IBTEX No. 208 of 2021 **October 22, 2021**

US 74.81| EUR 86.98| GBP 103.23| JPY 0.66

NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	The supply chain crisis and US ports: 'Disruption on top of disruption'
2	Container Crushes Car Near Overloaded LA Port
3	China's coal output rises to meet energy shortfalls amid govt measures
4	Indonesia, China begin feasibility study on coal-to-methanol unit
5	Bangladesh: BGMEA wants Bangladesh govt to expedite development at Chittagong port
6	Bangladesh: Ease rules for export, import
7	Pakistan: Measuring the impact of concessionary finance to exporters

DISCLAIMER: The information in this message be privileged. If you have received it by mistake please notify "the sender" by return e-mail and delete the message from "your system". Any unauthorized use or dissemination of this message in whole or in part is strictly prohibited. Any "information" in this message that does not relate to "official business" shall be understood to be neither given nor endorsed by TEXPROCIL - The Cotton Textiles Export Promotion Council.

	NATIONAL NEWS
1	International trade is not a zero-sum game
2	Govt sets lofty $100-billion textile export target in 5 years
3	How a national logistics policy can bridge India's supply chain gaps
4	Government notifies 2-stage selection process for MITRA parks
5	WTO DG meets Goyal, industry heads
6	Indian economy to see 10.5% or higher growth this fiscal: Niti Aayog Vice Chairman Rajiv Kumar
7	With recovery widening, Icra sees Q2 GDP at 7.7 pc
8	CCEA decision: Cabinet secretary-led group to review PM GatiShakti roll-out
9	India poised to become USD 5-trillion economy by 2024-25: Union Minister Hardeep Singh Puri
10	India's cotton consumption to rise in market year 2021-22
11	Ministry of MSME calls for suggestions on trade with Sweden, Columbia
12	Middlemen worried as box lines, terminal operators offer door-to-door service
13	Uniqlo India reports 86% jump in FY21 sales

RECEIVABLE FINANCING, CREDIT INSURANCE AND RISK ADVISORY

INTERNATIONAL NEWS

The supply chain crisis and US ports: 'Disruption on top of disruption'

Since the pandemic started to wane, Americans have been on an extraordinary buying spree. One measure of this is the daily tally of container ships idling outside the congested ports of Los Angeles and Long Beach — the entry point for about 40 per cent of goods imported into the US.

The queue of ships stacked high with brightly-coloured containers reached a record of 73 anchored container ships on September 19 and by last weekend still stretched as far as the eye could see — frustrating retailers and becoming a national symbol of an outdated and overwhelmed US supply chain.

The ports' longtime inability to match the round-the-clock, seven-day-a-week operations of their Asian counterparts has been a source of frustration for transportation officials in President Joe Biden's administration, which this week unveiled a series of measures to ease the congestion at the western hemisphere's largest port complex — and keep the US economic recovery on track.

The White House said it had secured pledges from private sector heavyweights such as Walmart, UPS and FedEx to extend their working hours. Crucially, it also won commitments from the International Longshore and Warehouse Union to add shifts and move toward a 24/7 work schedule at its operations in southern California.

Vessel congestion outside Los Angeles and Long Beach ports

The question is how quickly these measures will be able to improve the movement of goods through a complex nationwide network that is strained to breaking point. The US is facing a shortage of warehouse space and truck drivers, and shifting to 24/7 operation will require enormous co-ordination between the publicly operated ports and private sector groups, including large retailers and freight companies.

Last week, Gene Seroka, executive director of the Port of Los Angeles, told the Financial Times that he doubted that 24/7 operations could work without the co-operation of a wide cast of private sector operators.

“If a day comes when we can open 24/7, and other parts of the supply chain orchestra are all doing the same thing, that would be great for all of us,” he said. “But you’ve got limitations today.”

Biden administration officials and the ports argue that the commitments from private sector companies — which also include Target, Home Depot and Samsung — will help ease those limitations. However, the extra 3,500 containers those companies are now expected to move each week account for a small fraction of the total now passing through the port, according to logistics specialists.

The stakes are high. This year’s supply chain pressures have had ripple effects throughout the economy that are hurting US retailers and manufacturers.

Nike has warned of inventory shortages and Costco is having trouble keeping enough toilet rolls in stock. In an announcement that cut its stock by a fifth, the retailer Bed Bath & Beyond called the supply chain challenges it faced “unprecedented”. Some large retailers, including Walmart and Costco, have resorted to chartering ships to deliver goods.

There is a sense of urgency as the Christmas gift-giving season looms. Logistics, labour and manufacturing headaches combined are likely to add another $223bn to US retailers’ costs this holiday season, Salesforce estimates. That in turn could push up the prices consumers pay for their presents, assuming they are available to buy.

Steve Denton, chief executive of Ware2Go, whose software helps retailers find warehouse space, says the White House initiative will not resolve all of the bottlenecks merchants are struggling with.

As well as packed warehouses, “you’ve got a lack of truck drivers and the trains are running at full capacity,” he says. “You’ve got record levels of inventory in the country already. That inventory’s got to get cleared out to make room first. Where’s it all going to go?”

Similar supply chain problems are being felt worldwide. More than 20 months since the initial outbreak of coronavirus forced China to close

factories and idle the world's mightiest export machine, the global flow of goods remains a mess. In Europe, German industry has been hit by shortages of everything from computer chips to the metals used in electric car batteries, while the UK has endured long queues and frayed tempers at petrol stations because of fuel shortages.

"I'd say the market we're in today has never experienced this, at least in my lifetime. There's probably more idling in the Pacific than we've ever seen before," says Brian Whitlock, a senior director at Gartner. "We've seen disruption on top of disruption on top of disruption and we're not able to mend the networks before the next disruption comes."

The strength of consumer demand in the US compared with Europe means that the country's biggest gateways are disproportionately clogged. And the biggest chokepoints by far remain the Los Angeles and Long Beach ports, which have faced the double-barrelled impact of record shipping container volumes and the surge in online shopping since the outbreak began.

"The strength of the American consumer is on display here every single day," Seroka said.

According to Michael Farlekas, chief executive of E2open, whose software books a quarter of the world's ocean freight, the ports are the biggest bottlenecks in the US supply chain right now.

"That throughput is fixed in nature. It's fixed by geography and by capacity," he says, pointing out that while container ships have grown ever larger, US ports' ability to offload them has not kept pace. The measures announced by the White House will "require more labour price increases in the form of enhanced wages and benefits", he says.

The supply chain disruptions have contributed to rising US inflation — consumer prices rose 5.4 per cent in September, the highest level in 13 years — and prompted new questions about the vulnerabilities of just-in-time supply chains. Some experts have concluded that the moment may finally be at hand for "nearshoring", or moving more production to markets closer to home, such as Mexico.

Alarmed by the mounting supply chain problems, the Biden administration in June created a task force to craft a response. John Porcari, a former transport official in the Obama administration, was appointed to work with the ports to clear the bottlenecks.

In an interview before the White House announcement, Porcari said the ports should have been moving towards round-the-clock operation long before the pandemic, and emphasised the need for a heightened level of co-ordination between large retailers, trucking companies, warehouses, railroads and freight companies. Although he said it was not reasonable to believe the ports could "flick a switch" and move to continuous operation, he was of no doubt that it must happen.

"The reality is much of the world is in a 24/7 environment and ships are arriving on a 24/7 schedule," he said. "It needs to be more of a 24-hour, seven-day process if we're going to meet the challenges of the 21st century."

'Exorbitant, extortionary rates'

The crunch faced by LA's ports, just as stores are counting on them to ensure that shelves are not empty for their peak selling season, has its origins long before this holiday, and far earlier in the global supply chain.

Pacific shipping patterns had already been upended by the Trump administration's trade battles with China, as importers raced to bring goods in before new tariffs bit and diversify their sources of supply. Then Covid-19 hit, first closing factories in China and then scrambling US consumers' buying patterns.

At the Port of Los Angeles, shipments in the fourth quarter of 2019 fell 16 per cent compared with the year ago-period due to the Trump tariffs, followed by a 19 per cent year-on-year decline in the first five months of 2020 owing to the Covid-19 outbreak. In recent months, shutdowns in the Chinese ports of Shenzhen and Ningbo, coupled with factory closures in Vietnam, have brought new disruptions.

"Companies dramatically lowered their production expectations going forward, expecting a prolonged global slowdown," says Farlekas. "It was pretty rapid before you saw that turn around to high demand."

Pumped up by government spending, consumer demand soared from the lows of April 2020 and has remained unusually high. Mario Cordero, executive director of the Port of Long Beach, made clear before the White House announcement that demand was the critical factor that would determine whether or not the delays at his facility start to ease.

Right now, demand is red-hot in the US ahead of Christmas. Retailers pushed up their holiday orders to account for supply-chain related delays, resulting in skyrocketing costs to deliver goods. Bed Bath & Beyond said it had budgeted for container costs to double in the last quarter; instead they jumped 150 per cent.

“People are paying exorbitant, extortionary rates for containers, but you could still get merchandise here. But you won’t get all you wanted, when you wanted it, where you wanted it, for the same costs,” says Joel Bines, co-head of AlixPartners’ retail consulting practice.

“No one has ever seen this before,” says James Zahn, editor of a consumer gift guide called the Toy Insider. Domestic distribution problems have compounded port delays to create regional shortages, he says, making the task of finding in-demand items such as He-Man action figures and Squishmallows plush toys “an absolute crap shoot”.

Bigger toys, such as the $200-plus OMG House of Surprises doll’s house, have been particularly affected, Zahn adds, because only so many of them can fit in a container.

If a parent finds the toy their child most desires, he advises: “Get it today because it might not be there tomorrow. There’s no way to tell if this stuff’s going to get restocked by the holiday season.”

Nearshoring’s moment?

Coping with consumer demand — including the rapid turnround times expected by online shoppers — has been a shock to the southern California ports’ systems.

“It’s been a wake-up call,” admitted Cordero, who said his port had already taken other measures to ease the crisis in the past year.

To get cargo off ships even when trucks and trains were not available, for example, Long Beach initially designated a 17-acre plot as a staging area for containers. It has already had to expand that space to 64 acres.

Cordero wants to see more of “an Amazon state of mind in terms of how we create more efficiency and movement,” agreeing with his colleague at neighbouring Port of Los Angeles that the business should run 24 hours a day, seven days a week.

"The ports of origin are 24/7," he said, referring to the Asian ports where most of the ships start out. "As the port of destination we need to start thinking like the ports of origin."

With warehouses near the ports already at full capacity, however, it is unclear where any additional containers unloaded in extra hours would go, and finding enough people willing to work night shifts and Sundays looks challenging in a severely stretched jobs market.

In recent weeks Long Beach has experimented with operating 24 hours a day on weekdays, up from 16, but there are still shortages of truck drivers on whom it counts to pick up the cargo.

Here again, tight labour conditions are to blame. Chris Brooks, senior vice-president for human resources at Old Dominion Freight Line, says he is aggressively recruiting for truck drivers to fill about 360 openings in the LA area and hundreds more across the US. Noting that there was a nationwide shortage of about 60,000 truck drivers across the US even before the pandemic, he is offering drivers in the LA area a signing bonus of $5,000 and has increased employee referral fees to $1,000.

"We've greatly benefited by higher than usual business levels with the economic recovery and the high demand in ecommerce," he says. "We're hiring lots of employees to meet that demand and with [the port bottlenecks] we believe these business levels are going to carry through the winter and into next year."

Even as they struggle to process today's intense demands and political pressures, California's port operators are worrying about longer-term challenges.

Covid's disruptions were unforeseen, Cordero said, but "what has not been unforeseeable is the continued volume the west coast is going to have in the coming years. This complex needs to start thinking that once the current crisis diminishes you're still going to have those higher volumes."

America's importers are already spreading their bets, leading to surging traffic into ports from Seattle to Savannah.

Spending another 10 days on the water to divert a shipment from China to an east coast port still makes little sense, says Sean Whitehouse, an Accenture managing director focused on retail supply chains. Instead,

"retailers are starting to look at different sources of supply, bringing products in through east coast ports so they don't have a problem. That's not a quick fix."

The challenge is that those ports, too, are becoming backlogged.

The crises affecting so many links in the global supply chain have spurred renewed talk of US manufacturers bringing some of the production that they now do in Asia back to the US, or at least closer to it.

Farlekas says his clients have become more wary of putting almost all of their manufacturing in a country such as China. "Instead of having 90 per cent [of production] in one geography I'm going to have 30/30/40 — split it up between three geographies," he says.

Long Beach's Cordero, too, said the cost of shipping has "accelerated" a nearshoring conversation that had been triggered by the trade wars. He said Brazil and Mexico could become more important sources of supply for US companies, and hopes that their goods will come by sea rather than rail or truck, but warned: "I don't see a short-term change. China will continue to be the epicentre of manufacturing."

With the US economy likely to remain highly dependent on Pacific trade, the Los Angeles and Long Beach ports need further investment to boost their capacity. The bipartisan infrastructure bill championed by the Biden administration allocates $17bn to ports, but Cordero said public funding alone will not suffice. Instead, he sounds hopeful that private equity firms will be drawn to the potential returns from investing in US port infrastructure.

One other unknown still lurks on the waterfront, however, as the west coast ports face contract negotiations with the International Longshore and Warehouse Union next year. Any labour stoppage could cause further chaos, setting back the Biden administration's efforts.

"We seem to have a mutual goal of not having a prolonged discussion here. I'd have to be optimistic," Cordero said. But he added: "There's a lot at stake."

Source: ft.com– Oct 20, 2021

HOME

****

Container Crushes Car Near Overloaded LA Port

With upwards of 60 anchored ships waiting 10-plus days to unload, the nation's busiest port complex is now making headlines for even more troubling reasons.

A shipping container being hauled away from the Ports of Los Angeles and Long Beach Tuesday tumbled from a truckbed, crushing a parked car in Wilmington, according to ABC7 News. While no one was hurt, residents said neighborhood truck traffic has worsened as a result of the recent port backlog.

Phillip Sanfield, director of media relations at the Port of L.A., said the facility has moved an average of 900,000 containers per month since summer of 2020. "In spite of the best efforts of terminal operators and longshore workers, terminals remain beyond full capacity," he said. While 50 percent more ships are being worked at one time than before the pandemic, towering container stacks continue crowding the tarmacs.

In response to a Federal Register notice from the Department of Transportation, the American Apparel and Footwear Association (AAFA) submitted comments urging government and industry stakeholders to come together to enforce existing laws and end behavior that it deems damaging to brands as they head into the holiday season. The AAFA is pushing for support and regulatory action to address the "unreasonable practices and excessive and unjust fees" freight forwarders charge for container space and shipping—measures it believes further harm consumer goods companies.

"The current shipping crisis has crippled every component of the country's transportation industrial base, devastating America's supply chains and threatening America's economic recovery," AAFA president and CEO Steve Lamar wrote to deputy assistant secretary for economic policy Michael Shapiro. "Unless immediate steps are taken, this holiday season will be marked by empty shelves, inflation, and lost jobs."

The administration announced last week that the San Pedro Bay complex would extend hours of operation to deal with the crippling backlog. However, Lamar called the move toward 24-7 operations "largely symbolic," insisting that more action is needed from the Federal Maritime Commission (FMC) to address carrier price gouging while brands wait on products that should already be on store shelves.

The White House Supply Chain Disruption Task Force was established in June to address these challenges, and in July, President Biden signed an executive order urging the FMC to "consider further rulemaking to improve detention and demurrage practices and enforcement of related Shipping Act prohibitions."

"These issues go through the entire chain, from ship to shelf," transportation secretary Pete Buttigieg told ABC7 this week. "That's why we're not just working with the ports. It's the truckers, the rail companies, the operators and also those retail companies that are at the other end of those supply chains."

But September's annual inflation rate reached 5.4 percent—a trend that Lamar believes will continue to accelerate without the administration's intervention. Many of the AAFA's 1,000-plus members have reported record high shipping rates week over week, reaching up to 10 times what they paid during the same period last year. The cost of shipping even exceeds the value of the cargo in some cases.

"Shipping contracts are routinely ignored with many containers being removed from ships and left behind at origin despite payment of exorbitant container fees," he added. Because business is consolidated among a limited group of carriers, brands have little recourse when their containers are bumped. Meanwhile, even containers that manage to make it to their destinations end up languishing at U.S. ports.

In July, the Footwear Distributors and Retailers of America (FDRA) asked President Biden's administration to take action on the issue.

"With an artificially constricted supply of vessel capacity controlled by a small number of ocean carriers, it has become increasingly difficult for companies to secure vessel space," president and CEO Matt Priest wrote, noting that many footwear companies had been forced to pay space guarantee surcharges, with some seeing fourfold increases in shipping fees. Other FDRA members reported that carriers refuse to honor existing contracts.

"Often, the best-case scenario is agreeing to pay exorbitant rates to book space on a vessel with a sailing date that is delayed, sometimes for weeks," Priest added. "This practice destroys speed to market efforts, results in lost sales, and vastly multiplies costs for U.S. businesses during an already difficult time.

After facing the costly challenges associated with bringing product in from overseas, "members face the final hurdle of significant (and spiraling out of control) delays to get containers out of ports or rail yards," Lamar wrote in his letter this week. A dearth of truckers and long turn times for moving containers in and out of the complexes compound the delays and expenses, while duties on truck chassis imports contribute to a severe equipment shortage.

"Some of the shippers that are collecting cargo from the Port are using containers (and the chassis they sit on) as storage, which prevents the equipment from cycling back into the system," Sanfield added. Prior to the pandemic, the process of taking a container, unloading it, and returning the equipment to the port took about four days. Today, that has nearly doubled.

"The bottom line: the actions taken by the administration so far—while all steps in the right direction—have failed to move the needle to address the quickly worsening crisis," Lamar said. Now, the AAFA urged the White House to marshal all industry stakeholders—from logistics providers to government agencies and even the National Guard or Naval ports—to develop short-term solutions addressing the backlog.

Enhanced coordination between cargo owners, marine terminals and carriers is imperative to "increase the rate of productive gate appointments per shift"—or pickups of containers—ands accommodate the return of empty containers, Sanfield said. The port recently announced a pilot program called Accelerate Cargo LA to accomplish this directly.

AAFA also urged the FMC to take a hard line with bad actors, noting that the commission has already conducted "numerous inquiries on excessive and unjust fees" from freight companies seeking to capitalize on the chaos. Those probes must now be converted to action, Lamar wrote, using additional tools from the Department of Justice.

The "immediate approval" of the industry-endorsed, bipartisan Ocean Shipping Reform Act of 2021 (OSRA 21) (H.R. 4996) would aid in fixing the issue, he said. In September, a coalition of 152 companies and trade associations representing U.S. importers, exporters, transportation providers and other supply chain stakeholders submitted a letter of support to Congress endorsing the legislation, which would limit fees and penalties charged by ocean carriers and marine terminals.

AAFA once again urged tariff relief for its members, stating that suspending the Section 301 duties on China implemented by President Donald Trump would aid companies hurt by the shipping crisis. Pausing the tariffs “would help those companies offset the enormous freight costs burden they are now forced to absorb” and allow for the import of much-needed chassis, Lamar wrote.

“The Biden Administration keeps talking about a worker-centered trade policy, but there is very little they’ve pushed that addresses the needs of the more than 13 million American workers whose jobs are directly tied to imports,” he told Sourcing Journal. “Imports work. Tariffs don’t.”

Lamar suggested suspending the tariffs and refunding a portion of the $110 billion doled out by U.S. companies “so they can survive this very real, long-term shipping crisis that currently has no end in sight.”

Source: sourcingjournal.com– Oct 21, 2021

HOME

****

China's coal output rises to meet energy shortfalls amid govt measures

China's coal supply has given indications of picking up with daily production reaching a new high this year following government measures to boost output amid power shortages, according to the National Development and Reform Commission, the country's top economic regulator. Average daily coal production surpassed 11.5 million tonnes recently, up by over 1.2 million tonnes from that in mid-September.

Coal mines in the Shanxi province, the Shaanxi province and the Inner Mongolia autonomous region reached an average daily production of about 8.6 million tonnes, a new high for this year, NDRC said. It said coal production will continue to rise and demand for coal used to produce electricity and heat will be effectively guaranteed, according to state-controlled media reports.

NDRC secretary general Zhao Chenxin told a recent news conference that energy supplies can be guaranteed this coming winter and spring. While ensuring energy supplies, the government will also make sure that China's goals to peak carbon emissions by 2030 and reach carbon neutrality by 2060 will be achieved, he said.

One hundred and fifty three coal mines were allowed to boost production capacity by 220 million tonnes per year since September, among which some have started raising output, with estimated newly increased production reaching over 50 million tonnes in the fourth quarter, said the NDRC. The government also selected 38 coal mines for urgent use to ensure supplies, and allowed them to increase production capacity periodically. Total annual production capacity of the 38 coal mines will reach 100 million tonnes.

In addition, the government has allowed land use for more than 60 coal mines, which could help guarantee an annual production capacity of more than 150 million tonnes. It also actively promotes production resumption among coal mines that underwent temporary shutdowns.

Source: fibre2fashion.com– Oct 22, 2021

HOME

****

Indonesia, China begin feasibility study on coal-to-methanol unit

Indonesia and China recently signed a memorandum of understanding (MoU) to conduct a feasibility study of a $560-million coal-to-methanol plant, according to the former's industry ministry. The signing ceremony in Jakarta was attended by industry minister Agus Gumiwang Kartasasmita and representatives from PT Powerindo Cipta Energy (PT PCE) and China National Chemical Engineering Corporation (CNCEC).

"The cooperation to build a coal-to-methanol plant is very important for the industrial sector. The Industry Ministry really appreciates companies with a vision to initiate coal gasification projects and support this pioneering industrial investment plan," Kartasasmita was quoted as saying in a ministry press release.

The plant is expected to be built in Meulaboh city situated in the Aceh province. With an investment value of $560 million dollars, it will process 1.1 million tonnes of coal into 600,000 tonnes of methanol annually.

"This project will absorb 600 to 700 workers. Based on the plan, the project will enter the construction stage in mid-2022," the minister said.

Source: fibre2fashion.com– Oct 22, 2021

HOME

****

Bangladesh: BGMEA wants Bangladesh govt to expedite development at Chittagong port

A delegation of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has thanked the country's government for taking steps that have led to the smooth functioning in the Chittagong port. The association has also requested it to expedite implementation of the projects taken to further enhance the capacity and improve the port facilities.

In a recent meeting with state minister for shipping Khalid Mahmud Chowdhury, MP at the secretariat, BGMEA president Faruque Hassan said the economy of Bangladesh is expanding, hence import-export of the country are also growing.

Hassan laid emphasis on continuing efforts for enhancing capacity and efficiency of the Chittagong port to meet the increased demand for exports and imports, BGMEA said in a press release.

The BGMEA president also called for government steps to further improve services and facilities in the land ports of the country to accelerate export-import activities.

Source: fibre2fashion.com– Oct 22, 2021

HOME

****

Bangladesh: Ease rules for export, import

Textile and garment makers and exporters yesterday urged the government to quickly simplify the country's export-import procedures as work orders are in a rising trend despite the ongoing coronavirus pandemic.

Besides, they aim to expand their operations in a bid to cater to the rising demand.

Garment manufacturers sought the simplification of the import of yarn, cotton, industrial raw materials and chemicals through land ports to save time and money.

"We requested the commerce minister and the commerce secretary to take immediate actions to resolve the crises as we have a lot of work orders from international retailers and brands," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"We need a lot of raw materials like yarn and fabrics as we are getting a lot of work orders from buyers. It is very difficult to release goods from the ports, especially from land ports and airports, to be used in the industries," he added.

The rules of business need to be simplified so that manufacturers can easily import goods and comply with the strict lead-time set by international retailers and brands.
This is an opportunity for Bangladesh as international retailers and brands have been coming up with more work orders with the improvement of the pandemic and reopening of economies worldwide, especially in the West, Hassan said.

"Usually, such an opportunity does not come for any nation in a time of crisis," he added.

For instance, international retailers and brands are now placing a lot of work orders for garments made from man-made fibre.

However, local suppliers can only meet about 14 per cent of the demand for man made fibre. As a result, garment makers have to import such fabrics from countries like China.

However, importing from China has become difficult now for various reasons.

"So, the government should look after this seriously so that the supply chain between Bangladesh and China smoothens," Hassan said.

Similarly, spinners have been investing a massive amount of money in the primary textile sector but are also facing a lot of challenges that the government needs to resolve, he added.

These comments came during an unofficial meeting hurriedly arranged by the Bangladesh Terry Towel and Linen Manufacturers and Exporters Association with the commerce minister and secretary at the Secretariat in Dhaka.

Leaders of the BGMEA, Federation of Bangladesh Chambers of Commerce and Industry, Bangladesh Knitwear Manufacturers and Exporters Association, Bangladesh Textile Mills Association (BTMA) attended the meeting.

Apart from the industry leaders, senior officials of the commerce ministry, Bangladesh Bank, National Board of Revenue (NBR), and other other ministries and government agencies also attended.

Mohammad Ali Khokon, president of the BTMA, said that apart from investment related challenges, the primary textile sector needs to solve its VAT and sales tax related problems as soon as possible.

"NBR officials harass textile millers when paying incentives on export," he said, adding that the tax administration needs to stop harassing businessmen in this regard.

Khokon went on to say that the government should also improve the infrastructure before allowing yarn imports through land ports as there is a possibility of evading tax.

Source: thedailystar.net - Oct 22, 2021

HOME

****

Pakistan: Measuring the impact of concessionary finance to exporters

In an earlier comment two months ago, BR Research had noted that the textile export growth story has its roots in the phenomenal increase of concessionary working capital to the industry, which has grown by over two-thirds both in dollar and rupee terms in the past 2 years.

Since then, in its latest monetary policy SBP has signalled its intention to unwind the monetary stimulus. If the central bank decides against further raising EFS limits for commercial banks, will the value-added segment be able to maintain its export growth momentum?

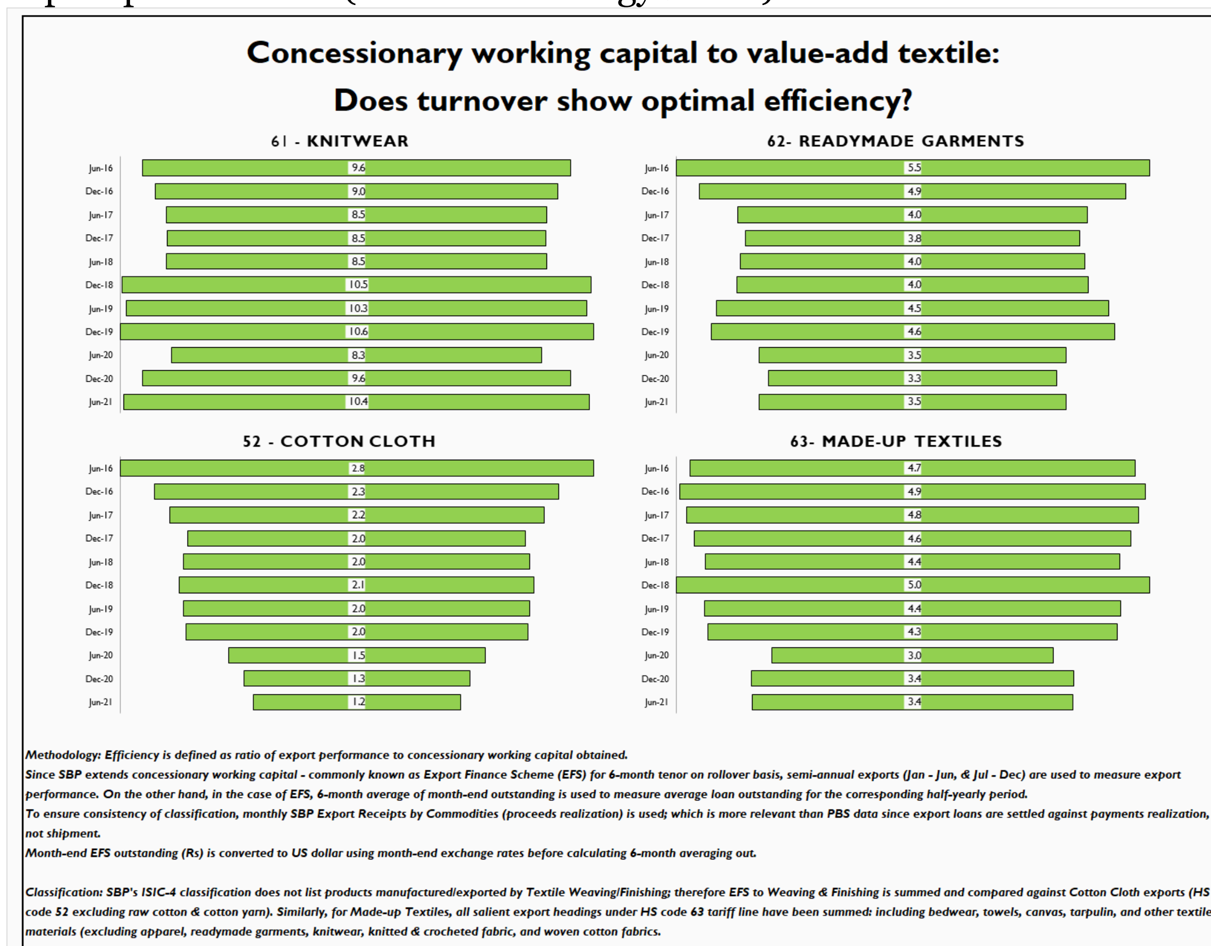
Before that question is addressed, some context is necessary. The central bank extends concessionary working capital loan called Export Finance Scheme to value-adding export-oriented industries. Within textile, manufacturers of all export goods - other than raw cotton and cotton yarn - are eligible for short-term loans on concessionary mark-up currently capped at 3 percent per annum. As a trade finance facility, EFS is extended for 6-months on roll-over basis.

As part of Covid relief measures, SBP had enhanced EFS limit to commercial banks by Rs 100 billion in August 2020. Earlier, aggregate loan outstanding (to private sector) against EFS stood at a little under Rs 500 billion, which has since shot up, flirting with Rs600 billion in recent months. Since the difference between commercial banks' cost of funds (i.e. Kibor) and EFS rate is borne by SBP, the central bank bears the loss on markup.

Logic then dictates that further raising EFS limits at a time when central bank is tightening the policy rate may exacerbate the pace of loss accrual. It remains to be seen whether the central bank will have an appetite to raise EFS limits to prop up exports or not.

But before the central bank goes down that path, it may help to measure the impact of EFS loans on various value-adding segments, and their export performance. In the accompanied visual, BR Research has made an academic attempt to do the same. The central bank, however, is best placed to conduct such analysis independently, so that any enhancement in EFS limits may be justified in the policymaking circles.

As explained above, EFS loans are rolled-over on semi-annual basis. At minimum, the borrowing entity must demonstrate export performance equivalent to the loan amount. Of course, that is not an ideal scenario: in effect this would mean that all export is financed through working capital loans obtained on concessionary basis. In reality, things aren't as bleak either: ratio of EFS loans to various value-adding segments within textile is significantly higher than 1x. Ideally, higher the ratio, the more optimal is the export performance (read methodology below).



Of course, if the central bank were to conduct a similar exercise, it could precisely measure the number of times any given company – or industry – has rolled over the EFS facility in any given period, and whether the turnover of borrowed amount has improved over time. That would confirm whether concessionary loans are being utilized efficiently or not. For example, if a given industry displays a very high level of EFS turnover, it may help allocate more funds to exporters within that exporting segment. On the other hand, a very low turnover (below 2x for example), may indicate that the firms in the industry are not highly export competitive, suggesting that a chopping exercise may be in order.

In the spirit of transparency, it is important to highlight that any analysis conducted without access to raw loan turnover data is fraught with risks of misinterpretation. For example, BR Research's analysis shows that export performance of Knitwear segment has very high level of EFS turnover and is thus far more efficient than any other value-adding segment. However, a less likely but (still possible) explanation could be that most knitwear exporters currently do not have access to EFS lines; thus the ratio of knitwear export value to loans obtained is currently very high.

On the other hand, the very poor performance by cotton cloth segment may appear highly intuitive on surface. Pakistan's fabric exports are fast declining in value as well as volume terms, so poor efficiency ratio may not come as a surprise. Why then do cotton cloth manufacturers – classified as weaving and finishing – have a share of more than one-third in total EFS extended to textile? Turns out, this could very well be a classification error. What's that you ask?

Consider that SBP's data on loan to private sectors is based on information supplied by commercial banks. Thus, if a commercial bank has misclassified any borrower's industry, the same will feed into central banks' data. But it is just as likely that the borrower may have initiated the banking relationship at the time it was concentrated in spinning business, but has since diversified to garment manufacturing. Or quite simply, that the borrower is a composite textile unit. The most obvious evidence of this problem is that over 13 percent of EFS extended to textile is classified under "spinning", even though cotton yarn export is not eligible for concessionary working finance!

But that does not mean that any such exercise shall be in vain. For every export made through the banking channel, the central bank also has 8-digit HS code data and firm details to the tee. With a little effort, the central bank can compare value of exports under each HS code line to the amount of EFS loan obtained by the firm, and just repeat the same for the thousand odd EFS borrowers.

The policymakers at the central bank may find it unwise to continue raising concessionary borrowing limits indefinitely, merely to support export growth. Given more precise analysis, they may not have to!

Methodology: Efficiency is defined as ratio of export performance to concessionary working capital obtained.

Since SBP extends concessionary working capital - commonly known as Export Finance Scheme (EFS) for 6-month tenor on rollover basis, semi-annual exports (Jan - Jun, & Jul - Dec) are used to measure export performance. On the other hand, in the case of EFS, 6-month average of month-end outstanding is used to measure average loan outstanding for the corresponding half-yearly period.

To ensure consistency of classification, monthly SBP Export Receipts by Commodities (proceeds realization) is used; which is more relevant than PBS data since export loans are settled against payments realization, not shipment.

Month-end EFS outstanding (Rs) is converted to US dollar using month-end exchange rates before calculating 6-month averaging out.

Classification: SBP's ISIC-4 classification does not list products manufactured/exported by Textile Weaving/Finishing; therefore EFS to Weaving & Finishing is summed and compared against Cotton Cloth exports (HS code 52 excluding raw cotton & cotton yarn). Similarly, for Made-up Textiles, all salient export headings under HS code 63 tariff line have been summed: including bedwear, towels, canvas, tarpulin, and other textile materials (excluding apparel, readymade garments, knitwear, knitted & crocheted fabric, and woven cotton fabrics.

Source: brecorder.com - Oct 22, 2021

HOME

****

NATIONAL NEWS

International trade is not a zero-sum game

During the recent G-20 ministerial meeting in Italy, Commerce Minister Piyush Goyal made a pitch for deepening India's trade ties with several countries. Indeed, India is negotiating free trade agreements (FTAs) with several countries. However, rising trade protectionism at home, demonstrated by several examples, could throw a spanner in the works.

First, as Arvind Panagariya has argued, the simple average of India's tariffs that stood at 8.9 per cent in 2010-11 has increased by almost 25 per cent to 11.1 per cent in 2020-21. The proportion of tariff lines with rates above 15 per cent in 2020-21 stood at 25.4 per cent, up from 13.6 per cent in 2014-15. These increases in tariff rates have reversed the political consensus on tariff liberalisation that India followed since 1991. Former finance minister Arun Jaitley had, in his 2018 budget speech, admitted to this. He declared that he was making a "calibrated departure" from the policy of cutting tariff rates.

Second, India is the highest initiator of anti-dumping measures aimed at shielding domestic industry from import competition. According to the WTO, from 2015 to 2019, India initiated 233 anti-dumping investigations, which is a sharp increase from 82 initiations between 2011 and 2014 (June). The anti-dumping initiations by India from 1995 (when the WTO was established) till 2020 stand at 1,071. This is higher than the anti-dumping initiations by the US (817), the EU (533), and China (292), despite India's share in the global merchandise exports being far less than these countries.

Third, India recently amended Section 11(2)(f) of the Customs Act of 1962, giving the government the power to ban the import or export of any good (not just gold and silver, as this provision applied earlier) if it is necessary to prevent injury to the economy.

The power to ban the import or export of gold and silver is consistent with Article XX(c) of the General Agreements on Tariffs and Trade (GATT), provided the ban is not applied in an arbitrary or discriminatory manner and does not constitute a disguised restriction on international trade.

However, expanding the scope of Article 11(2)(f) to cover any good is inconsistent with India's WTO obligations. WTO allows countries to impose restrictions on imports in case of injury to domestic industry, not to the

"economy". However, these trade remedial measures can be imposed only if certain conditions are satisfied and after an investigation — for example, if there is a sudden, significant and sharp increase in imports that is causing serious injury to the domestic industry. India already has laws to impose these trade remedial measures.

Additionally, countries can also impose restrictions on trade on account of balance of payment difficulties and national security purposes. However, section 11(2)(f) of the Customs Act does not talk of any of these grounds to restrict trade, thus is unnecessary.

Fourth, Finance Minister Nirmala Sitharaman in her budget speech of 2020 said that undue claims of FTA benefits pose a threat to the domestic industry. Thus, she argued, such imports require stringent checks. Subsequently, India amended the rules of origin requirement under the Customs Act. Rules of origin determine the national source of a product.

This helps in deciding whether to apply a preferential tariff rate (if the product originates from India's FTA partner country) or to apply the most favoured nation rate (if the product originates from a non-FTA country). But India has imposed onerous burdens on importers to ensure compliance with the rules of origin requirement. The intent appears to be to dissuade importers from importing goods from India's FTA partners.

Fifth, the clarion call given by Prime Minister Narendra Modi to be "vocal for local" (giving preference to domestically made goods) is creating an ecosystem where imports are looked at with disdain, upsetting competitive opportunities and trading partners.

International trade is not a zero-sum game. India can't maximise its interests at the expense of others. Its experiment with trade protectionism in the decades before 1991 was disastrous. We should recall Winston Churchill's warning: "Those who fail to learn from history are condemned to repeat it."

Source: indianexpress.com– Oct 22, 2021

HOME

****

Govt sets lofty $100-billion textile export target in 5 years

India's textiles and allied product exports stood at just $30.4 billion in FY21, down 10% from a year before due to the Covid crisis. In the first five months of this fiscal, such exports jumped by 87% on year to $16.6 billion, aided by strong economic recovery in key markets such as the US and the EU. Still, the target remains much too ambitious.

The government has set an "aspirational" target of $100 billion for textiles and garment exports over the next five years, the textile ministry said on Thursday. It called on the industry to take advantage of a global market shift where China is pruning its market share in the labour-intensive segment.

India's textiles and allied product exports stood at just $30.4 billion in FY21, down 10% from a year before due to the Covid crisis. In the first five months of this fiscal, such exports jumped by 87% on year to $16.6 billion, aided by strong economic recovery in key markets such as the US and the EU. Still, the target remains much too ambitious.

"We will remain committed to ensuring implementation of all development schemes and bring in many more schemes in pursuit of this aspiration," said Darshana Vikram Jardosh, minister of state for textiles. She was speaking at an international conference on textiles & apparel, organized by industry body CII on Thursday. Earlier this month, the Cabinet approved a scheme to incentivise investments in setting up mega textile parks to build scale in the fragmented sector. It followed a Rs 10,683-crore production-linked incentive scheme for man-made fibre products and technical textiles.

Export tax refund schemes like the RoDTEP and RoSCTL have also been launched in recent years to improve the country's export competitiveness. Speaking on the occasion, textile secretary Upendra Prasad Singh said the government is making efforts to address various challenges and facilitate the creation of an "enabling environment" for the growth of the sector.

Kulin Lalbhai, co-chairman of the CII National Committee on Textiles and Apparel and executive director at Arvind, said, "The growing sentiment around 'China plus one' sourcing is a golden opportunity for Indian textiles to stage a turnaround and gain back its leadership position as a lead exporting economy."

Source: financialexpress.com– Oct 22, 2021

HOME

****

How a national logistics policy can bridge India's supply chain gaps

The aim is to bring all stakeholders under one umbrella using technology

The logistics industry would be a key enabler of India's journey to becoming a $5-trillion economy, but before that it needs a massive course correction. Logistics cost in India is estimated to be around 13 per cent of gross domestic product (GDP) (around $400 billion) against the global average of nearly eight per cent, according to a 2020 report by management consulting firm Arthur D. Little India in collaboration with Confederation of Indian Industry (CII). This amounts to a competitiveness gap of around $180 billion per annum. The report also says that if the supply chain inefficiencies are not adequately addressed, the chasm could further widen to $500 billion by 2030.

In 2018, India dropped to 44th position on World Bank's Logistics Performance Index (LPI) after it had jumped to 35th position in 2016 from 54th in 2014 largely due to the massive investment in mega projects like the Dedicated Freight Corridor, UDAN, Bharatmala, Sagarmala, and so on. The report, brought out every two years, ranked India 52nd in terms of "quality of infrastructure" as well as "degree of timeliness".

Fragmented, unorganised sector

Despite the initiation of several mega projects, logistics remains a largely fragmented and unorganised sector. One of the major issues impeding its growth is the massive infrastructural gap. Even today, organised logistics service providers are, more or less, restricted to the metros (20 to 30 cities) or special economic zones (SEZs), while micro, small and medium enterprises (MSMEs) and agri-based industries in tier II/III cities, as well as rural areas, are left with little choice but to use unorganised service providers. This sectoral divide exacerbates costs and impacts efficiency.

A varied and silo-based regulatory compliance model, disjointed IT systems, underdeveloped warehousing facilities, and lack of skilled manpower are the other key factors resulting in price escalation. For lack of a national policy, our supply chains are not synchronised with the rapidly increasing needs of our industries.

As per the Food and Agriculture Organization's (FAO) estimates, nearly 40 per cent of food produced in India gets wasted before it reaches the consumer. In monetary terms, this amounts to a loss of one lakh crore rupees. These losses can be attributed to fragmented food systems and supply chains gaps. Further, the multiple layers of intermediaries create severe vulnerabilities in our food supply chain.

A 2019 report by McKinsey and Company highlighted significant issues in India's transportation value chain. The report said India's logistics market depends heavily on regional brokers and struggles with financing issues. "Shippers face issues such as low-price power, low efficiency and transparency, and the limited visibility of vehicles and shipment in the value chain," it added.

Genesis of the policy

Through a holistic national logistics policy (NLP), the government aims to bridge these gaps and bring down logistics costs by up to eight per cent (of GDP) in five years. India's logistics ecosystem is pegged at $215 billion and expected to grow at a CAGR of 10.5 per cent by 2025.

The NLP aims to bring all the stakeholders of the logistics industry under one umbrella using technology. It wants to create a single-window portal that will digitally integrate service providers such as warehousing, shipping experts, third-party service providers, transporters and customs brokers with government agencies for a seamless flow of goods across regions. Along with efficient movement of goods, efficient data tracking is critical to the success of the supply chain.

Therefore, policymakers are planning to create a logistics data and analytics centre to track and report key metrics. This would not only enable end-to-end, real-time visibility but also bring in much-needed transparency in the sector.

New-age technologies such as geo-tagging, auto-capture and big data could be used to build a robust network to monitor supply chains. Through route optimisation and consolidation of freight, we can drastically reduce transportation costs. We would need to expedite the development of multi-modal logistics parks and eliminate chokepoints to improve connectivity. Additionally, efficient inventory management can reduce indirect costs to 20-25 per cent.

Covid-induced disruptions have led to faster adoption of emerging technologies by industry stakeholders. Artificial intelligence, blockchain technology, and the IoT (internet of things) have helped them reach new heights of efficiency. The government can also leverage these innovations to improve the supply chain network.

An effective logistics policy would also help manufacturing companies reduce their logistics cost, which is very high at present. Another key aspect is the participation of private players, and the NLP must have room for public-private partnership (PPP) models for faster optimisation of logistics and warehousing networks.

While developing the integrated model, the government must preserve the autonomy and independence of the private sector. An efficient supply chain network is essential for projects such as Make in India and Startup India to build a self-reliant India.

Source: thehindubusinessline.com– Oct 21, 2021

HOME

****

Government notifies 2-stage selection process for MITRA parks

The government on Thursday notified the scheme to setup seven Prime Minister's Mega Integrated Textile Region and Apparel (MITRA) parks and said that states having ready availability of contiguous and encumbrance-free land parcel of 1000+ acres will be eligible to apply. In a notification, the textiles ministry said that manufacturing units will get an incentive to setup early in the parks but only those companies would be eligible who don't avail the benefits under the PLI scheme for textiles.

"For incentivizing manufacturing units to get setup early in PM MITRA, there is a provision of Rs 300 crore per park, wherein the incentive can be provided to manufacturing units up to 3% of the total sales turnover on first come first serve basis," the ministry said.

As per the notification, the selection of sites will happen on a challenge method with parameters such as good connectivity, adequate quality power infrastructure, water and waste water disposal system, Industry Friendly labour laws, Single Window Clearances, Stable and Conducive industrial/textile policy of the state.

A 2-stage selection process has been put in place. Stage 1 is for preliminary selection of potential sites offered by states wherein expenditure on constitution of Special Purpose Vehicles, planning of the park, and selection of Master Developer would be done. At Stage 2, sites will be ready for release of Grants in Aid for the construction of the park.

India plans to set up seven MITRA Parks in Greenfield/Brownfield sites in partnership with the willing states with an outlay of Rs 4,445 crore from FY22 to FY28.

The scheme is to develop integrated large scale and modern industrial infrastructure facility for entire value-chain of the textile industry.

Source: economictimes.com– Oct 21, 2021

HOME

****

WTO DG meets Goyal, industry heads

India insists on balanced, fair deal; DG to meet PM, FM on Friday

WTO Director-General Ngozi Okonjo-Iweala met Commerce & Industry Minister Piyush Goyal and industry representatives in New Delhi on Thursday to discuss nuances of the on-going trade negotiations at the WTO and possible compromise areas for a successful outcome at the 12th Ministerial Conference (MC12) next month.

"In their second meeting on Thursday, Goyal and the WTO DG took forward the discussions they had initiated the previous day where the Minister expressed support for MC12 but stressed on the need for fairness and balance," an official said.

New Delhi has maintained that the negotiating text for agreements in both fisheries and agriculture must take into account proposals made by the country to protect developing countries' interest and ensure fairness and balance by neutralising special entitlements of some developed nations, a government official told BusinessLine.

"The WTO DG, who is in India for a three-day official visit, met industry representatives from trade bodies such as CII and some technology groups, to get their views on the manufacturing scenario, the global trading order and the forthcoming MC12," another source privy to the meetings said.

Top industrialists including TV Narendran from Tata Steel, Raghupati Singhania from JK Tyre, Sreekant Somany from Somany Ceramics Ltd, Tulsi Tanti from Suzlon Group, Suchitra Ella from Bharat Biotech International, Vineet Mittal from Avaada Group and Vishesh Chandok from Grant Thornton Bharat were amongst the registered participants for the meeting. The WTO DG is scheduled to call on Prime Minister Narendra Modi and meet Finance Minister Nirmala Sitharaman on Friday, the source added.

Key areas

In the two key areas of curbing harmful fisheries subsidies and disciplining farm subsidies, India is seeking not only carve-outs for itself and other developing countries to protect the interest of vulnerable sections of

population, it is also proposing disciplines to check the burgeoning subsidies of rich nations, the official said.

For instance, in the on-going fisheries negotiations, “India has said that its proposal seeking a 25 years horizon for the country and other developing nations to continue their subsidy programmes for marginal fishers to help them grow in stature, needed to be part of the negotiating text. At the same time, rich countries engaging in deep sea fishing using highly mechanised ships must do away with their subsidies,” the official said.

Similarly, in the area of agriculture, India has called for dismantling of high subsidy entitlements of several rich members due to which their farmers were allowed to be given subsidies as high as $40,000 per capita while for a country like India the subsidy that was allowed added up to just about $400 per capita, the source said.

India also wants priority to be given to finding a permanent solution for public stock holding that would allow it to provide minimum support price to farmers without worrying about ceiling limits.

“Reaching an agreement on public stock holding is already there in the WTO’s mandate which needs to be respected and given priority,” the official said.

Source: thehindubusinessline.com– Oct 21, 2021

HOME

****

Indian economy to see 10.5% or higher growth this fiscal: Niti Aayog Vice Chairman Rajiv Kumar

I expect Indian economy to grow 10.5 per cent or higher in FY 22: Niti Aayog VC Rajiv Kumar

Indian economy is expected to grow 10.5 per cent or more in the current fiscal, Niti Aayog Vice Chairman Rajiv Kumar said on Thursday. Speaking at a virtual conference organised by the Public Affairs Forum of India (PAFI), he also said that modernisation of the retail sector is very much on the cards.

"India Purchasing Managers' Index (PMI) for both manufacturing and services has shown a very smart uptick last month. This (Indian economy) will strengthen even further," he said. "I expect Indian economy to grow 10.5 per cent or higher in FY 22," he noted.

The country's economy grew by a record 20.1 per cent in the April-June quarter, helped by a very weak base of last year and a sharp rebound in the manufacturing and services sectors in spite of the devastating second COVID wave.

The Reserve Bank of India (RBI) has lowered the growth projection for the current financial year to 9.5 per cent from 10.5 per cent estimated earlier while the IMF has projected a growth of 9.5 per cent in 2021 and 8.5 per cent in the next year.

Kumar asserted that the unevenness in demand across various parts of the country is not because of a lack of consumer confidence, which has come up in a significant manner, but because of certain supply constraints. He described these constraints as "chips, ships and global trips," which have constrained India's growth recovery.

Replying to a question, Kumar said reasons for the slump in two-wheeler sales might be the transition from internal combustion engine scooters and bikes to electric bikes and scooters.

Noting that exports create jobs, he said, "we need to double our share of global trade... and for that we might need better market access". The Niti Aayog VC said the private sector has to work with the government to take the country forward and make development a people's movement. He urged

industrialists not to be sceptical about the government's intention because it has already taken a lot of hard decisions like the roll back of the retrospective tax.

On disinvestment and asset monetisation, Kumar said the focus is on implementation as far as asset monetisation is concerned. "I am confident we will achieve the targets because of close monitoring at the highest level," he said.

Noting that most background work has been done on privatisation, Kumar said, "We will achieve the budgeted targets for privatisation as most background work is done and one will see more coming in". Replying to a question on poverty, Kumar said he is of the view that going forward India needs to focus on infrastructure financing and building real estate as these have a huge multiplier effect. "These sectors will create employment," he said, adding that the economic environment has been created for sustained recovery of jobs.

On e-commerce, Kumar noted that e-commerce was a saving grace during the pandemic. "Modernisation of the retail sector is very much on the cards and the government will take it forward," he said, adding that, however, all stakeholders will have to abide by regulations.

Kumar said he was mystified at the declining women labour force participation though the 2019-20 Periodic Labour Force Survey pointed to a slight uptick in women workforce. "There is no real survey to explain the reasons for a decline," he said, and urged industry to help the government to understand the drivers of female participation in the labour force.

Source: financialexpress.com– Oct 21, 2021

HOME

****

With recovery widening, Icra sees Q2 GDP at 7.7 pc

Despite the widened recovery in Q2 with a larger number of sectors bettering their pre-pandemic performance, the revival is multi-speed, with a considerable variation in the pace of growth across sectors, Nayar said.

With half of the 15 high-frequency indicators recovering to the pre-pandemic levels in the second quarter, the economy finally looks nearly out of the pandemic woods, helping the Q2 GDP print at 7.7 per cent, according to a report.

However, the September print was not as good as the quarter, indicating that the recovery remains uneven, it added.

While continued base normalisation, emerging supply-side constraints and excess rainfall have dampened the year-on performance of most of the 15 high-frequency indicators in September, the economic recovery has widened in Q2 as the crisis wrought by the second wave has abated, with a larger number of sectors bettering their pre-pandemic performance, relative to Q1, Icra Rating chief economist Aditi Nayar said in a note on Thursday.

The annualised performance of 14 of the 15 high-frequency indicators, except non-food bank credit, have worsened in September compared to August.

Accordingly, Nayar projects real GDP in Q2 to have mildly trailed the level of Q2 of FY2020, at 7.7 per cent, compared to 2.21 per cent in Q1, led by the continued subdued performance of the contact-intensive sectors.

She also expects the daily average generation of the GST e-way bills in October to surpass the peaks seen in February-March 2021, indicating a better print of the growth numbers in the second half of the current fiscal.

Despite the widened recovery in Q2 with a larger number of sectors bettering their pre-pandemic performance, the revival is multi-speed, with a considerable variation in the pace of growth across sectors, Nayar said.

There is also the growing evidence of a K-shaped recovery, as is evidenced by the sharp disparity in the performance of the stock markets, robust growth in direct tax collections and improved business sentiment,

juxtaposed with the continued pessimism displayed by urban households in the RBI's latest consumer confidence survey.

The low performance in September was mainly on account of a combination of factors such as continued base normalisation (especially for motorcycles and scooters, domestic airline passenger traffic, and generation of GST e-way bills), supply-side constraints (non-availability of semi-conductors particularly for passenger vehicles) and excess rainfall.

The trend was split compared to Q1 volume performance — seven of the 14 non-financial indicators, including the quarterly output of commercial vehicles, rose above their pre-pandemic volumes in Q2, such as non-oil exports, GST e-way bills, the output of Coal India and electricity generation. However, Q2 FY22 performance of sectors like air travel, supply of and demand for automobiles, ports cargo traffic and diesel consumption lagged the level in Q2 of FY20.

Yet, this marks an improvement relative to the situation in Q1 FY22, when only three sectors — ports cargo traffic, rail freight and non-oil exports — had reported higher volumes relative to Q1 FY20.

We also expect a base-effect led moderation in the pace of annualised growth of real GDP to 7.7 per cent in Q2 from 20.1 per cent in Q1 FY22, Nayar said.

Early data reveal mixed trends for October. Electricity demand has risen mildly to 2.7 per cent so far in the month, from 0.8 per cent in the previous month, with demand contained by the dip in temperature levels with surplus rainfall amid concerns regarding coal availability.

The daily average generation of the GST e-way bills in October may surpass the peaks seen in February-March 2021, boosted by healthy demand during the festive season. But, supply-side constraints would dampen output in sectors like automobiles, with the semi-conductor shortage set to suppress production in October as well, Nayar noted.

Source: financialexpress.com– Oct 21, 2021

HOME

****

CCEA decision: Cabinet secretary-led group to review PM GatiShakti roll-out

The PM GatiShakti NMP is expected to fast-track infrastructure projects and cut delays as well as cost over-runs through a holistic and well-coordinated approach.

The Cabinet committee on economic affairs (CCEA) on Thursday approved the national master plan for 'multi-modal connectivity', or PM GatiShakti, and decided to set up an institutional framework to implement, support and monitor the entire programme.

The government will form an empowered group of secretaries (EGOS), a network planning group and a technical support unit to implement the programme, announced first by Prime Minister Narendra Modi on October 13.

The EGOS will be headed by the cabinet secretary and consist of secretaries of 18 ministries as members and the head of the commerce ministry's logistics division as convenor. It will review the implementation of the programme and prescribe norms for undertaking any subsequent amendments to it.

The EGOS will also set the framework for synchronization of various activities and ensure that various initiatives of infrastructure development are part of the common integrated digital platform. It will also look at the interventions required to meet demand, inefficiently transporting bulk goods on the requirement of various ministries like steel, coal, fertilizer, etc. The CCEA also cleared the formation, composition and terms of reference for the Network Planning Group consisting of heads of such wings of respective infrastructure ministries. This group will assist the EGOS.

Moreover, given the complexities involved in the overall integration of networks, the technical support unit will be established. It will have experts from various infrastructure sectors, including aviation, maritime, rail, roads and highways, ports, etc.

The PM GatiShakti NMP is expected to fast-track infrastructure projects and cut delays as well as cost over-runs through a holistic and well-coordinated approach. It is intended to break inter-ministerial silos. Instead of separate planning and designing by relevant departments, projects will

be designed and executed with a common vision. The idea is to help boost economic growth, spur employment, draw large-scale investments and reduce logistics costs.

The new initiative is a GIS-based platform with as many as 600 layers, capturing all utilities and network linkages in various economic clusters. Ambitious targets have been set under the plan for capacity addition in various infrastructure sectors for 2024-25.

The new plan will complement the Rs 111-lakh-crore National Infrastructure Pipeline and multiple efforts to generate resources for it, including the National Monetisation Pipeline and the development finance institution (DFI) that are being operationalised.

Source: financialexpress.com– Oct 22, 2021

HOME

****

India poised to become USD 5-trillion economy by 2024-25: Union Minister Hardeep Singh Puri

On economic growth momentum, he said petrol consumption is 16 per cent higher than pre-COVID levels, while diesel consumption is 10-12 per cent higher. Union Minister Hardeep Singh Puri on Thursday exuded confidence that India will become a USD five-trillion economy by 2024-25 and USD 10-trillion by 2030.

Speaking at a virtual conference of PAFI India, Puri said, “Economic growth is accelerating. India is poised for growth to become a USD 5 trillion economy by 2024-25 and USD 10-trillion economy by 2030”. On Bharat Petroleum Corporation divestment, he said: “All feedback is proceeding well…” The petroleum and urban development minister also hailed the recent Air India divestment.

There are reports that after the Air India deal, the government intends to close the disinvestment of BPCL this fiscal only. About the vaccination drives in the country, he said, “We are celebrating one billion doses of vaccines administered today”.

On economic growth momentum, he said petrol consumption is 16 per cent higher than pre-COVID levels, while diesel consumption is 10-12 per cent higher. “Even the stock market has registered a growth of 250 per cent since March 2020,” he added. Puri mentioned that the pandemic has led to a different set of growth drivers — revival of health sector, exports, global manufacturing risk index, increased economic activity, achieving renewable energy target and initiative like Gati Shakti, Foreign exchange reserve.

On high energy and oil prices, Puri said the supply curve has been kept below the demand curve, which leads to high prices.

“High price of energy undermines global economic recovery. The ideal is to release increased production in the market and that will be in the interest of the producing country also. For India, Centre and state in the spirit of cooperative federalism need to pool their resources to keep prices in check,” he said.

Source: financialexpress.com– Oct 21, 2021

HOME

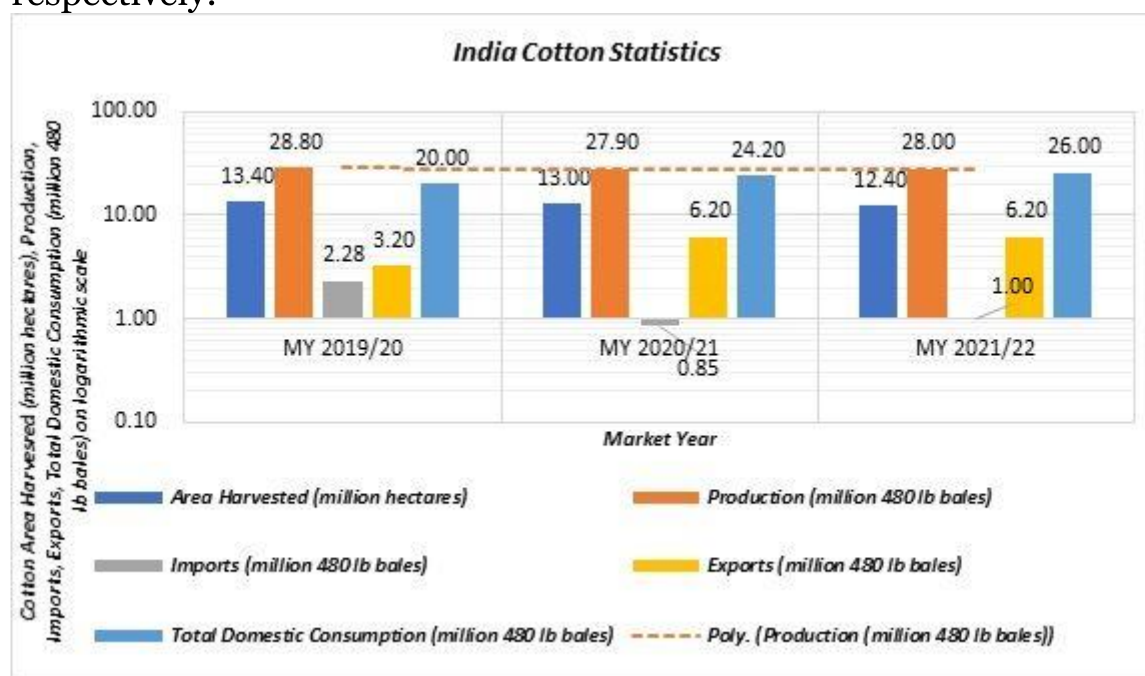
****

India's cotton consumption to rise in market year 2021-22

The highly competitive prices of Indian cotton fibres in the global market coupled with the increasing export demand for cotton yarn and textile products will cause India's domestic cotton consumption to rise in market year (MY) 2021-22. Cotton imports have also been rising due to a strong demand from cotton mills to fulfil their export orders.

The area of cotton harvested is expected to move down as the area under Rabi crop in South India is increasing. Despite the decrease in cotton harvest and damage due to excessive rains, the cotton production is expected to rise due to high seed cotton prices. Farmers are also willing to keep the crop on the field longer for better price realisation.

In addition, new minimum support price (MSP) has been increased by 3.80 per cent and 3.40 per cent for medium staple cotton and long staple cotton, respectively.



Cotton area harvested in India was 13.40 million hectares in MY 2019-20, which dropped by 2.99 per cent to 13 million hectares in MY 2020-21, according to Fibre2Fashion's market analysis tool TexPro. It is expected to decline further by 4.62 per cent to 12.40 million hectares in MY 2021-22.

The country produced 28.80 million 480 lb bales in MY 2019-20 and 27.90 million 480 lb bales in MY 2020-21. However, it is expected to rise slightly by 0.36 per cent to 28 million 480 lb bales in MY 2021/22.

The country's cotton imports went down by a whopping 62.72 per cent from 2.28 million 480 lb bales in MY 2019-20 to 0.85 million 480 lb bales in MY 2020-21, as per TexPro. It is expected to rise again by 17.65 per cent to reach 1 million 480 lb bales in MY 2021-22.

As for the cotton exports, India exported 3.20 million 480 lb bales in MY 2019-20, which rose by 93.75 per cent to 6.20 million 480 lb bales in MY 2020-21. It is expected to remain the same in MY 2021-22.

Coming to the consumption of cotton in the country, it will go from 20 million 480 lb bales in MY 2019-20 and 24.20 million 480 lb bales in MY 2020-21 to 26 million 480 lb bales in MY 2021-22.

Source: fibre2fashion.com– Oct 21, 2021

HOME

****

Ministry of MSME calls for suggestions on trade with Sweden, Columbia

For the bilateral trade meetings between Government officials of India-Sweden and India-Columbia, Ministry of MSME has invited feedback and suggestions from Micro and Small & Medium Enterprises (MSMEs) related to trade and investment. A range of topics are scheduled to be discussed during the G2G virtual meeting between officials of India and Sweden and Columbia separately.

The Ministry is accepting proposals and agenda items to be taken up during the meeting with the Swedish and Columbian counterpart. India is Sweden's 19th largest export market and third largest trade partner after China and Japan in Asia. The main Swedish exports to India are communication equipment, motor vehicles, paper & pulp products, pharmaceuticals, chemicals and engineering products.

The main items of Indian exports are garments, textiles, chemical products, food products, and semi manufactured and manufactured goods. India – Columbian bilateral trade, on the other hand, is around US2 Bn. Indian exports to Colombia comprise mainly motorcycles in CKD form, vehicles (SUVs, pick-ups, three-wheelers), cotton yarn and woven fabrics of cotton, pharmaceuticals, organic chemicals and iron & steel items.

Indian imports from Colombia include mainly mineral fuel, natural or cultivated pearls, wood & articles of wood, plastic & aluminum, etc. Several Indian companies have presence in Columbia. Besides all major Indian IT companies (TCS, Tech Mahindra, Mahindra, Infosys, etc) and Pharmaceuticals giants (IPCA, CIPLA, Aurobindo Pharma, Dr. Reddy´s etc), Columbia has become base for Indian auto majors namely TVS, Bajaj, Hero, Royal Enfield, Sonalika and Mahindra. MSMEs are also part of supply chains especially auto sector.

Bilateral trade meetings, usually held annually between the two countries, are important platforms to bring to notice the senior officials the difficulties being faced by the business community. Such forums are especially important to get the non-tariff barriers removed.

Source: knnindia.co.in– Oct 21, 2021

HOME

****

Middlemen worried as box lines, terminal operators offer door-to-door service

Global terminal operators and container shipping lines are exploring end-to-end freight management, a move that will drastically curtail the role of freight forwarders.

On Wednesday, Dubai-based DP World launched CARGOES Logistics, a new digital logistics platform that helps customers book freight by sea, road and/or rail, get instant quotes, booking confirmation and multiple secure payment options.

CARGOES Logistics aims to address complexities and inefficiencies in global supply chains and allow cargo booking from origin to destination at an all-inclusive price with no hidden charges, DP World said.

Maersk Line, the world's biggest container shipping firm, is said to announce that it will only accept cargo directly from shippers from November 1, eliminating the 'middlemen' as forwarders are often referred to.

Freight forwarders in India say that the door-to-door logistics plans of global giants will hit them.
"It's going to hurt," said A Vijayakumar, managing director, Paramount Shipping Services. Maersk wants to use the on-going crisis in container shipping to establish its door-to-door concept, he claimed.

Soaring rates

For close to a year, global trade has been hit by capacity crunch on ships, equipment shortages and port congestion that have send container shipping rates soaring to record levels.

Maersk's likely move, apart from expected to eliminate the role of forwarders from its cargo bookings, while potentially offering some discounts to exporters opting for the door-to-door model that covers inland transportation and the ocean leg of the journey.

"In the present scenario, the lines are seeing that the middlemen are taking a big mark up and the government and the trade are blaming the shipping lines," an industry source said.

Container lines such as Maersk typically sign annual contracts with forwarders, their main customers, in January, specifying the volumes and the rates.

Though, the demand has exceeded supply since then, forwarders get space on ships at rates that were frozen in January, whereas, forwarders are re-selling to their customers at higher rates prevailing currently.

Container carriers reckon that middlemen are "using their space on ships to make money. They don't want to allow that, according to shipping industry sources.

Since January 2020, Maersk has not signed annual contracts with Indian forwarders. But, at a global level, such deals have been signed with big forwarders who also have a fairly large presence in India, the industry source said.

Hence, the plan to accept cargo directly from shippers (exporters) will affect the big, global forwarders and not the small and medium forwarders in India, who continue to be dependent on lines where space is available.

And, in the absence of annual contracts, if a forwarder makes a booking, the lines will charge the prevailing rate. On that, the forwarder will add his costs and quote the rate to the customer.

The elimination of forwarders will not result in lower rates for exporters.

"However, rates will not come down because all the lines are charging the same higher rate. The high freight rate now is because of the acute lack of space on ships, rates are increasing because of the demand and supply mismatch," Vijayakumar said.

Source: thehindubusinessline.com– Oct 21, 2021

HOME

****

Uniqlo India reports 86% jump in FY21 sales

Uniqlo India reported an 86% jump in sales to Rs 239 crore for the fiscal year ending March 2021, up from Rs 128 crore for 2019-20 even as the Japanese fashion retailer reported a 43% decrease in its net loss to Rs 36 crore from a year earlier.

The Registrar of Companies (RoC) figures accessed by business intelligence platform Tofler showed Japan's largest fashion retailer's total expenses in India stood at Rs 275 crore for the year compared to Rs 192 crore a year earlier.

Uniqlo, the world's third largest fashion brand behind Spain's Zara and Sweden's H&M, entered India in October 2019 or months before a devastating Covid-19 struck India that left physical retailers reeling under heavy losses and piling inventories as India observed months of lockdown in March 2020 onwards to curb the spread of the virus.

Analysts say Uniqlo's performance for the year 2020-21 is impressive given that its stores were shut for months like any other brick-and-mortar retailers. In July, Uniqlo also rolled out its e-commerce webstore in India.

So far Uniqlo has opened half a dozen outlets in the National Capital Region (NCR) as capital city of Delhi and its suburbs are known as.

Uniqlo is now planning to open stores in Mumbai next year and is in talks for spaces with a couple of prominent malls in that city, according to various mall executives.

Source: economictimes.com– Oct 20, 2021

HOME

****