundtable, the Finance Ministry tweeted.

Sitharaman also met Mastercard Executive Chairman Ajay Banga and Mastercard CEO Michael Miebach, FedEx Corporation President and Chief Operating Officer Raj Subramaniam, Citi CEO Jane Fraser and IBM Chairman and Chief Executive Officer Arvind Krishna, Executive vice president and head of Prudential Financial, Inc's International Businesses Scott Sleyster and Legatum Chief Investment Officer Philip Vassiliou.

Following his meeting with Sitharaman, Banga said India is on a great pathway and trajectory with its continuing reforms and he can see great momentum.

"I'm particularly impressed by the production linked incentives that have been put into place, he said, adding that they can make a big difference to the way that labour intensive industries in India can develop.

I'm very hopeful that it's not just one reform but the series of reforms that are continuing can keep guiding India on the trajectory. I believe that there is a lot of opportunity for India to participate in supply chains and this can be very helpful over the next period of years to bring good jobs into India, Banga said, asserting that he is constructively optimistic about what India is doing.

Miebach said he shares Banga's optimism. Describing his discussion with Sitharaman as very constructive, he said it further raises the optimism and said MasterCard will continue to invest in India.

Subramaniam said FedEx business in India is growing strong. We are very bullish on India. The very fact that we have a global air network puts us in a considerable position to be able to help move COVID-19 related material into India when it was needed.

We are looking forward, we are very bullish on where potential for India is, the fastest growing large economy and growing trade environment.

Fraser said Citi has a "very proud and very long history in India.

We are delighted to see the strength of the recovery that's happening on the ground there. Obviously there's a lot of concerns around supply chain disruption at the moment but it's around the world.

We are very positive about the opportunities for the country. We're seeing a real pickup in cross border flows. India is going to be a beneficiary, not just from supply chain movement around the world and it can be an important destination for many multinationals that will be looking to grow their operations globally.

She said the digitisation that India has done is truly impressive and "it will be one of the major hubs of digital trade and digital services in the world and a standard-bearer going forward.

Source: business-standard.com– Oct 18, 2021

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WTO DG to meet Sitharaman, Goyal to discuss fate of Ministerial Conference

WTO Director General Ngozi Okonjo-Iweala is scheduled to meet top Indian Ministers, including Finance Minister Nirmala Sitharaman and Commerce Minister Piyush Goyal, later this week in New Delhi to gain support for a successful 12th WTO Ministerial Conference (MC 12) next month.

The WTO is hopeful of reaching agreements on curbing harmful fisheries subsidies and pruning domestic farm subsidies at the MC 12 in Geneva during November 30-December 3; but India wants to provide consent only if the pacts are balanced and developing country sensitivities are recognised, an official tracking the matter told BusinessLine.

"The fact that the WTO DG is visiting India before the WTO MC 12 shows the important position India holds in the ongoing negotiations, especially as a champion of interests of developing countries and LDCs. In the on-going negotiations in Geneva, India has put forward some proposals to protect the livelihoods of poorer nations that urge rich members to end their harmful fisheries and farm subsidies. Indian Ministers will ask the DG to ensure that the proposals are given due consideration," the official said.

Iweala is likely to meet both Goyal, who will represent India at the MC 12, and Sitharaman, who is one of the primary forces in deciding the country's negotiating position on the key issue of subsidies, during her India visit beginning on October 22. She may also meet some members of the civil society, the official added.

Stark differences exist

Hectic parleys are on at the WTO to bridge differences in the areas of fisheries subsidies and agriculture subsidies so that common landing zones can be reached in time for the MC 12. However, there still exist stark differences in positions held by many developed and developing nations prompting the WTO DG to hold consultations with political leaders in key member countries for a deeper understanding of the situation.

For instance, in the area of fisheries subsidies, India has been seeking carve-outs for developing countries so that they can not only protect interests of artisanal fishers but also not give up policy space for future support programmes. Many developed nations are against extending broad exemptions from subsidy cuts to developing countries.

In the area of domestic farm subsidies, India wants a permanent solution to allow it to provide MSP support to farmers without worrying about ceiling limits being agreed to at MC 12. It also wants developed nations to take on commitments to give up their high entitlements for domestic farm subsidies that only a few rich nations and a couple of developing countries "unfairly" enjoy at the WTO.

"India has always supported the WTO and wants the MC 12 to be a success. But it will not back agreements that would tilt the balance more in favour of developed countries and ignore interests of the poor," the official said.

The 12th Ministerial Conference of the WTO was initially scheduled in June 2020 in Kazakhstan but had to be postponed due to the Covid-19 pandemic.

Source: thehindubusinessline.com– Oct 17, 2021

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Indian economy recovering from COVID-19 crisis: World Bank president

The COVID-19-hit Indian economy is now in recovery mode and the World Bank welcomes the development, according to its president David Malpass, who recently said the country that faces huge challenges of integrating more people into the formal sector economy and raising the earnings of the people has made some progress, but that is not enough.

The pandemic especially hit the Indian economy's large informal sector and the country, like other nations, is now facing a supply chain disruption due to the pandemic, Malpass was quoted as telling reporters by a news agency.

The World Bank last week projected the Indian economy to grow at 8.3 per cent this year.

"I'm giving the general mixed view that there's progress, but not enough. India faces huge challenges of integrating more people into their economy into the formal sector economy and raising the earnings of people," he said. The Indian government, he said, is focused on that.

Malpass said he went to India in late 2019 and saw the changes that were being made that were quite positive in terms of the banking system, the financial system, the civil service system, and ways that India was looking for ways to improve the clean water situation which is very important in India for child nutrition for improving nutrition.

Source: fibre2fashion.com– Oct 18, 2021

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Over 4 crore unorganised workers registered on e-Shram portal

The Ministry of Labour and Employment on Sunday said the number registrations has crossed 4-crore mark on e-Shram portal in less than two months of its launch.

According to a labour ministry statement, workers in diverse occupations such as construction, apparel manufacturing, fishing, gig and platform work, street vending, domestic work, agriculture and allied, transport sector have registered on the portal.

In some of these sectors, an overwhelming proportion of migrant workers are also engaged, it stated.

All workers in the unorganised sector, including migrant ones, can now take the benefits of various social security and employment-based schemes through registration on the e-Shram portal.

As per latest data, 4.09 crore workers have registered on the portal. Of these, around 50.02 per cent beneficiaries are female and 49.98 per cent are male. It is encouraging that equivalent proportion of men and women have been part of this drive, it stated.

There has been weekly improvement in the registrations by gender, with men and women workers registering at comparable proportions.

As per the data, the states of Odisha, West Bengal, Uttar Pradesh, Bihar and Madhya Pradesh are at the fore front of this initiative with highest number of registrations.

However, putting this number into perspective must be with caution. Smaller states and union territories (UTs) understandably have lesser number of registered workforce, it explained.

Also, this drive needs to gain momentum in states and UTs such as Meghalaya, Manipur, Goa and Chandigarh.

This registration would facilitate delivery and accessibility to crucial welfare programmes and various entitlements meant for the workers in the unorganised sector and employment. For online registrations, individual workers can use e-Shram's mobile application or the website.

They can also visit the Common Service Centres (CSCs), State Seva Kendra, Labour Facilitation Centres, select post offices of the Department of Posts, Digital Seva Kendras, to register themselves.

After registration at e-SHRAM Portal, the unorganised workers shall receive a digital e-SHRAM card and they can update their profiles/ particulars through portal or mobile app.

They will have a Universal Account Number (on eSHRAM Card) that will be acceptable across the country and now they will not be required to register at different places for obtaining social security benefits.

If a worker is registered at the e-Shram portal and meets with an accident, he/she will be eligible for Rs 2 lakh on death or permanent disability and Rs one lakh on partial disability.

The largest number of workers registered is from agriculture and construction, given the sheer volume of these two sectors in employment generation in India.

Besides, workers from diverse and different occupations like domestic and household workers, apparel sector workers, automobile and transport sector workers, electronics and hard wareworkers, capital goods workers, education, healthcare, retail, tourism and hospitality, food industry and many more have registered at this portal.

Around 65.68 per cent of these registered workers are in the age group of 16-40 years and 34.32 per cent are in the age group of 40 years and above.
The social compositions of these workers include Other Backward Castes (OBCs) and General Castes with almost 43 per cent and 27 per cent, respectively from these categories and 23 per cent and 27 per cent being from Scheduled Castes and Scheduled Tribes.

A substantial proportion of registration has been facilitated by the CSC as depicted in the graph above. Interestingly, in certain states like Kerala and Goa and in North-East India, Meghalaya and Manipur a greater proportion of individuals have self-registered in the portal.

Similar is the case with most Union Territories like Dadra & Nagar Haveli, Andaman & Nicobar and Ladakh, it added.

This could be attributed to higher levels of literacy and technology usage in these states. However, according to the latest updates an overwhelming proportion of workers (77 per cent) have registered themselves through CSCs, the ministry said.

There has been a week on week improvement in the outreach of the CSCs as indicated by the figure above.

Therefore, outreach of the CSCs emerges to be a crucial factor in lesser facilitated areas. Workers are encouraged to visit their nearest CSCs to register themselves at the portal and take advantage of this exercise which would lead to greater portability and last mile delivery of various welfare programmes.

Union Labour Minister Bhupender Yadav and other officials are holding several interactions with the unorganised sector workers and leaders of trade union and media, to sensitise them about the features and benefits of the e-SHRAM portal, so as to encourage the workers to register themselves through available modes and take the benefits of several social security and welfare schemes.

Source: financialexpress.com– Oct 17, 2021

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Introducing tech for cargo operations

We believe technology is crucial for enabling seamless operations, and hence it is important to continue bringing innovations in technology to enhance cargo operations.

During the pandemic, air cargo volumes witnessed faster recovery, as compared to passenger traffic. The faster recovery in cargo volumes is largely due to transport of essential supplies, besides the e-commerce business. The slow recovery in passenger aircraft traffic, particularly international routes due to various Covid-19 related restrictions, has led to a loss of the earlier available cargo belly capacity, which is impacting overall growth. The easing of restrictions on international passenger operations holds the key to cargo growth.

Facing challenges

One of the challenges for India is that it will have to come up with a framework to measure noise and emissions. Typically at airports, noise and emissions, due to additional movements, are measured on an annual volumes basis, in terms of the number of moments per year. In the last year, the total number of moments has been much lower. We have gone up from probably 12-14 movements a day from a cargo freighter perspective to about 30-35 movements a day. From a passenger movement perspective, we have come down from about 700 movements a day to about 350 movements a day. So, we have actually been far less.

IATA has been very proactive to measure up to the challenges. There is a new regulation, which came into effect last year called IATA 753, which means that passengers will have visibility of their bags at all times. Going forward, more airlines will start giving better visibility to passengers. So, we will have similar regulations governing cargo.

It has already been implemented in Kempegowda International Airport, Bengaluru in the form of the Air Cargo Community System (ACS). ACS is a digital platform that brings together all cargo stakeholders, including customs, customs brokers, shippers, airlines, trucking companies, ground & cargo handlers and freight forwarders, under one roof, facilitating seamless movement of goods and data across the logistics ecosystem.

Owing to multiple stakeholders involved in cargo operations, each shipment, on average, requires over 30 types of documents in multiple copies, resulting in significant duplication of documentation, increased dwell time and supply chain disruption. The implementation of ACS eliminates paperwork at the airport, enables faster transaction processing, reduces duplication and streamlines processes, making information available beforehand.

It is essential that airports engage actively with stakeholders and include them in the decision-making process, which is what BIAL has done on a consistent basis. That is why we have not had a problem, from a cargo perspective, in terms of volumes dropping even during Covid-19.

Source: thehindubusinessline.com– Oct 17, 2021

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The next step down? Stage is multiply set for a weaker rupee

And, given RBI's gigantic war chest—over $575 billion of foreign currency assets, plus a further $50 billion or so of forward purchases—it should be well positioned to hold off any attack.

Some time ago, I saw a set of forecasts for USD-INR—the range for October-end was 73.50-75.50; for December-end, it was 73.50-76.00. My first thought was that since so many forecasters had largely the same view, there could be a very big move if the views turned out wrong.

And sure enough, threatening that, the rupee hit a low of 75.67 on October 12; but, with RBI out all guns blazing, it recovered a bit of air. And, given RBI's gigantic war chest—over $575 billion of foreign currency assets, plus a further $50 billion or so of forward purchases—it should be well positioned to hold off any attack. But the question is whether it should fight at this point or wait for a better time.

Oil prices have already crossed $85 a barrel and talk of $100+ is more than just the talk it usually is. In addition to OPEC staying pat, the bigger—and possibly more sustainable—issue is the price of natural gas that is used for home heating in several countries in Europe. Gas is already more than five times more expensive than it was last year, and with shipping tankers in short supply, imports will be harder to come by. Obviously, given the balance between oil and gas BTUs, as long as gas supplies remain tight, oil will stay high.

There is another reason to believe this problem may persist. The shift towards greener fuels, particularly in Europe, has structurally increased the demand for gas as a half-way house between oil/coal and solar/wind. Again, for the same reason, there has been a lack of enthusiasm for investment in non-renewable energy since it is clear that these investments will be obsolete in 25-30 years.

Now, oil prices are well known to be a critical determinant of the value of the rupee; so, if oil prices are likely to climb another 20-25% and, more frighteningly, stay there for a while, it may not make sense for RBI to burn its reserves at this level. Technically, there appears to be an open abyss below 76, and it has been over a year and a half since the rupee has set a new low—the last one was 76.78 in April 2020. Of course, a weaker rupee and higher oil prices would create even greater difficulties for the people, which could translate to a major issue for the government with state elections coming up soon. Perhaps, the apparently reasonably strong deficit position will enable the government to cut levies on petroleum products to ease the burden on the poor.

But, even if the government is able—willing—to do this, there is no hiding from inflation. Most analysts who spent the past year or so insisting that the rise in prices was transitory and would ease as supply constraints did, are acknowledging that several price rises are likely to be more permanent. For instance, I was shocked to discover that the dramatic shortage of truck-drivers in the UK (and the EU) was because truck-drivers' salaries had not risen in 25 years. As a result, most truck drivers shifted careers a long time ago; the pressure did not come to bear since there were always people from the poorer parts of Europe—Romania, Albania—who were happy to work at whatever wages they could get. Clearly, this cost increase will be permanent and will feed into the cost of a wide array of goods.

Then, there is China. And while there is no doubt that China, under its governments' dispensation, is slowing down, which will broadly reduce demand for a wide swathe of industrial materials, the reality is that there are also huge supply constraints in most of these, because of both under-investment and supply chain tightness. Thus, it is unlikely that there will a significant mitigating impact of China's slowdown on global prices, whether for energy or other raw materials.

The Fed and its sisters have, apparently, woken up to this and we will certainly see interest rates rising sooner than anticipated; what is not yet foreseen is how much they will rise. RBI will ultimately have to respond to rising global rates, but it is likely that it will be reactive, particularly with the government's disinvestment program just beginning to bear fruit.

Thus, the stage is multiply set for a weaker rupee and, perhaps, it makes sense for RBI to save its powder to intervene after the rupee's next step down.

Source: financialexpress.com– Oct 18, 2021

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India's e-commerce industry set to grow 84% by 2024, says report

Top 5 apps (September 2021)

Android	iOS
Meesho	Amazon
Flipkart	Flipkart
Ajio	Meesho
Myntra	Myntra
JioMart	OLX

Top 5 apps (September 2020)

Android	iOS
Flipkart	Amazon
Amazon	Flipkart
Myntra	Ajio
Meesho	OLX
Ajio	Myntra

Affle's MAAS, a unified mobile advertising platform, and Sensor Tower (a US-based mobile app store marketing intelligence company) have jointly studied the key factors that accelerated e-commerce adoption in India and Southeast Asia in the recent past, and how Covid-19 has shaped shopping behaviour. Their findings are summarised in the report, The Dawn of the New-Age Shopper in the New Normal.

Daily active users for shopping apps

In India, daily active user (DAU) growth in top shopping apps accelerated in the past three quarters, after Club Factory's removal from app stores dampened growth in mid-2020. The top 10 apps averaged more than 7 million DAUs apiece in Q2 2021, up 18 per cent year-on-year.

Covid boost

Accelerated by the pandemic, the Indian e-commerce industry is set to grow by 84% to $111 billion by 2024. Similarly, Southeast Asia is on its way to record an annual growth rate of 22%, reaching $146 billion by 2025.

Avg downloads for top 5 shopping apps

Shopping app installs in India showed strong y-o-y growth in July and August 2020, and remained above 2019 levels into 2021. Shopping app installs surged again in July 2021, surpassing 80 million that month, up more than 15 million month-on-month. Meesho alone contributed more than 12 million downloads, up 3.7 million month-on-month.

Avg retention among top 10 shopping apps

Day 1 and day 7 retention for the top shopping apps in India reached their highest average since 2020 in Q2 2021. Longer-term retention for the top shopping apps in India peaked in Q3 2020. While retention decreased in the following quarters, it still showed positive growth year-on-year.

Source: Research by Sensor Tower

Source: business-standard.com– Oct 18, 2021

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Unicorns: Can MSMEs turn themselves around to become billion dollar businesses in India

Ease of Doing Business for MSMEs: At this very moment, our country is forging ahead with around 70 unicorns. A unicorn is basically a startup that reaches a valuation of $1 billion. These companies together cover a broad range of sectors including but not limited to e-commerce, fintech, information technology, and edtech. More than half of these startups have attained this illustrious status in the last two years. Clearly, this is a precursor to the significant increase in the economic activity of the country and the evolution of newer markets.

At the other end of the spectrum lies the Micro, Small & Medium Enterprises (MSMEs). These are enterprises from the manufacturing and services industry with investment and turnover up to the prescribed limits. Although these were first highlighted in the Micro, Small, and Medium Enterprises Development (MSMED) Act in 2006, the government continues to focus on their promotion and enhancing the competitiveness of this sector. The objective of this piece is to discuss and explore the possibilities of whether MSMEs can be transformed into future unicorns by enquiring into some key differences between them.

The most visible difference between a valuable startup and an MSME is the people who govern these entities. While unicorns typically portray examples of highly qualified risk-taking individuals running the show, MSMEs are often run by people with limited knowledge who lack the means to realise their vision. This fundamentally creates a stark difference in consideration of an entity as a high-value business that is attractive enough for private equity funds to hold some stake.

One does not need much effort to observe that all unicorns or high-value startups are hyper-focused on technology — the lack of which is a major demerit for MSMEs. It is only through leveraging technology that a business can expect to constantly achieve multifold growth in revenue year on year. Unicorns like Urban Company, PharmEasy, and PolicyBazaar have demonstrated that it is possible to add significant value by building scalable business models revolving around activities that exist in traditional markets. Moreover, tools like data science, automation, and behavioral analytics allow to bring in efficiencies to businesses. MSMEs, most of which are focused on manufacturing, end up being a node in the supply chain and offering a solution to startups without gaining much.

The third difference is essentially the strategy and innovation through which present-day unicorns are on their way to tap significant market share in their industry. It is only through constant idea generation and problem-solving methodology that one can achieve a high-value sustainable model. On the contrary, MSMEs are run in a traditional manner with a limited scope of growth.

Modern-day startups offer these merits which in turn become a value proposition to investors thus gaining their interest in terms of medium to long-term growth potential.

But there are a few differences that make it difficult to compare unicorns and MSMEs on a similar yardstick. One of these is the fact that most unicorns provide services by utilising the potential of MSMEs. E-commerce platforms like Flipkart, Snapdeal, ShopClues, and PayTM Mall offer products manufactured by MSMEs such as handicrafts, textiles, cosmetics, food items, etc. This poses the argument that startups and MSMEs coexist in economic equilibrium.

The government has been at the forefront to promote the development of MSMEs through various schemes. Financial inclusion and access to cheap credit have been the greatest challenge so far even as initiatives like Udyam Registration, Loan in 59 Minutes, Mudra loans, and Credit Guarantee Fund Scheme have been empowering MSMEs to access capital.

But, it is imperative that public policy should not promote industrialisation through foreign interference at the cost of MSMEs that contribute about 30 per cent to the country's gross domestic product. This shall truly imbibe the ambition of building Atmanirbhar Bharat. Furthermore, it is felt that public schemes should be promoted at the district level using a dedicated task force so as to increase penetration and effect change to a greater extent.

Incubation of MSMEs is also necessary so that potential high-value entities can get a launchpad instead of always struggling to be financially healthy. The government can initiate one such programme in joint participation with private equity venture capital funds to adopt few MSMEs and provide them support.

A number of indigenous MSMEs produce goods and services that have supply limited to local geography only. These include food and food processing-related goods, ayurvedic medicines and supplements, handicrafts, etc. There is potential for creating markets for such products, both in and outside India. Initiatives like GeM (Government e-Marketplace) portal are a step in the right direction. This can fulfill the objective of demand discovery and the creation of new markets.

It is not late for us to realise that MSMEs hold the future to become the most valuable ventures in the country. The sector requires the right nurturing and attention for its growth. If the challenges faced by MSMEs are addressed in the right manner, India can soon witness a thousand unicorns raising the bar in India's pursuit to become a developed economy.

Source: financialexpress.com– Oct 17, 2021

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Mauritius may be out of FATF Grey List this month

Global investors and offshore funds entering India through Mauritius are betting that in a few weeks the tax haven will shed some of its stigma and come out of the 'grey list' of the Financial Action Task Force (FATF) - an intergovernmental policy body that monitors the colour of money by setting anti-money laundering standards.

Mauritius, which was traditionally preferred by many international investors due to its tax advantage and low operational cost, was put in the grey list by FATF in February 2020 - a decision that led to deeper scrutiny, black-listing by European Union and investment restrictions imposed by Reserve Bank of India (RBI).

FATF is now considering a re-rating of Mauritius following certain legal, regulatory and operational changes implemented in the past 20 months to combat money-laundering and terror funding, three persons familiar with the discussions told ET. There is a distinct possibility that at the end of the week-long FATF plenary session, which began on October 17, Mauritius will be out of the grey list.

Bank of Mauritius governor Harvesh Kumar Seegolam, who has led several negotiations with FATF teams, did not respond to queries from ET.

'Inclusion of Mauritius a Big Plus for India-dedicated Funds' : However, according to senior bankers, lawyers and officials of market intermediaries and service providers who are in touch with authorities there said that 'white-listing of Mauritius' is expected this month.

This would have dual impact: First, it could pave the way for RBI lifting the curbs on ownership and control by entities in Mauritius investing in Indian non-banking finance companies (NBFCs) and other payment service operators; second, there would be lesser scrutiny on the 'beneficial ownership' (BO) of Mauritius vehicles coming in as foreign portfolio investor (FPI) and foreign direct investor (FDI).

"The inclusion of Mauritius would be a big plus for India-dedicated funds, especially those investing in Indian NBFCs...It would also help a number of investors who aren't allowed to invest in a fund domiciled in a 'FATF Grey List' country," said Anand Singh, co-founder of Wilson Financial Services. Singh, who is also a member of a task force of Financial Services Commission, Mauritius said that ever since its inclusion in the FATF's Grey list, Mauritius has made progress in addressing strategic deficiencies in AML CFT (counter financing of terrorism) policies and has implemented a "risk-based" supervision for licensed funds and holding companies.

According to Richie Sancheti, partner, Algo Legal, once out of the grey list, the credibility of Mauritius would improve in the eyes of institutional investors. From an India perspective, RBI had conveyed a general lack of confidence in the disclosure of ultimate beneficial owners (UBOs) in investments originating from FATF non-compliant jurisdictions.

"RBI restricts investors from such jurisdictions from acquiring 'significant influence' (voting power at 20% plus and assessed on an aggregate basis) in NBFCs, ARCs, Housing Finance Companies and India-based Payment System Operators (PSOs). From a SEBI perspective, the custodians and other intermediaries should take into account a possible re-rating in their risk analysis while scrutinising or seeking KYC details from Mauritius-based entities," said Sancheti.

CUSTODIAN BANKS MAY REVIEW STATUS

According to an October 16 note from a senior compliance official of a bank in Mauritius, the country is only a few steps away from being delisted from the 'FATF list of jurisdictions under increased monitoring, which is commonly known as grey list'. Even as RBI took a stern view on Mauritius post its grey-listing, Sebi had allowed category-1 FPIs from Mauritius to trade on Indian stock exchanges. Besides pooling in institutional money, Cat-1 funds can issue and subscribe to participatory notes - offshore derivatives with Indian stocks as underlier - and are spared of tax on indirect transfers. But despite Sebi's stand - which may be driven by diplomatic relations Mauritius shares with India - MNC banks which act as custodians to FPIs and FDIs have internally tagged the tax haven as a 'high-risk jurisdiction'.

Funds from such jurisdictions have to disclose greater details about their investors having beneficial ownership (BO). Typically, an investor which contributes 25% or more in a fund or exercises a control through the board of the asset manager is considered to have a BO in an FPI. This threshold for determining BO is lowered to 10% for investors from high-risk jurisdictions like Mauritius. So, once Mauritius is white-listed, the threshold for BO would be revised to 25% for investors from the tax haven.

Source: economictimes.com– Oct 18, 2021

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Diwali, Christmas demand pushes up sweets, garments export orders

Export orders for food, handicraft and readymade garments have risen at least 15% year-on-year owing to the upcoming festival season in the US and a higher demand for Indian sweets and snacks during Diwali, said traders.

The overall snacks, sweets and confectionaries segment has seen a 4-5% increase in export orders, they said. "Lifestyle products, textile, leather, handicraft and carpets are the goods that are most sought after during this period and there is strong order booking of above 20% in volume terms in some of them compared to last year," said Ajay Sahai, director general, Federation of Indian Export Organisations. The increase could be 40% in value terms.

India's merchandise exports in the April-September period amounted to $197.89 billion.

Exporters said most of the demand is coming from the US, where Covid-19 cases have declined and economic activity is picking up faster than in the UK and the European Union. "This is a festive season and there has been an average surge in the demand to the tune of more than 15% compared to the previous months, last year.

The order books are full for the value added high-end products in the food and beverages sector," said Mohit Singla, chairman, Trade Promotion Council of India. He said Diwali is a crucial time when food and beverage exports pick up.

"There is a marginal 2-3% increase compared to 2019 and brands are asking for quick delivery as consumers have begun spending," said Rafeeque Ahmed, chairman of Chennai-based Farida Group.

Source: economictimes.com– Oct 18, 2021

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Truckers lack basic facilities

The Centre's envisaged programme for resting places is still on paper

Driving on the highways for a common man is a delight today, with roads comparable to some of the best in the world. But for truckers, lack of basic infrastructure facilities like toilets and resting places make driving on the highways a 'painful' experience, especially when one needs to attend nature's call.

India has the second largest road network in the world of over 62 lakh km comprising national highways, expressways, State highways, major district roads, other district roads and village roads. There are nearly 10 million trucks in the country. In 2012, the Centre envisaged a programme that for every 50 kms, there will be a resting place for the truck drivers. However, this is still on paper, claim truckers.

Trucker woes

Truck driver Manickam from Chennai rues the lack of basic facilities on the highways. One cannot stop the truck on the highways and attend to urgent nature's call. It can be dangerous and could lead to accidents. "We need more resting places. Nobody thinks of us and looks from our points of view. We are mostly dependent on the roadside dhabas that have poor facilities," he adds.

Agreeing with Manickam, Vipul Bansal, Secretary, Bombay Goods Transport Association, says there is no facility on most of the highways even though huge amounts are spent on making roads. Petrol bunks are commercial establishments and have limited space. Dedicated parking facilities should be available, so that drivers can rest, if they are expected to drive eight hours. Else they will be only worried about the safety of their cargo or truck, he says.

Namakkal-based truck owner S P Mohan says that for every 50 kms, there should be a resting place with basic facilities for drivers. The truck lay bays mostly do not have toilet facilities. The available facilities are also not well maintained, he adds.

The All-India Transporters' Welfare Association in a letter to Nitin Gadkari, Union Minister for Road Transport and Highways, said that during the pandemic times, when trucks got stranded and everything was closed, basic amenities infrastructure on highways was extremely poor.

In many truck parking areas, there was no provision for drinking water and the association had to arrange to send bottles of water for the stranded drivers who were giving SOS calls to the association's helpline.

"Such issues truly make it difficult for our sector to attract new drivers and thus the ratio of drivers to trucks is reducing," the association's president Mahendra Arya, said.

Need for action

"We urge that these wayside amenities be audited thoroughly, and deficiencies be made good by the contractors. You will always be remembered for creating such a network of world-class highways. However, please do not let our country fall short of international standards when it comes to welfare of drivers on the whole grid," he said.

"Lack of basic amenities for truck drivers on the highways is a serious issue and has been discussed for the last two decades," said SP Singh, Senior Fellow and Co-ordinator, Indian Foundation of Transport Research and Training (IFTRT).

If toll, road cess and road tax is collected by the government, then the government is duty bound to have highway amenities for hapless truck drivers who work 24×7.

While the government spends 30 per cent of revenue collected from road transport and its welfare, the transporters hardly spend 2-3 percent of revenue on the welfare of truck and bus drivers. The truckers should also participate in providing basic facilities, he said.

A senior official of the National Highways disagrees with the allegations of the truckers. All the large petrol bunks have such facilities, and the drivers can use them. There are also resting places created on the highways, he adds.

Source: thehindubusinessline.com – Oct 17, 2021

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