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INTERNATIONAL NEWS

UK economy forecast to return to pre-COVID level by year end, grow 6.5% GDP in 2021

Looking further ahead, the OBR forecast gross domestic product would grow 6% in 2022, 2.1% in 2023 and 1.3% in 2024.

Britain's economy is forecast to grow 6.5% in 2021, finance minister Rishi Sunak said on Wednesday, citing the latest projections from the Office for Budget Responsibility (OBR).

He said the forecasts showed the economy would return to its pre-COVID level at the turn of the year – earlier than had been forecast in March.

Wednesday's 2021 forecast was also stronger than those produced in March, when the OBR had forecast 4.0% growth for 2021.

Looking further ahead, the OBR forecast gross domestic product would grow 6% in 2022, 2.1% in 2023 and 1.3% in 2024. That compares with the OBR's March forecasts of 7.3%, 1.7% and 1.6%.

Source: financialexpress.com– Oct 26, 2021

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Is US textile & apparel trade really shifting out of China?

US textile and apparel imports had begun to return to their usual trajectory lately, with home textile imports falling from their high last year and apparel imports inching back towards pre-Covid levels. Supply chain bottlenecks have now become the most pressing problem as shipments get lined on US ports, and delays mount to exorbitant levels. Delays are such, that Hapag Lloyd and CMA CGM have reportedly alerted their customers about cancelling calls to the Port of Savannah, one of the largest ports in the US recently.

US imports had seen a tremendous jump in the first half of 2021, only to be caught in the logjam created by the demand itself. US textile and clothing imports, although continue to rise on a m-o-m basis in Aug-21, it registered a negative growth relative to the previous year. This is in contrast to the overall retail sales in the US, which continue to rise on both m-o-m and y-o-y basis. As figure 1 would suggest, domestic sales are booming in the US (even if the pace has reduced since Mar-21), while import demand for textiles and clothing have been impacted heavily due to the shipping bottlenecks and consistently rising logistics costs.

US imports back to usual trends

Since, apparel and home textiles are the two largest categories of textiles imports in the US, let us have a quick look into how these have performed. During the lockdown phase, demand for home textiles increased tremendously as consumers found renewed interest in maintaining health and hygiene and reinventing their personal space.

US' Home textiles imports touched USD 21.7 billion in 2020 compared to USD 9.4 billion in 2019 and USD 9.2 billion in 2018. On the other hand, US apparel imports saw a sharp drop last year. A large part of this impact on US imports was obviously on imports from China.

Both home textiles and apparel imports for US have returned to their usual trends this year, as evidenced from Figure 2. Year to date, while apparel imports have only started to recover fully to pre-pandemic levels, home textile imports remain higher than pre-Covid levels, highlighting a possible behavioral shift towards more hygiene.

US imports appear to have shifted to other locations from China, as recent tensions between the two trade partners have only increased. For apparel imports, the large gainers as reported by the US, have been Vietnam, Bangladesh, India, Indonesia, and Cambodia (Figure 3). However, there is another angle to this apparent trend shift that we will discuss later. US home textiles imports from China have normalised from the levels reached last year but remain elevated than pre-Covid levels (Figure 4). However, home textiles imports from India and Turkey have risen tremendously, while only seeing marginal growth from other partners (Mexico and Pakistan).

Are other partners gaining share in US imports?

Commodity-wise, all major apparel categories have seen a decline in imports from China. A look at the top 10 categories in apparel, shows that there has been as much as 46 per cent decline in US imports from China. Figure 5 shows the top ten categories of apparel imports from China to the US and almost all have seen a fall in Jan-Aug 2021 compared to Jan-Aug 2019.

The heaviest fall has been in men's woven suits, ensembles & jackets (-48.1 per cent), women's woven suits & ensembles (-46.8 per cent), knitted sweaters & pullovers (-43.8 per cent), woven track suits & swimwear (41.0 per cent) and women's knitted suits & ensembles (-19.6 per cent). The HS Codes for these categories are 6203, 6204, 6110, 6211 and 6104 respectively. Not very surprisingly, imports of garments made of felt or nonwovens (primarily surgical gowns) from China saw a substantial increase in the period of our analysis.

The very simplistic interpretation of US imports declining from China and deriving an obvious conclusion that it may be shifting to other locations is not uniformly true. For instance, the category with the largest decline in China imports as mentioned above, men's woven suits, ensembles & jackets, has simultaneously seen a decline in imports from all other relevant partners.

Click here for more details

Source: fibre2fashion.com– Oct 28, 2021

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China asks US to create conditions to push phase-I of trade deal

China and the United States should join hands to create conditions to implement the first phase of the US-China economic and trade agreement signed in January last year as that can be mutually beneficial as well as benefit the rest of the world, according to China's commerce ministry, which delineated key tasks to grow its trade in services during the 14th Five-Year Plan period (2021-25).

China would welcome a move by the United States to start a targeted tariff exclusion process while keeping open the potential for additional exclusion processes, ministry spokeswoman Shu Jueting recently told a media briefing.

"China always believes lifting additional tariffs is in line with the interests of consumers and producers in both countries and also is good for global economic recovery,"Shu said, adding economic and trade teams of the two countries have been maintaining normal communication, and her ministry will release news on any new information.

The tasks include deepening reform and expanding opening-up, accelerating digitalization, optimizing industry structure and regional layout, supporting market players, and enriching cross-border cooperation, according to a new development plan released by 24 government departments, including the ministry of commerce and the National Development and Reform Commission, the country's top economic regulator, she was quoted as saying by Chinese media reports.

The plan has included digital trade for the first time to align with the development trend of digitalised, Internet-based and intelligent services trade, she said.

The plan emphasised reform and opening-up in a designated chapter, which focused on expanding market access, promoting higher opening-up in cross-border trade in services, and building high-level reform and opening-up platforms.

Source: fibre2fashion.com– Oct 28, 2021

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Australia's exports to China are jumping despite their trade fight

China has been buying more goods from Australia this year even as their trade spat shows no signs of abating.

The value of Australia's exports to China has jumped 24% from a year ago, to reach over $180 billion Australian dollars ($135 billion) as of the latest August data, according to research firm Oxford Economics.

Monthly data shows goods to China hit a record monthly high of 19.4 billion Australian dollars in July – a surge of 72% as compared with a year ago, according to Reuters.

Relations between the two countries deteriorated sharply last year after Australia supported a call for a global inquiry into China's handling of its initial Covid-19 outbreak.

Since then, those tensions have filtered into Chinese sanctions on Australian goods. That has ranged from levying tariffs to imposing other bans and restrictions — affecting Australian goods including barley, wine, beef, cotton and coal.

"Australia's increasingly fractious trading relationship with China has been a key downside risk to the outlook over the past year," said Sean Langcake, principal economist at Oxford Economics. "Trade barriers on certain products from Australia have been imposed and have steadily escalated as diplomatic tensions rise."

However, through it all, Australia's exports to China "have held up remarkably well," the firm said in an Oct. 22 note.

Australia is one of the few developed countries that enjoys a trade surplus with China, its largest trading partner.

Iron ore driving export growth

While the headline numbers show a jump in exports, the rise is attributed mostly to iron ore — a commodity for which China is heavily dependent on Australia.

"Record-high iron ore prices and strong demand for steel-making inputs in China accounts for much of this strength," Langcake said.

Without iron ore, exports to China across most categories outside of mining actually dipped this year, according to Oxford Economics. Unsurprisingly, the worst-hit goods include those that China targeted.

Within food exports, however, some products bucked the trend. Meat and live animal products are still holding "steady" and going to China despite restrictions, said Langcake.

The goods among the worst hit include timber, seafood, beverages, edible oils, coal, textiles, footwear, cereals and sugar, according to Oxford Economics.

Australian officials have slammed China for the trade sanctions. In a statement to the World Trade Organization last week, Australia said: "China says that these actions reflect legitimate trade concerns; but there is a growing body of information that demonstrates China's actions are motivated by political considerations."

On Tuesday, the WTO said it has agreed to set up a panel to examine China's duties on imported Australian wine, according to Reuters.

Despite the sanctions, Australia has managed to divert its banned exports to other countries, according to Oxford Economics.

"The key question throughout this episode for exporters has been their ability to pivot to alternate export destinations if confronted with barriers when exporting to China," said Langcake. "Encouragingly, we find evidence that trade dispersion has occurred, rather than a collapse in export performance."

One example is coal, which has been under the spotlight as China's restrictions on Australian coal remain in place, despite the country's worst power crisis in years due to a shortage of the commodity. Coal exports from Australia to India – which is facing its own coal shortage — Japan and South Korea have soared, said Oxford Economics.

Source: cnbc.com– Oct 28, 2021

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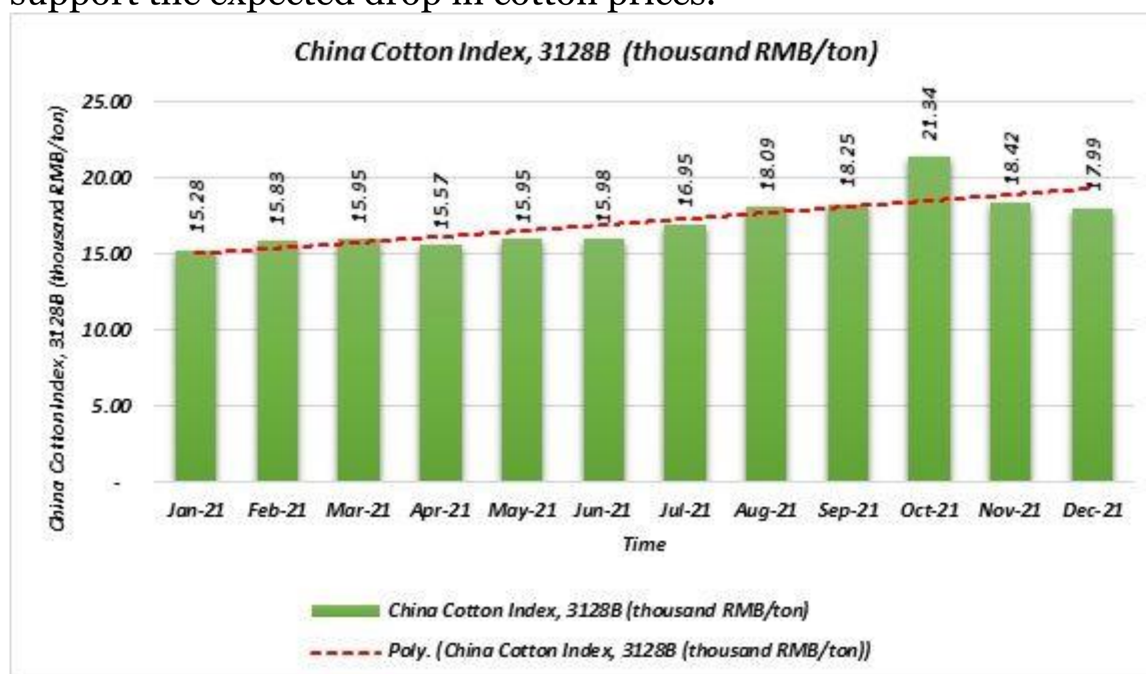
China Cotton Index to move down considerably by end of 2021

China Cotton Index (CCI) is expected to move down in the next few months as Chinese monetary and financial regulatory agencies begin supporting various departments to control the prices of cotton, while farmers are looking to sell their cotton due to bad weather and poor financial conditions.

Additionally, government management agencies are working to bring the rising coal prices under control. The energy and electricity issues of China are expected to be resolved in the upcoming period which, in turn, is likely to help reduce the prices of cotton as processing costs will go down. The cotton demand may also reduce in the coming months, which will further support the expected drop in cotton prices.



The monthly average of CCI was 15,690 RMB per metric ton in Q1 2021 and 15,830 RMB per metric ton in Q2 2021. In Q3, the monthly average surged by 12.19 per cent to 17,760 RMB per metric ton, according to Fibre2Fashion's market analysis tool TexPro.

In Q4 2021, the CCI may drop significantly as the monthly average is expected to decline by 15.70 per cent to 17,990 RMB per metric ton in December 2021 from 21,340 RMB per metric ton in October 2021.

Source: fibre2fashion.com– Oct 28, 2021

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Tax Cut Gifts British Retailers Much-Needed Breathing Room

U.K. retailers received an early holiday present from the British finance minister, who cut the business rates tax by 50 percent—but only for one year.

U.K.'s finance minister Rishi Sunak has been reviewing the business rate system, which many retailers have described as burdensome in light of the shift in consumer purchases from brick-and-mortar to online. On Wednesday, Sunak presented his budget to parliament and said there would be a discount of 50 percent for hard-hit businesses, such as retailers, for a period of one year. The rates were suspended during the pandemic for retailers. Her Majesty's Treasury, the equivalent of the Treasury Department in the U.S., said that there would be two budgets in 2021 and the budget Sunak presented was the second of two for 2021.

"We're introducing a new investment relief to encourage businesses to adopt green technologies like solar panels," Sunak said, according to a Reuters report. The finance minister added that while he could try to ease the burden, he couldn't abolish a tax that brings in 25 billion pounds ($34 billion) to the treasury's coffers.

In another change, Sunak said the property valuations would be reviewed every three years instead of every five, and that the business rates multiplier would be frozen in year two of the cycle under the new system. He also put on hold a planned annual increase in the rates.

The country charges business rates on commercial property based on the property's valuation. The rates are essentially a tax in exchange for the right to occupy the commercial space. Rates are typically 50 percent of the annual rate, according to real estate firm Knight Frank.

Sunak has been under pressure from retailers to ease their tax burden. The pandemic's after-effects worsened store vacancy rates along the U.K. high streets and retailers say the legacy business system no longer reflects digital's place in retail.

Frasers Group in particular has been vocal about the need for change in how the U.K. government assesses the business rates. David Daly, Frasers' chairman, called the current rates "excessive" in August, when the company

report full year results for the period ended April 25, 2021. He even stated that an outdated business rates system could even possibly jeopardize some House of Fraser locations.

Also in August, the British Retail Consortium (BRC) said that while retail sales remained strong, it saw signs that the rate of growth is slowing. BRC's CEO, Helen Dickinson OBE, said that the broken system continued to hold back retailers, and hindered vital investment into retail innovation. At the time, she was asking for a permanent cut to the business rates.

Just before the Autumn Budget was published on Oct. 27, the BRC submitted a report from WPI Strategy to Sunak's office in support for a cut in the business tax burdens to prevent further store closures and job losses. In the BRC budget submission, Dickinson noted that without substantial reductions, "four out of five retailers would be forced to close additional stores across the country, further eroding the fabric of local communities."

Source: sourcingjournal.com– Oct 28, 2021

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Sound growth in China's industrial profits in 1st 3 quarters of 2021

Profits of China's major industrial firms witnessed sound growth momentum in the first three quarters of the year as industrial production continued to recover and business operations kept improving, according to recent official data.

Industrial firms with annual business revenues of at least 20 million yuan saw their combined profits jumping by 44.7 per cent year on year in the January-September period to top 6.34 trillion yuan, data from the National Bureau of Statistics (NBS) showed.

The volume surged by 41.2 per cent compared with the 2019 level, putting the average January-September growth for 2020 and 2021 at 18.8 per cent, official Chinese media reported.

In September alone, major industrial companies raked in profits of 738.74 billion yuan, up by 16.3 per cent year on year, NBS data showed.

Source: fibre2fashion.com– Oct 29, 2021

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US to levy AD on polyester textured yarn from 4 Asian nations

The US department of commerce has announced its final determinations that imports of polyester textured yarn from Indonesia, Malaysia, Thailand and Vietnam are being unfairly sold below their fair value in the US.

The department has thus calculated antidumping duty (AD) cash deposit rates that range from 2.58 per cent to over 56 per cent.

As a result of the final determinations, U.S. Customs and Border Protection will continue to collect antidumping duties in the amount equal to the final dumping cash deposits rates for imports from each producer or country.

Importers will be required to post duty deposits at these AD rates on the date the final determinations are published in the Federal Register, in approximately one week.

The next step in the trade cases will be the US International Trade Commission's (USITC) final determination of whether imports from the four countries are a cause of material injury or threaten to materially injure domestic polyester textured yarn producers.

The USITC is currently scheduled to announce its final determination on November 30, 2021.

The lead counsel for the domestic industry, Paul Rosenthal of Kelley, Drye & Warren, LLP, commented, "The commerce department's decisions are a big step in the right direction for the US companies and workers who are now closer to getting relief from the unfairly traded imports that have jeopardised the industry.

The companies and workers are grateful for the hard work of the commerce department. We hope for a similarly favourable decision from the USITC so that more workers can return to their jobs in this important industry."

In October 2020, two major US synthetic yarn producers – Unifi Manufacturing, Inc and Nan Ya Plastics Corporation, America – filed petitions with the commerce department and the USITC alleging that dumped imports of polyester textured yarn from Indonesia, Malaysia, Thailand and Vietnam were causing material injury to the domestic

industry. The commerce department initiated the investigations in November 2020, and the USITC preliminarily determined in December 2020 that imports from the four countries are causing injury to the US domestic industry.

Imports of polyester textured yarn from China and India are currently subject to significant double- and triple-digit AD and countervailing duties as a result of prior investigations that concluded in January 2020.

Source: fibre2fashion.com– Oct 29, 2021

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Global demand for CmiA cotton grows; new partners join

BRAX from Germany, Jolo Fashion Group from the Netherlands and Shinsegae International from South Korea have joined the Cotton made in Africa (CmiA) initiative. They aim to promote sustainable cultivation, protect the environment and improve the working and living conditions of small-scale farmers and their families, currently numbering around 1 million.

“Only with committed partners at our side can we advocate together for small-scale farmers in Africa, their families, and the responsible production of our raw materials now and in the future. Our recent growth shows that companies from around the world, whether small brands or global enterprises, can achieve their own sustainability goals through Cotton made in Africa and make them visible to their customers,” said Tina Stridde, the managing director of the Aid by Trade Foundation and of its CmiA initiative.

As one of the world’s leading initiatives for sustainably produced cotton in Africa, CmiA represents a socially and environmentally responsible basis for the global textile chain. It gives a face to the small-scale farmers who form the bedrock of the fashion industry. Working in accordance with the CmiA standard, some one million small-scale farmers from ten countries in Sub-Saharan Africa currently account for around 30 per cent of African cotton production, CmiA said in a press release.

“Cotton made in Africa has impressed us. The standard addresses both social and ecological aspects of sustainable cotton production. This allows us to source our textiles sustainably and to offer our customers what they are increasingly looking for: a sustainable alternative to conventional goods,” said Shinsegae International Co-CEO and head of jaju division Lee Seock-koo.

According to the most recent study results, CmiA cotton has a significantly smaller ecological footprint than the global average. With greenhouse gas emissions at 13 per cent below the global average for cotton cultivation, CmiA cotton also contributes less to climate change.

Small-scale farmers benefit from agricultural and business training that enables them to improve their yields and cultivation methods. Beyond sustainable cotton production, CmiA actively advocates for issues like healthcare, respect for children’s rights, and equal rights for men and

women. This directly contributes to improved awareness of social issues in village communities. Factory workers in the ginneries, where cotton seeds are separated from the fibres by machine, benefit from improved working conditions.

Consumers can identify these products through the CmiA label. Each purchase represents a direct investment in improving living conditions and protecting our environment, the release added.

Source: fibre2fashion.com – Oct 28, 2021

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Ethiopian textile industry at risk if U.S. suspends trade deal over Tigray war

In a crowded Addis Ababa factory, Finoteselam Nigussie's needle plunges in-and-out of the gauzy white cloth she deftly guides through a sewing machine.

Like thousands of other Ethiopian women, stitching shawls for export to the United States pays the 40-year-old textile worker's rent and her daughter's school fees.

Now though, Finoteselam's job is in danger as the United States ponders suspending Ethiopia's duty-free market status, citing abuses and a growing famine in the war-ravaged northern Tigray region.

Suspension of benefits under the African Growth and Opportunity Act (AGOA) would threaten Ethiopia's aspirations to become a light manufacturing hub and dent hard-won economic gains in a nation once a byword for hunger and poverty.

"We have used AGOA since we started business," said Finoteselam's boss Sammy Abdella, who set up the company nearly two decades ago and employs 250 people.

"People ... have worked with us since we have started. We have created a family," he added, his voice cracking.

Although Ethiopia is not a large global supplier, suspension of its U.S. trade status would be yet another problem on the list for global fashion brands such as The Children's Place, Tommy Hilfiger and Calvin Klein as COVID-19 disrupts manufacturing capacity, ports and supply chains.

WAR HORRORS

Washington has repeatedly expressed concern over widespread reports of sexual violence by Ethiopian and allied Eritrean soldiers in Tigray, where local forces have battled the military and its allies for a year.

The United Nations says a de facto blockade of aid has forced 400,000 people into famine. On Thursday, it said no food convoys had entered Tigray

for the past 10 days. There have been many reports of mass killings of civilians.

The government has denied blocking aid and said individual soldiers have been tried for any abuses, without giving details. Eritrea has denied committing abuses.

Washington has already laid the ground for sanctions, with its chief trade representative promising a decision soon on its AGOA status.

The act gives sub-Saharan African nations duty-free access to the United States if they meet criteria including removing barriers to U.S. trade and progress towards political pluralism.

Prime Minister Abiy Ahmed's chief trade negotiator Mamo Mihretu told Reuters that AGOA had directly created 200,000 jobs and indirectly created millions.

"We should not politicize trade issues," he told Reuters.

Over the past decade, Ethiopia has spent billions constructing a dozen industrial parks and related infrastructure. Some factories produce goods for fashion giant PVH, owner of the Calvin Klein, Speedo and Tommy Hilfiger labels.

At Finoteselam's company, Sammy Ethiopia, around 90% of products are exported to the United States, via retailers such as Eileen Fisher and Anthropologie.

Exports to the United States account for three quarters of the firm's annual turnover of over $200,000. If Ethiopia is suspended, Sammy said his company will close.

Ethiopia exported about $237 million worth of goods duty-free to the United States under AGOA in 2020, U.S. commerce department data shows, more than 90% of it textiles and apparel.

Duty-free access is a major draw for companies including Gap and Sweden's H&M. The full impact a suspension on foreign investors and Ethiopian companies exporting to the United States is not yet clear, with layoffs and order cancellations possible.

'ADDED HEADACHE'

Mamo warned an AGOA suspension would hurt U.S. companies trying to diversify production from Asia by relocating or expanding to Ethiopia.

Conlumino, a retail research agency and consulting firm, noted, however, that Ethiopia's textile exports to the United States were still minuscule compared to the likes of China, Bangladesh and India.

Though Ethiopia would suffer from a AGOA suspension; retailers will find alternatives despite the havoc from COVID-19, said Neil Saunders, a Conlumino analyst.

"The suspension of AGOA will not have a huge impact on clothing retail," he said. "However - as this will come at a time when global manufacturing capacity is already reduced and retailers are struggling to keep up with demand - it is an added headache."

An H&M spokesperson said the company was following developments regarding AGOA carefully, but it was too early to comment. In December, H&M said its long-term manufacturing and sourcing strategy involves Ethiopia and it did not plan to change. But its Ethiopia production is comparatively small.

U.S.-based apparel companies The Children's Place, Gap and PVH did not respond to requests for comment.

A senior PVH official previously said the 10-year renewal of AGOA in 2015 "was a critical factor in PVH's decision to invest", according to a 2017 case study of PVH in Ethiopia published by the World Bank and co-authored by Mamo.

In 2018, PVH said Ethiopia could become a top supplier because it grows cotton, dyes fabrics and sews garments. It established a joint venture to operate a factory in Hawassa city, the company's first such venture in 30 years.

Raghavendra Pattar is CEO of Nasa Garment, a manufacturer in Hawassa Industrial Park. Nasa exports about 95% of its garments to U.S. companies. It employs 1,200 workers, mostly women, and spent $7 million to set up the factory two years ago.

But an AGOA suspension would halt expansion.

"AGOA ... is the reason buyers are coming to Ethiopia and sourcing manufacturing here," he said. "If the duty benefit is taken away, the buyers will go to another country."

Source: reuters.com– Oct 28, 2021

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China a huge potential market for Pakistan

Under the pandemic situation, this is really a remarkable achievement, said Cheng Xizhong, Visiting Professor at Southwest University of Political Science and Law.

For many years, there has been a huge imbalance in bilateral trade between China and Pakistan.

In 2020, the trade volume between the two countries was $17.49 billion, of which China exported goods valuing at $15.37 billion to Pakistan and Pakistan only exported goods worth $2.12 billion to China.During the period from July to September 2021, China exported $4.01 billion worth of goods to Pakistan.

To reduce the trade imbalance between the two countries, he said, both sides should make efforts and Pakistan needs to find ways to continuously expand exports to China, so as to raise the bilateral trade and economic cooperation to a new level consistent with the strategic relationship between the two countries.

“Pakistan has many favourable conditions for expanding exports to China,” he said.

First, China and Pakistan enjoy good political and diplomatic relations.

Second, the protocol of the second phase of China-Pakistan Free Trade Agreement and its special preferential terms have created very favourable conditions for Pakistani goods to enter China on a large scale.

Third, China is a large country with a population of 1.4 billion and a neighbour bordering Pakistan. As long as both sides try all their efforts, China can become a huge market for Pakistani goods.

With the all-weather strategic partnership between the countries and the continuous development of China-Pakistan Economic Corridor (CPEC), Sino-Pakistan bilateral trade and economic cooperation has entered a new era, he said.

"If both countries make sustained efforts, I firmly believe that it is entirely possible for bilateral trade between the two countries to continuously create new highs, so that Pakistan can become China's main trading partner in the South Asian subcontinent," said Cheng.

"I always hope that if Pakistan's exports to China reach the level of China's exports to Pakistan, so as to achieve a trade balance, the bilateral trade could soon reach more than $30 billion. If it reaches $100 billion with several years of efforts, Pakistan will become China's largest trading partner in the South Asian subcontinent," he added.

To this end, Cheng suggested that first, Pakistan has many high-quality commodities, such as cotton yarn, textiles, agricultural products, aquatic products, minerals, medical equipment, handicrafts and sports products.

Source: tribune.com.pk– Oct 27, 2021

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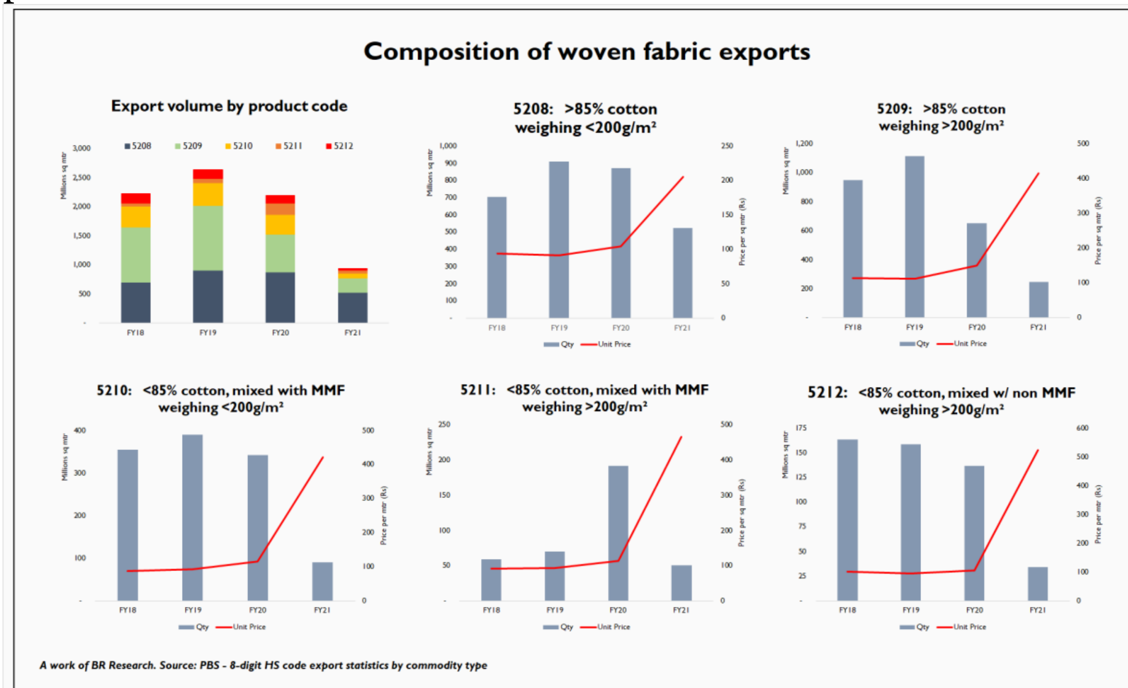
Pakistan: Profiling fabric exports

Earlier this week, BR Research identified that denim fabric export fell by more than two-thirds in FY21, without a corresponding increase in denim apparel export. For more, read: “Denim: under weather?”, published on Tuesday, 27 October 2021). But denim fabric export isn’t the only one witnessing freefall; cotton cloth (of various types) fell by 58 percent in FY21, following a 17 percent decline a year earlier when trade was eclipsed by pandemic induced lockdowns worldwide.



On overall basis, woven fabric exports made predominantly of cotton (HS Code 5208 to 5212) have fallen by two-thirds since its peak level in FY19. Of these, the steepest fall has been witnessed under HS code 5209 – close to 80 percent, which in good years contributed more than 40 percent of cloth export volume. This is followed by HS codes under 5208, where volume fell by over 42 percent since FY19. Together, the two categories contribute over three-fourths of cloth export volume (long term average). Volume under other product categories also witnessed precipitous falls, declining by more than half on aggregate basis.

Although commentators have been quick to write off the sharp contraction in denim fabric export to waning demand for apparel in exporting destinations during pandemic. But clearly, decline in fabric export reflects a broad-based secular trend. It must be emphasized that fabric export fell across the spectrum, from predominantly cotton-based fabrics such as

denim, to fabrics made of mixed variety, including MMF and other natural fibres.

While product-wise global trends are unclear, global trade for cotton cloth only witnessed a temporary bump during 2020 (Covid year), falling from $19.5 to $15 billion (quantity is unavailable). By most accounts, global fabric trade is in a recovery phase, although unit prices are on a rollercoaster ride thanks to global commodity spiral and US ban on Xinjiang cotton.

Meanwhile, Pakistan's cotton cloth export has continued its freefall in Q1-FY22, nosediving by another 75 percent over same period last year. If the trend holds, cloth exports will clock in at barely 0.5 million sq meters in full year FY22, 81 percent less than just three years ago, and possibly lowest in last two decades, if not three.

Although the great plunge of cotton cloth (woven fabric made predominantly of cotton) exports may partially be explained by decline in local cotton output during the past two years, the reduction in cloth export volume is much steeper than fall in cotton production. Moreover, news from the farm indicate that cotton output has posted a significant recovery in the ongoing season, but that does not seem to have instilled hope among cloth producers, who seem to have remained more interested in selling mostly to local buyers.

Although no reliable data of local cotton cloth production is unavailable, discussions with market players indicate that total cotton-based cloth production is in the vicinity of 4 – 4.5 million sq meters (10-year average). Of this, Large Scale Manufacturing composite textile units manufacture 1 million sq meters, which reflects itself in the monthly QIM report by PBS.

Cotton cloth production by LSM units has shown no serious contraction versus its long-term performance, other than a sudden plunge in Q4-2020, when local industry came to a halt due to country wide lockdown. Similarly, cotton yarn output has also remained unchanged, indicating that local market is not facing an overall shortfall of basic raw material.

What then is going on in the cotton cloth sector? The textile export data seems to offer no answers.

Source: brecorder.com - Oct 29, 2021

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NATIONAL NEWS

Prime Minister calls for early review of India-ASEAN FTA

Prime Minister Narendra Modi has called for an early review of the ASEAN India Free Trade Agreement (FTA) in goods that the country has been insisting on to help Indian businesses gain better market access in the region.

The PM, in his virtual interaction with leaders of the 10-member ASEAN at the 18th India-ASEAN Summit on Thursday, also proposed an India-ASEAN start-up festival.

The PM's call for an early review of the India-ASEAN FTA received the support of all ASEAN leaders, MEA Secretary (East), Riva Das Ganguly, said at a press briefing after the meet .

It is important for India to ensure that the ASEAN agrees to a review of the FTA soon to address the problem of non-tariff barriers faced by Indian businesses. India's trade deficit with the region has widened significantly since the FTA was implemented in 2010 and it wants the bloc to take measures to help bridge it.

"The PM also outlined the importance of technology and innovation in post pandemic economic recovery and proposed an India-ASEAN start-up festival as part of our friendship year celebration in 2022," she said.

Modi highlighted the importance of greater physical and digital connectivity between ASEAN and India and the need for cooperation in digital inclusion in ensuring a comprehensive post-pandemic recovery, the Secretary said.

Commenting on the Covid-19 pandemic, the PM said the challenging time was also a test of India-ASEAN friendship. "Our mutual cooperation in the Covid-19 era will keep strengthening our relations in future and form the base for goodwill between our people," the PM said in his speech.

The adoption of the joint statement on the ASEAN outlook on the Indo-Pacific (AOIP) and India's Indo-Pacific Oceans Initiative (IPOI) is one of the highlights of this summit, Ganguly said.

Source: thehindubusinessline.com - Oct 28, 2021

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China-Plus-One to push Indian textile exports to $65 bn by 2026: Study

Backed by the 'China Plus One' sentiment globally, India's textile exports is expected to grow by 81 per cent to $65 billion by 2026 from the pre-Covid level of around $36 billion in 2019, said a report by the Confederation of Indian Industry (CII) and global consulting firm Kearney. This jump is likely to generate 7.5-10 million new jobs.

A large chunk of this targeted increase, or around $16 billion may come from the China Plus One sentiment due to India's relatively large strategic depth compared with Vietnam or Bangladesh, the report said. "We believe with the right actions from the industry majors and robust execution of government schemes, India can hit $65 billion in exports (implying 9-10 per cent compound annual growth rate) by 2026. This, coupled with growth in domestic consumption, could propel domestic production to reach $160 billion," said Siddharth Jain, Partner, Kearney.

Other key areas where the growth is expected include fabrics where the target is a $4 billion jump by positioning India as a regional fabric hub, starting with cotton wovens and then extending to other sub-categories. In home textiles too, the target is an increase of $4 billion by building on existing advantages to expand the global customer base.

On man-made fiber and yarn a $2.5 billion to $3 billion jump is expected with a focus on gaining share in MMF (man made fiber) products. On the other hand, in technical textiles around $2 billion jump is targeted by building capabilities in select key sub-segments on the back of potential domestic demand growth.

"Covid-19 has triggered the redistribution of global trade shares and a recalibration of sourcing patterns ("China plus one" sourcing), providing a golden opportunity for Indian textiles to stage a turnaround and regain a leadership position as a top exporting economy.

We believe India's textile industry should target 8-9 per cent CAGR during 2019–2026, driven by domestic demand growth and significant growth in annual exports (reaching $65 billion by 2026)" says Neelesh Hundekari, Partner and APAC Head of Lifestyle Practice at Kearney.

The Textile industry employs almost 45 million people in the farming and manufacturing sectors. However, the country's recent performance in global trade has not been commensurate with its abilities. Exports declined by 3 per cent during 2015–2019 and by 18.7 per cent in 2020. And yet during the same period, other low-cost countries such as Bangladesh and Vietnam have gained share.

A variety of factors have contributed to India's recent trade performance. India has factor cost disadvantages (example, power costs 30 to 40 percent more in India than it does in Bangladesh). Lack of free or preferential trade agreements with key importers, such as the European Union, United Kingdom, and Canada for apparel as well as Bangladesh for fabrics, puts pricing pressure on exporters.

The high cost of capital and high reliance on imports for almost all textiles machinery makes it difficult to earn the right return on invested capital, especially given India's slight cost disadvantage. Longer lead times than for Chinese manufacturers make India uncompetitive, especially in the fashion segment.

Source: business-standard.com– Oct 28, 2021

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FTAs need to be reworked

Most of the trade pacts haven't been too beneficial to India

The 1990s saw India opening its doors to the world, leading to competition amongst various global companies to enter the country. This race has not slowed, and since then the world has always seen India as 'multi bagger stock' to increase its wealth.

India today is a fairly open economy, and as far as trade is concerned it has done well particularly in the area of FTAs (free trade agreements).

An FTA, in principle, leads to both the trade partners eventually agreeing to reduce or eliminate the tariff and trade barriers for mutual benefit. In Asia, India has the maximum number of FTAs either in operation or under negotiation.

India-ASEAN Trade in Goods, South Asia Free Trade Agreement (SAFTA), Indo Malaysia CECA (IMCECA), India Singapore CECA (ISCECA), and Japan India CEPA (JICECA) are some of the major agreements that have had a significant impact on India's international trade. In September 2021, India and the UAE started negotiations for a Comprehensive Economic Partnership Agreement (CEPA). The speed at which FTAs are being entered into reiterates their economic importance to India.

Though India's approach towards expanding existing FTAs is on the right track, the country is currently faced with the challenge of rebalancing its trade strategies because of some significant changes occurring in the global economic environment.

Further, India is looking to fast-track its FTA negotiations with countries such as the US, the UK, Australia, the EU, Canada and the UAE.

Not too encouraging

The rebalancing is probably because India's experience with its major FTAs, with the exception of SAFTA, has not been very encouraging. While India's exports have got a boost from its FTA with SAFTA, the pacts with Korea and the ASEAN have been more beneficial to those economies. As for the treaty with Japan, bilateral trade has either declined or stagnated after the first

year of implementation; also, there has been a substantial rise in trade deficit with that country.

Strategically, FTAs have helped India compete at a global level and enhance its growth. However, since some market sizes are smaller, the impact of various FTAs shows that India has underperformed, with imports always always being more than exports.

In certain cases, domestic manufacturers were the worst affected as FTA made imports cheaper. Therefore, the government has to focus on two areas when negotiating on FTAs — enhancing trade and protecting the domestic sector.

While India not joining the Regional Comprehensive Economic Partnership (RCEP) has helped protect its manufacturing — especially pharmaceutical — and services sectors, the threat has not been totally nullified as the FTAs with the US, EU, UK, Canada and the UAE are still on the table.

Complex rules of origin, lack of information on FTAs, higher compliance costs and administrative delays dissuade exporters from using preferential routes.

Therefore, the focus should also be on minimising the compliance costs involved in getting benefits under FTAs. India needs to eliminate or reduce the hurdles exporters face and ensure that FTAs focus on ease of doing business and expanding trade opportunities for exporters.

As the results of existing FTAs are not that noteworthy, India should be careful while negotiating the clauses. Despite having strong pharma, IT, ITeS and education sectors, the agriculture and industrial sectors, especially MSMEs (micro, small and medium enterprises), are still fragile when compared to those in countries with which India is negotiating FTAs.

Simply for the sake of gaining an advantage in the services sector and access to overseas markets in services, which are anyway not completely accessible due to various clauses, India should not end up losing on the primary and secondary sectors, as this will not only affect the livelihood of millions but also the economy as a whole. It would be a good idea to link the production linked incentive (PLI) scheme with 'AtmaNirbhar Bharat' initiative and guard against the ills of FTAs.

The aim is to make Indian manufacturers globally competitive, attract investment in the areas of core competency and cutting-edge technology, ensure efficiencies, create economies of scale, enhance exports and make India an integral part of the global supply chain.

India’s post-Covid FTA strategy can grab world attention as the country is being projected as a bright spot in the global economy.

Source: thehindubusinessline.com– Oct 28, 2021

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Centre releases ₹44,000 cr to states as last tranche of back-to-back loan for GST shortfall

With this, the total payout under this arrangement reached ₹1.59 lakh crore.

The Finance Ministry on Thursday released the balance of ₹44,000 crore to the States and three Union Territories with legislatures as loan to compensate for the GST compensation shortfall. With this, the total payout under this arrangement reached ₹1.59 lakh crore.

This release of funds as back-to-back loans is in addition to the bi-monthly GST compensation being released out of cess collection. The Ministry had on July 15 and October 7 released ₹75,000 crore and ₹40,000 crore respectively to the States and UTs.

This amount of ₹1.59 lakh crore would be over and above the compensation, in excess of ₹1 lakh crore (based on cess collection), which is estimated to be released to States/UTs with Legislature during this financial year. "The sum total of ₹2.59 lakh crore is expected to exceed the amount of GST compensation accruing in FY 2021-22," the Ministry said.

The release of ₹44,000 crore being made now is funded from borrowings of GoI in 5-year securities issued in the current financial year, at a Weighted Average Yield of 5.69 per cent. No additional market borrowing by Central Government is envisaged on account of this release.

"It is expected that this release will help the States/UTs in planning their public expenditure among other things, for improving, health infrastructure and taking up infrastructure projects," it said.

Source: thehindubusinessline.com– Oct 28, 2021

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Textile sector worries over proposed GST rate hike from 5% to 12%

The textile and clothing industry has expressed concerns over the GST Council's proposed plan to implement the increase in GST rates on fabrics and garments from 5% to 12% from January 1, 2022, arguing that such a move will affect 85% of the industry and affect nearly 80% of the final products to the consumers as the GST rates for garments over Rs 1,000 already stands at 12%.

The objective behind the proposed increase is to correct the problem of Inverted Duty Structure faced by a small segment of the textile value chain, which according to the stakeholders, constitutes not more than 15% of the total Industry.

They argue that the proposed increase will create greater stress on the working capital requirements of the industry, especially the MSME Sector, which is already struggling to achieve pre-pandemic levels of growth given the ongoing increase in the cost of raw materials such as yarn, fabric, fuel, packaging materials, transportation, etc.

According to Ashok Todi, President, WBHA & chairman, Lux Industries, "Adding another increment will lead to a very severe drop in consumption, or a shift to cheaper and lower quality goods. K B Agarwala, President, FOHMA, & MD of Rupa Company, said, "An increase in taxes by as much as 7% will lead to a much higher level of job losses - possibly in excess of 2 million."

As a result, the industry has urged the Central and state governments and the GST Council to review their decision and maintain the current GST rate on the hosiery, knitwear fabric and garment industry. "We believe that a far more beneficial and reasonable solution, which will not only resolve the inverted duty structure anomaly but also give a fillip to the industry," said Sanjay Kumar Jain, vice president, FOHMA.

Source: timesofindia.com– Oct 29, 2021

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Shaktikanta Das reappointed as RBI Governor, term extended by another 3 years from this date

The center government has re-appointed Shaktikanta Das as the Governor of the Reserve Bank of India (RBI) for a period of three years. Shatikanta Das' re-appointment as the top banker of the country will come into effect from December 10, or until further orders, whichever is earlier, the official notification said.

Shatikanta Das was appointed as the 25th Governor of the RBI in December 2018, succeeding Urjit Patel. Shaktikanta Das, a 1980 batch IAS officer from the Tamil Nadu cadre has earlier served as a Secretary in the Department of Revenue and the Department of Economic Affairs at Ministry of Finance.

Shaktikanta Das has been at the helm of affairs since the end of 2018, but prior to his appointment as the RBI governor, the former IAS officer was acting as Member, 15th Finance Commission and G20 Sherpa of India. Das brings with himself a vast experience in various areas of governance, spanning over 38 years. He has held important positions in the Central and State Governments in the areas of Finance, Taxation, Industries, and Infrastructure among others.

The former Secretary in the Ministry of Finance has directly associated with the preparation of as many as 8 Union Budgets.Shaktikanta Das is a postgraduate from St. Stephen's College, Delhi University. Since his appointment, Shaktikanta Das has chaired 17 Monetary Policy Committee (MPC) meeting. These included the MPC meetings held just the Covid-19 pandemic was stepping foot in geographies across the globe.

64-year-old Shaktikanta Das in his most recent role as the RBI governor took the center stage in making sure India's financial system held its ground during the pandemic. Shaktikanta Das was at the helm of affairs when interest rates were brought down to historic lows and borrowing schemes were unveiled for every segment of the society to help them survive the pandemic.

Source: financialexpress.com– Oct 29, 2021

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‘RBI should allow the rupee to appreciate’

SBI report says it will curb import inflation amid rising domestic inflation and supply disruptions

Considering higher domestic inflation as supply disruptions mount, it will not do any harm for RBI to lean with the wind and let the rupee appreciate, as it can lead to reduced imported inflation when metal and oil prices are rising, and clear the liquidity overhang to some extent, according to Soumya Kanti Ghosh, Group Chief Economic Adviser, State Bank of India.

"With CAD [current account deficit] at a comfortable situation and an extremely unlikely devastating third Covid (wave), the Indian rupee is going to handle any taper news with relative calm," Ghosh said in the latest edition of SBI's Ecowrap report.

"If we look at the current rupee trajectory, the rupee saw a tumultuous 2020, with the news of Covid-19 pushing the exchange rate down rapidly. However, it started gaining strength as India saw a current account surplus and foreign investors maintained faith in the economy by pouring in capital.

RBI has continuously made forex purchases. In FY21, RBI purchased Rs 5.1 trillion worth of forex and its forex reserves swelled by $103.72 billion. Despite the second wave of Covid-19, the rupee gained strength and even went below 73 per dollar," Ghosh added.

However, recently, the Indian unit has dropped from 73.09 per dollar as on September 1 to a low of 75.52 per dollar on October 12. It has again started appreciating and is currently at around 75. If we look at the turnover in the forex market, there has been excess supply of dollars at $2.2 billion in August 2021. This clearly shows that the appreciating bias on rupee remains.

The September 2021 merchandise trade deficit at $22.59 billion is quite high and has the closest counterpart in October 2012, when India recorded a merchandise trade deficit of $20.21 billion. But it needs to be remembered that trade data shows seasonality and it is fairly common to see a jump in imports as well as exports every quarter end month, Ghosh said.

So far, India's exports have been doing quite well. India's merchandise exports in April-September 2021 were $197.9 billion, a robust increase of 24.3 per cent over $159.2 billion in April-September 2019. In composition terms, engineering goods are the most valued. India has also seen considerable increase in products such as cereal preparations, cotton, electronics. drugs and pharma and chemicals are also performing well.

"Thus, achieving the target of $400 billion is not a pipe dream and this will provide a strong cushion to the current account balance, even if the oil import bills rise rapidly. Taking everything into account, our CAD projections stand at (-)1.4 per cent. India is also witnessing robust FDI inflows, even if the FPI flows are showing some volatility," Ghosh added.

Source: thehindubusinessline.com– Oct 28, 2021

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Zeroing-in on doubling output, exports of ODOP items in 5 years

Launched in January 2018, ODOP is Uttar Pradesh's flagship programme that seeks to preserve, develop and promote local arts, crafts and traditional skills of communities.

Agra's leather products and marble engraved handicrafts, Aligarh's locks, moonj products from Amethi and Prayagraj, jaggery from Ayodhya, handloom products of Hardoi and Barabanki, zari-zardozi from Bareilly, Unnao and Shahjahanpur, chikankari of Lucknow and Moradabadi metal craft are some of the products whose production and exports are likely to see a massive jump in the coming years as Uttar Pradesh aims to double their output.

These are among the 62 unique products identified under the One District, One Product (ODOP) Programme across 75 districts of the state.

"District Action Plans are being readied for all the 75 districts and the aim is to double the production and exports of ODOP products in the next five years," said a state government official.

Of UP's ₹1.21 lakh crore exports in FY21, almost 80% or ₹96,000 crore were of ODOP products. As per officials, the target is to clock almost ₹1.92 lakh crore exports by 2025-26, in line with the state's target of becoming a $1 trillion economy in the next five years.

Ballia's bindi, wooden toys of Chitrakoot, textile prints of Farrukhabad, hing from Hathras, woollen carpets of Jaunpur, sports products from Meerut, carpets of Sitapurand Sonbhadra, and Banarasi silk sarees are some of the other items identified.

"ODOP is changing the lives of people, creating opportunities for employment in the state," said Navneet Sehgal, additional chief secretary-MSME. "It is preserving, promoting local art and crafts of Uttar Pradesh. Exports have risen significantly since the launch of ODOP, especially from local industry clusters."

Around 75 food products such as petha, aonla, banana, rice (kala namak), onion, jaggery, and mango have been identified under the programme,

which seeks to encourage such indigenous and specialised products and crafts.

As per the state, there are products in UP that are found nowhere else like the ancient and nutritious 'kala namak' rice, the rare and intriguing wheat-stalk craft, world-famous chikankari and zari-zardozi work on clothes, and the intricate and stunning horn and bone work that uses the remains of dead animals rather than live ones, a nature-friendly replacement for ivory.

"Many of these products are (geographical indication) GI-tagged, which means they are certified as being specific to that region in Uttar Pradesh. Many of these were also dying community traditions that are being revived," the official said.

Launched in January 2018, ODOP is Uttar Pradesh's flagship programme that seeks to preserve, develop and promote local arts, crafts and traditional skills of communities.

As of 2018-19 export data, Uttar Pradesh stood at fifth spot in the country in terms of exports. The state exported goods worth ₹21,500.85 crore in April and May this year.

The state is also establishing 'Overseas Trade Promotion and Facilitation Centres' across all the districts.

Source: economictimes.com– Oct 28, 2021

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Punjab to scrap 40K pending cases of VAT against traders, industrialists

Punjab will scrap 40,000 pending cases of value added tax (VAT) out of 48,000 cases, related to FY15, FY16 and FY17, against traders and industrialists, said CM Charanjit Singh Channi.

The remaining 8,000 cases will be settled amicably and the state will ask the traders and industrialists concerned to deposit just 30 per cent of the outstanding tax liability. A fifth of the tax liability will have to be deposited in FY22, while the pending amount will have to be paid by next year.

“This industry-friendly initiative will go a long way in boosting their morale to invest in a big way. The state will act as a facilitator to promote industry to new heights of glory,” Channi said at the 4th Progressive Punjab Investors Summit.

The state has also allowed faceless assessment of GST and VAT, doing away with the need for traders and industrialists to be physically present with tax officers. Channi also said the foundation stone of the upcoming greenfield airport at Ludhiana will be laid on November 15 and the airport would be completed in eight months.

Source: business-standard.com– Oct 28, 2021

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India to invest USD 316 billion for de-carbonisation by 2030: Bofa Securities

India will spend USD 316 billion (about Rs 23 lakh crore) in the decade to 2030 towards de-carbonisation, with a high proportion of the investment to be allocated to renewable sources of energy, a foreign brokerage said on Wednesday.

The investment will be in addition to the estimated Rs 6 lakh crore or USD 84 billion already spent since the country joined the Paris climate accord in 2015, Bofa Securities said.

Speaking to reporters ahead of the Glasgow summit, the brokerage's head of research Amish Shah said India has been one of the most active states on-ground action and pointed to the fast-paced migration to vehicular emission norms as a case in point.

India is also right in not declaring a target for achieving carbon neutrality, as is being done by all the other major economies of the world, he added.

Shah said he expects India to argue in favour of looking at carbon targets in the context of per-capita consumption rather than an overall perspective at the forthcoming meeting in Glasgow.

The brokerage said investments of over Rs 14,051 lakh crore will be going towards a shift to renewable sources of energy, which will be followed by Rs 4,939 lakh crore of investments in rail freight capacity expansion and Rs 2,044 lakh crore in metro projects across many urban centres.

According to its estimates, the de-carbonisation efforts will help India save over 106 GW of energy between 2015-2030, and cut carbon emissions by 1.1 billion tonnes by 2030.

Shah said that when seen in the context of annual energy consumption of 150 GW per year, the energy-saving through the investments will be much more evident.

He noted that India will not rapidly adopt nuclear energy as a substitute to power its economy, and the share of the source will be under 10 per cent in the overall energy mix.

A bulk of the investments in this journey will be done by the private sector, Shah said, adding that nearly a fourth of the top 100 companies have already announced their intent to be carbon neutral even without a mandate on the same.

Other areas that will witness investments include improvements in coal plant technology, shift from diesel to solar in irrigation pumps, rail electrification, increasing the share of natural gas and electric vehicle charging stations, as per the research.

Source: financialexpress.com– Oct 27, 2021

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CII Institute of Logistics launches compendium of logistics policies of five States

CII Institute of Logistics on Thursday launched a compendium of logistics policies of five States to capture a snapshot of how States are looking at incentivising and promoting logistics and warehousing. It highlights the salient features of various State government policies and scope for improvement.

The Institute has facilitated five stakeholder roundtables in Maharashtra, Uttar Pradesh, Tamil Nadu, Assam and Haryana. Logistics and warehousing experts from industry, think tanks, academia interacted in a closed door dialogue with the State government and provided suggestions on the role government and industry can play in creating multiple logistics hubs, said a press release from the Institute.

State governments will find the compendium as a valuable handbook that can help policy makers understand various good practices and develop a unified vision. Especially, the recommendations must be considered to benchmark current policies and include them in revisions.

States that are currently in the process of formulating logistics policies can evaluate the recommendations for inclusion in upcoming policies. Additionally, the compendium synthesises progress, challenges and outlines scope for improvement very clearly, the release said.

The compilation was unveiled in the presence of Amrit Lal Meena, Additional Secretary - Logistics, Ministry of Commerce & Industry, Government of India. "Ongoing stakeholder consultations for strengthening the logistics sector in India will result in cohesive policy development and accelerate economic development and unified vision," he said.

R Dinesh, Chairman, CII Institute of Logistics & Managing Director, TVS Supply Chain Solutions Ltd, said, "Logistics industry growth will be driven by outsourcing, infrastructure and conducive policies. National logistics policy and coherent State policies are essential to accelerate and sustain growth rate in the logistics industry".

Source: thehindubusinessline.com– Oct 28, 2021

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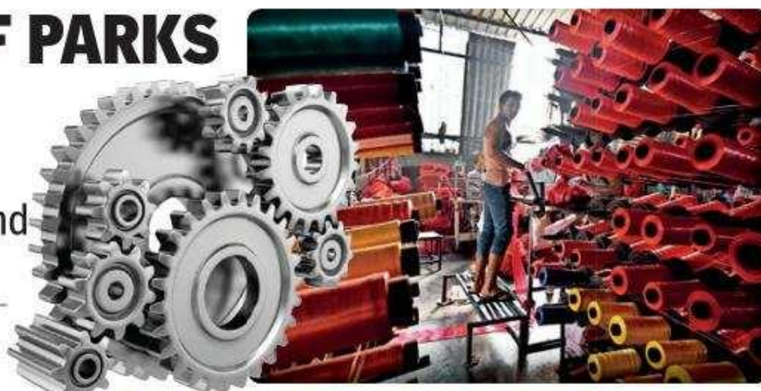
Guj frontrunner for India's 1st mega textile park

Under the Prime Minister's Mega Integrated Textile Region and Apparel (PM-MITRA) park scheme, India's first giant textile park is likely to come up near the textile hub of Surat or Bharuch. GIDC (Gujarat Industrial Development Corporation) is on the verge of finalizing a land parcel of over 1,000 acres for the proposed park.

The Government of India has announced that the sites of the mega integrated textile regions and apparel parks will be picked through competitive selection. But the Gujarat government is confident that the state will get India's first PM-MITRA park as it is a leader in textile production and trading.

FEATURES OF PARKS



CORE INFRASTRUCTURE

- Incubation centre and plug & play facility
- Developed factory sites, roads, power, water, and wastewater system
- Common processing house and other related facilities such as design and testing centres

SUPPORT INFRASTRUCTURE

- Logistics park and workers' hostels and housing
- Warehouses and medical centres
- Training & skill development facilities

According to the proposed PM-MITRA scheme, a minimum of 1,000 acre land is required for the park.

A source aware of the developments said, "GIDC has identified land in Navsari, Bharuch, and Surat districts. A planning team of GIDC has visited four pockets of Bharuch: Khanpur-Deh (812ha), Uber (1,000ha), Malpur (199ha), and Khareli (622ha)." The source added: "New locations in Surat and Navsari are also being looked at."

The source said the scheme will offer an opportunity to create at a single location an integrated textiles value chain spanning all the business aspects — spinning, weaving, processing/dyeing, printing, and garment manufacturing. Maximum Development Capital Support (DCS) of Rs 500 crore will be provided to all greenfield PM-MITRA projects for the development of common infrastructure, sources said.

The source said, "Maximum of Rs 200 crore will be given to brownfield PM-MITRA projects for the development of common infrastructure." In addition, the source said, Rs 300 crore of Competitiveness Incentive Support (CIS) will be provided to each park for the early establishment of textile manufacturing units. An investment over Rs 20,000 crore is expected in the PM-MITRA parks, added the source.

"State BJP president and Navsari MP C R Paatil and Union minister of state for railways and textiles Darshana Jardosh, who is the Surat MP, are pushing hard for the first park under the PM-MITRA scheme in Gujarat," the source said. "Since land availability is low near Surat and Navsari, Bharuch could be finalized as the site for the PM-MITRA park."

Source: timesofindia.com– Oct 28, 2021

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PPP operators at major ports hail government's move to shift them to market pricing

The government's move to allow existing private terminals at major ports to shift to a market pricing regime from a regulated setup will help stressed facilities to survive, facilitate investments into operating terminals for infrastructure improvements and is unlikely to result in exponential increase in cargo handling rates.

"It's a very sensible, pragmatic and fair decision by the Ministry of ports, shipping and waterways," said an industry executive.

Terming it as a "positive move in the right direction", the chief operating officer of a private container terminal located on India's Western coast said: "It will allow us to get the return on investment (RoI) that we were not getting since starting operations".

"This will give us a path to create a meaningful journey by allowing us to invest and support infrastructure development for the benefit of India's export-import trade while ensuring a decent return on investment to private operators," he added.

The move also protects the port authorities from allegations of facilitating 'windfall gains' to operators as they have to share half of the contractually mandated royalty or revenue share on the incremental rates above the ceiling rates set by the rate regulator, with the port authorities.

Referring to apprehensions in some quarters that the move could drive up tariffs at privately run terminals in major ports, the managing director of a port operating company said: "Allowing freedom to set rates based on market forces, does not necessarily mean a steep increase in tariffs as the operators will have to factor in the competition prevailing in the vicinity before increasing rates".

With market determined tariffs, the private operators will be able to give discounts to users to ramp up volumes with the hope of getting higher rates when the volumes rise. "So far, the extra effort of offering discounts to users to attract volumes is not getting compensated as we are compelled to charge higher rates on gaining volumes but only up to the maximum level set by the rate regulator," he stated.

"Under a free market pricing, if we give discounts and attract more volumes, then slowly we can start charging more than the ceiling rate set by the regulator, depending on competition. So, there is some incentive," he said.

This will also level the playing field between major ports and non-major ports that already have the freedom to set market rates, which was making it tough for private terminals in major ports to compete with them till now. "Allowing market forces to set rates will also help improve the viability of projects and inject life into some of the stressed terminals," he added.

Source: thehindubusinessline.com– Oct 27, 2021

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Festival season fuels India's return to world-beating growth

An array of indicators compiled by Bloomberg pointed to a continuing rebound in demand in September

India showed more signs of a recovery taking hold last month as its consumption-driving festive season kicked off, keeping it on track to regain the title of the world's fastest-growing major economy.

An array of indicators compiled by Bloomberg News pointed to a continuing rebound in demand in September, helping keep the needle on a dial measuring so-called animal spirits steady at 5 for a third straight month. Sentiment in the dominant services and manufacturing sectors was strong, thanks to a surge in new orders.

Bank loan disbursals also grew as Asia's third-largest economy slowly emerged from the shadows of the Covid-19 pandemic.

The recovery coincides with the start of India's months-long festive season beginning with Ganesh Chaturthi in September, heralding the boom season for consumption.

The International Monetary Fund, as well as India's central bank, this month estimated the nation's gross domestic product will grow 9.5 per cent in the year ending March – the quickest pace among major economies – after contracting 7.3 per cent last year.

Below are the details of the dashboard, which tracks eight indicators and ranks them based on three-month weighted average scores. (For an alternative gauge of growth trends, follow Bloomberg Economics' monthly GDP tracker – a weighted index of 11 activity indicators.)

Business Activity

Surveys of purchasing managers at Indian factories and services companies by IHS Markit pointed to a steady expansion in activity last month, boosted by stronger new order inflows.

That kept the composite index in growth territory for a second straight month. The advance was accompanied by an acceleration in input cost

inflation, due mainly to a shortage of raw materials and higher commodity prices.

Exports

Exports rose about 23 per cent year-on-year in September, while also improving 1.6 per cent from a month earlier, led by demand for petroleum products, engineering goods, Indian coffee and gems and jewelry. Imports too jumped, mainly due to a 254 per cent year-on-year surge in gold purchases.

Consumer Activity

Retail auto sales, a bellwether of consumer demand, bucked the expansionary trend. Sales of passenger vehicles, which include cars and SUVs, fell 41 per cent from a year ago as carmakers cut production due to a global chip shortage. Two-wheeler sales – an indicator of animal spirits in smaller towns – also declined.

Bank credit grew 6.7 per cent in September from a year earlier, maintaining the pace of expansion seen in August, central bank data showed. Liquidity conditions remained surplus last month, implying room for more credit off-take.

Industrial Activity

Industrial production expanded 11.9 per cent in August from a year earlier, although the index was little changed from a month ago. While the easing of pandemic curbs likely aided the year-on-year pick-up, Bloomberg Economics sees risks to the momentum from coal shortages and a power crunch.

Similarly, output at infrastructure industries, which makes up 40 per cent of the industrial production index, expanded 11.6 per cent in August, with demand for coal, natural gas and cement continuing to drive activity. Both data are published with a one-month lag.

Source: thehindubusinessline.com– Oct 27, 2021

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Centre to revise wage computation for rural, agricultural workers

Labour Ministry has decided to change the base year of the Consumer Price Index for agriculture and rural workers

Union Labour Ministry has decided to revise the wage calculation for India's workforce. The Ministry, in its latest computations, has decided to change the base year of the Consumer Price Index for Agriculture Labourers and Rural Workers (CPI-AL&RW) to 2019. At present the base year is 1986-87. According to a senior Labour Ministry official, the decision will help workers as their wages will likely increase.

The MGNREGA wages may also be revised based on the new base year.

The Centre had earlier revised the base year for Consumer Price Index (Industrial Workers) from 2001 to 2016. The Ministry has also decided to change the base year for Wage Rate Index from 1963 to 2016 so that the floor minimum wages for workers in various segments can be recalculated. The Rural Development Ministry is learnt to have been urging the Union Labour Ministry to change the base year.

'Will announce soon'

The Labour Ministry official told BusinessLine that the change in the base years of CPI-AL&RW and Wage Rate Index will be announced in November. "It took almost six years for the Ministry and the Labour Bureau to change the base year," the official added. The CPI-AL&RW is calculated based on the consumption expenditure data collected during the National Sample Survey's 38th round of Consumer Expenditure Survey conducted in 1983.

It has defined rural labour household as "one which derives its major income during the last 365 days from wage paid manual employment (rural labour), vis-à-vis wage paid non-manual employment as also self-employment".

'Look at consumption'

Unions, however, have asked the Centre to look at the consumption pattern in a realistic manner.

"The Centre will have to also consider the rise in the prices of essential food items when revising the base year. The Centre wants to hide the truth that half of the agriculture labourers who was having two meals a day is having one meal a day now and 37 per cent of the agriculture workers cannot live without even one day's work," said All India Agiculture Workers Union leader Suneet Chopra. Chopra said his union has been demanding that the calculation of wages must be based on the consumption of at least 2,200 calories per day.

"The Centre is not taking into account even 1,000 calories. India got the largest number of hungry people in the world. It is the country with the largest public stocks of foodgrains, which it is not giving to them. The Centre is hiding the consumption figures," he alleged.

Source: thehindubusinessline.com– Oct 28, 2021

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Online Furniture and home market to touch $40 billion GMV by 2026: Redseer

Total unique buyers for this segment is expected to be about 40 million by FY2026, says report

India's online furniture and home market is expected to touch $40 billion GMV(gross merchandise value) by 2026, according to internet-focused advisory and consulting firm RedSeer.

The report added that the total unique buyers for the online furniture and home market is also expected to be about 40 million by FY2026. The growth in the industry is fuelled by the fact that online shopping in India has become mainstream and spending per shopper has also doubled in the last five years and is adding about 20 million new product shoppers every year.

Further, the online furniture category is expected to see a 3x growth in five years with about 1.8x jump in annual spending per shopper. Which is in turn expected to enable more than 5x GMV growth for the category over FY 21-26.

Similarly, the online home category which includes home decor, furnishings, mattress, lighting, and others is expected to see a growth of about 2.5x in shoppers in the next five years with 1.3x jump in the annual spending per shopper to indicate about 4x GMV growth.

The analysts at RedSeer have pointed out two challenges to the online and furniture and home categories. One, both the categories are design-driven and requires browse browse-first interface raising the need for 3D merchandising. Thus, use of innovative technologies in this category will be key for the industry players.

Players like Pepperfry have already started working on integrating augmented reality and virtual reality capabilities with their platform. Flipkart too has launched Flipkart Camera to enable augmented reality-led commerce across categories including furniture and home products.

Further, existing supply-chain also need to be optimised to cater to standard sizes and formats of furniture and furnishings. Large and non-standard shipments come with challenges from packing to installation.

The category is currently served by vertical (like Pepperfry, Livspace) and horizontal players (Flipkart, Amazon) where vertical players are marketplaces or private labels who are serving within the category whereas horizontal players are large e-commerce who are selling everything under the sun.

The report observes that the average listing price on verticals is about 2x higher than horizontals, indicating the difference in target customer base. Verticals with superior omnichannel presence, customer experience, product innovation, specialised supply chain, and technology capabilities are well-positioned to scale, the report added.

Source: thehindubusinessline.com– Oct 28, 2021

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Textile maker Arvind posts Rs 71 crore net profit for September quarter

Leading textile manufacturer Arvind Ltd on Wednesday reported a consolidated net profit of Rs 71.06 crore for the second quarter ended September 2021, helped by volume growth across segments.

The company had posted a net loss of Rs 5.86 crore during the corresponding quarter of the previous financial year, Arvind said in a regulatory filing.

Its revenue from operations during July-September 2021 stood at Rs 2,115.14 crore, a jump of 62.05 per cent as against Rs 1,305.17 crore in the year-ago period.

Arvind's total expenses were at Rs 2,016.71 crore, an increase of 53.19 per cent as against Rs 1,316.40 crore a year ago.

"Volumes grew across all segments as post-COVID-19 demand stayed strong in both export and domestic markets. Input costs continued to increase sharply but were mostly offset by improved price realisation and higher efficiencies," said Arvind Ltd in a post-earnings statement.

Its revenue from textiles was up 70.69 per cent to Rs 1,726.49 crore as against Rs 1,011.43 crore a year ago.

While advance material stood at Rs 298.28 crore, up 60.49 per cent as against Rs 185.85 crore of the year-ago period.

Arvind Ltd is one of the largest textile companies in India.

Shares of Arvind Ltd were trading at Rs 128.90 on the BSE in the afternoon trade, down 5.88 per cent from the previous close.

Source: business-standard.com– Oct 27, 2021

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