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INTERNATIONAL NEWS

Ensuring circularity in textiles with natural raw materials

On an average, the fashion and textile industry uses around 8,000 synthetic chemicals to convert raw materials into final products. These chemicals pose health hazards not only to people using them but also fresh water systems. As per a World Bank report, the industrial water pollution generated by textile mills is a result of the 72 toxic chemicals being used while textile dyeing.

This usage is mostly driven by the rapid expansion of mass garment manufacturing and the fragmented supply chains for both mass-market and luxury goods. Around 30 of these chemicals are non-removable, says a report by Eco Age. A 2011 report by Greenpeace also shows, brands and retailers seldom monitor the chemicals used in textile dyeing and finishing.

This encouraged 19 brands to launch an initiative to operate under a restricted chemicals list. Known as the Manufacturers Restricted Substance List (MRSL), the list is a blueprint for safe and non-toxic chemical usage.

Lack of regulations and poor knowledge

Devised by the Zero Discharge of Hazardous Chemicals (ZDHC) program, a coalition of fashion brands, value chain affiliates and associates, the list was created in collaboration with global textile, leather, apparels and footwear manufacturers to substitute hazardous chemicals for safer ones in the production process.

The list segregates chemicals into three categories: potentially toxic, toxic and perpetual. The third group of chemicals is known to cause disease or illness. These can neither be broken down into non-toxic forms, nor be removed from wastewater. They cannot be recycled into new materials due to the presence of these chemicals. Replacing them with non-toxic alternatives is the only option for companies using them.

However, factors like international chemical manufacturers, lack of a single global mandatory regulation, poor understanding of chemical toxicity and pressure to produce huge volumes of cheap materials quickly and manual tracing and checking of chemicals contained in formulations for dyeing and finishing, prevent this replacement.

Addressing chemical usage before design

To turn the tide on such toxic chemicals, initiatives like Cradle to Cradle (C2), the gold standard in sustainable design, has been introduced. These initiatives address chemical usage products before they are designed. Though not a complete guideline on safe chemical usage, MRSL list, however, includes many complex chemical names that are difficult to understand. The list is currently being used by a company called GoBlue in its BHive app to cross-check photos of chemical container ingredients to flag any restricted substances. The BHive app is used by brands, manufacturers and chemical providers, along with certification providers including GOTS and Oeko-tex, to cross-check certifications.

Biomaterials emerge a safer option

Another alternative for brands using textile chemicals is to create nature-based raw materials. Some of these biomaterials include seaweed that uses bacteria to develop cellulose-based materials. Companies such as Bolt Threads are investing millions of dollars in biomaterials. A company called Evolved by Nature has even developed an Activated Silk TM made from pure silk in liquid form. This product uses the natural properties of silk to eliminate the need for toxic chemicals in textiles.

The Activated Silk™ is used by brands to coat yarns to provide high-performance characteristics. It can also be used as 'natural glue' for recycling cashmere and wool. The material proves a viable alternative to virgin materials as it supports the structure of the regenerated fiber. Its complete biodegradability and biocompatibility also enables it to support circular design principles. Exploring non-toxic and biodegradable natural materials can help companies optimize their performance.

Source: fashionatingworld.com– Oct 27, 2021

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Blending online retail with brick and mortar stores is the future of fashion retail

By the end of current fiscal, e-commerce sales are expected to surge to 15.3 per cent of the total retail sales. As per an eMarketer report, it will further rise to 23.5 per cent of total sales by 2025.

Omnichannel for a seamless experience

Building an omnichannel experience has been critical for retailers during this period, says Harmit Singh, CFO, Levi Strauss & Co. The company operates approximately 3,000 stores and shop-in-shops besides selling products online and in other department stores and retailers. It now aims to scale up investments in digital experience besides prioritizing an in-store shopping experience for customers, reports CNBC.

In fiscal 2020, around 25 per cent of Levi's sales were generated though online shopping, whether directly through own platform or through the digital presence of wholesalers. To push direct-to-consumer stores, the company also introduced a new experiential store in Palo Alto, California during the year. The store has several digitally-focused features including integration with the company's app, curbside pick-ups and contactless returns, and an inventory assortment that is driven by local customer data.

Restructuring distribution network

Levi's, which opened 100 new stores last year, plans to open more than 100 this year. It has also scaled up investments to drive more digital experience, adds Singh. Another reformation Levi's aims to achieve this year is in its distribution infrastructure that has grown in importance amid supply chain challenges. Last year, it recreated the omnichannel approach for West Coast distribution and introduced the ship-from-store strategy. This not only improved inventory efficiency but also reduced service costs.

Similarly, pushing to make it online and in-store experience more seamless, Estee Lauder added several new features like virtual try-on and making its beauty advisors available online, notes Tracey Travis, CFO. Estee Lauder witnessed a three-to-five-year acceleration in its online business across all forms in the last 12 months.

Meanwhile, the brand is looking at ways to recover brick and mortar stores, adds Travis. Last year, 21 per cent of its global sales were generated from department stores while sales in travel retail environments, such as duty-free shops in airports, made up 28 per cent of total sales.

Online shift to determine future retail mix

Future balance between e-commerce and traditional brick-and-mortar sales will depend on the number of retail companies shift their operations online. Earlier this year, Saks Fifth Avenue owner, split its website into a separate business apart from its 40 stores.

The new digital company is expected to be valued at $2 billion. Macy’s online business is also expected to be worth about $14 billion. Its 2021 sales are forecasted between $8.35 billion and $8.45 billion.

Source: fashionatingworld.com– Oct 29, 2021

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Israel and UAE work towards instituting a free-trade agreement

Israel and the United Arab Emirates are working on a free-trade agreement that would reduce tariffs and introduce other economic benefits, facilitating trade and enhancing cooperation between them. It's one more sign of the rapidly developing ties that have come as a result of the Abraham Accords.

The news came as something of a surprise when Israel's Ambassador to the UAE Amir Hayek announced it on Oct. 17 during a business conference in Abu Dhabi that brought together business leaders and entrepreneurs from the two Middle Eastern countries.

"Our ambassador was actually addressing the crowd and also addressing the UAE Minister of Trade, saying, 'We have to work on the free-trade agreement, and we have to do it fast,' " Dan Catarivas, director general of foreign trade and international relations at the Manufacturing Association of Israel, told JNS. "So he did, indeed, reveal—he did leak—that there are various talks on both sides about reaching an FTA between Israel and the UAE."

The greatest value of the FTA will be in its symbolism, said Catarivas, noting that the UAE customs tariffs are relatively low to begin with, fixed at 5 percent. "An FTA shows the countries have good relations; that everything's for the good," he said.

Despite the ambassador's remarks, an FTA won't happen right away; various steps must be taken first. Usually, there is a feasibility study, then a joint study to judge "the profitability of such an agreement for both parties," followed by more negotiations, explained Catarivas, though "it could be relatively short term. By short term, I mean in a year or two."

Israel's Ambassador to the UAE Amir Hayek announced it on Oct. 17 during a business conference in Abu Dhabi. Source: Twitter.

Ze'ev Lavie, director of the international trade relations division at the Federation of Israeli Chambers of Commerce, agreed that the FTA wouldn't happen overnight. "It takes time," he told JNS. "I think that the most important aspect is that both governments understand that once you have a free-trade agreement, it binds the connection even more."

Even without the FTA, business is growing rapidly between Israel and the UAE. As of July 29, trade had reached $675 million, according to numbers released by the Federation of Israeli Chambers of Commerce. Trade is estimated to reach $1.5 billion by the end of the year, a scale equivalent to that between Israel and Russia.

Mutual trade could reach $5 billion in a few years, reports say. "Definitely, we're talking about billions of dollars, both import and export," said Catarivas. That number doesn't just include the UAE, which is a relatively small market with a population of about 10 million people, but also the larger potential of surrounding markets for which the UAE acts as a hub in the global logistical supply chain.

"What is really interesting is that the UAE could serve as a platform, as a springboard, for Israeli export out of the UAE. … So the UAE is a gateway for other markets," said Catarivas. "The Gulf is a trade hub for a lot of European and Asian companies," he pointed out. Israel can utilize the UAE's ports to "store and repackage goods," cutting the lead time to other markets, including India and Africa.

Lavie agreed, saying "UAE has an amazing system of ports. They have the Jebel Ali port, which is one of the biggest and busiest in the world. You have the Emirates and Etihad [airlines], which can reach hundreds of destinations with a huge fleet of hundreds of flights."

Indeed, the springboard works both ways as Lavie noted that the UAE can use Israeli ports to connect to the North American market—"a market with which they only have 4 percent of their global trade."

Catarivas cautioned that FTA negotiators need to take care that the agreement not become a loophole for other countries to bypass Israeli customs by moving through the UAE before reaching Israel. The mutual trade agreement should involve only Israel and Emirati products, he said.

He added the agreement should also include a mechanism to solve NTBs (non-tariff barriers), like quotas and levies; it "needs the right type of framework to guarantee that this really is a positive, lively and effective platform to resolve economic problems between the two countries."

Source: jns.org– Oct 29, 2021

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USA: 2% Bump in September Clothing, Footwear Spend

Consumer spending on clothing and footwear increased a seasonally adjusted 2 percent in September to $514.29 billion, the second consecutive monthly rise, the U.S. Bureau of Economic Analysis (BEA) revealed Friday in its "Personal Income and Outlays" report.

Spending on furnishings and durable household equipment went in the opposite direction, falling 0.6 percent in the month after a substantial gain in August.

National Retail Federation (NRF) chief economist Jack Kleinhenz said earlier this month that some back-to-school spending may have spilled over from August into September because of school districts that delayed opening until after Labor Day.

"Overall, the September report is very promising for a strong finish for the year," Kleinhenz said. "Nonetheless, rising inflation and slower supply chains remain a concern. Spending might have been higher if not for shortages of items consumers are eager to purchase."

According to the U.S. Census Bureau, clothing and clothing accessories store sales were up 1.1 percent month-over-month. Furniture and home furnishings store sales rose 0.2 percent for the month.

BEA reported that overall personal consumption expenditures (PCE) increased 0.6 percent, or $93.4 billion, according to BEA. Real PCE, adjusted for inflation, increased 0.3 percent, with goods inching up 0.1 percent, or $29.9 billion, and services rising 0.4 percent, or $63.6 billion.

BEA said within goods, an increase in spending for nondurable goods was partly offset by a decrease in durable goods. The decrease in durable goods primarily reflected a decline in motor vehicles and parts, led by new motor vehicles.

The PCE price index increased 0.3 percent. The core PCE Index, excluding food and energy, rose 0.2 percent. The PCE price index for September increased 4.4 percent from a year earlier, with upward movement in goods and services. Energy prices increased 24.9 percent, while food prices increased 4.1 percent. Excluding food and energy, the PCE price index for September increased 3.6 percent from a year earlier.

Personal income dipped 1 percent, or $216.2 billion, in September. according to BEA. Disposable personal income (DPI), a barometer for retail spending, decreased 1.3 percent, or $236.9 billion. Real DPI decreased 1.6 percent in the month.

The decrease in personal income in September was mainly attributed to a decline in government social benefits, including unemployment benefits due to decreases in payments from the Pandemic Unemployment Compensation program, the Pandemic Emergency Unemployment Compensation program and the Pandemic Unemployment Assistance program, BEA noted.

Personal outlays increased $92.1 billion in September. Personal saving was $1.34 trillion in September and the personal saving rate–personal saving as a percentage of disposable personal income–was 7.5 percent.

Source: sourcingjournal.com– Oct 29, 2021

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Retail sales in China up 24 per cent

From January to August 2021, retail sales of clothing, footwear, headwear and knitted goods grew 24.8 per cent in China. Sales of social consumer goods were up by 18.1 per cent, eight per cent higher than the same period in 2019.

In August 2021, retail sales of social consumer goods saw a year-on-year growth of 2.5 per cent, three per cent higher than 2019. By consumption type, in August, retail sales of commodity had a year-on-year growth of 3.3 per cent. From January to August, retail sales of commodity were up by 16.5 per cent year-on-year.

Retail sales of clothing, footwear and headwear and knitted goods were down six per cent year on year in August. From January to August, China's online retail sales grew 19.7 per cent year on year. In the online retail sales of physical commodities, wearing goods increased by 19.4 per cent year on year.

China's garment industry reported higher revenue and profit in the first eight months of 2021. From January to August, the combined operating revenue of 12,520 major garment companies was up 9.6 per cent year on year. Total profits of these companies rose 9.5 per cent from a year earlier while the combined output expanded 12.9 per cent year on year to 15.2 billion pieces.

Source: fashionatingworld.com– Oct 28, 2021

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Cambodia garment exports up 11 per cent

Cambodia's garment exports from January to September this year rose 11.4 per cent over the same period last year. The uptick was despite the February 20 community outbreak of Covid-19 and the ensuing lockdowns.

Garment orders have managed to avoid sliding into negative territory despite the pandemic. This year, Cambodia was lucky to receive some orders that shifted from Myanmar and would have grown bigger were it not for the February 20 community outbreak.

Garment export growth augurs well for economic activity in the country as other countries reel under severe pandemic-induced conditions. Cambodia's exports of garments, including apparel, footwear and bags, in 2020 fell 10.44 per cent compared to 2019.

Meanwhile the EU has decided to withdraw one-fifth of the Everything But Arms (EBA) for Cambodia covering Cambodia's exports of garment and footwear products, travel goods, and sugar. Without EBA, Cambodia will find it difficult to continue the necessary transformation of the textile industry.

It will negatively impact future investments, as well as predictability and trust, two crucially important elements of a well-functioning industry. It will also make it difficult for Cambodia to create a modern and competitive industry, with a skilled workforce, and where labor rights are fully respected.

Source: fashionatingworld.com– Oct 28, 2021

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Bangladesh needs concerted efforts to avail of new GSP+ benefits in EU

Bangladesh commerce minister Tipu Munshi recently said concerted efforts are needed to be compliant to avail of new generalised scheme of preferences plus (GSP+) in the European Union (EU) market. In the draft of the new regulation published last month, the EU has proposed to remove the import-share criterion for GSP+ eligibility and Bangladesh will directly benefit from this change, he said.

Tipu said this in a webinar titled 'Economic Tie of Bangladesh and Europe: New Regulatory Regime' held on the second day of Bangladesh Trade and Investment Summit 2021, which was jointly organised by the ministry of commerce and the Dhaka Chamber of Commerce and Industry (DCCI).

He urged all sectors including public and private to be cautious to become compliant in all conventions before applying for GSP+ facility in the EU market, according to Bangladeshi media reports.

DCCI president Rizwan Rahman said Bangladesh is one of the main trading partners of Europe, accounting for around 35 per cent of total trade in 2020 and after graduating from the least developed country (LDC) status, Bangladesh will face strict rules of origin requirement.

Bangladesh should sign free trade agreement or a preferential trade agreement with the EU and the United Kingdom, and that will guarantee preferential market access, he said.

Source: fibre2fashion.com – Oct 29, 2021

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Pakistan's Textile Industry: Post-Covid Scenario

The textile industry is an ever-growing market worldwide; likewise, it is considered one of the most vital sectors for Pakistan's economic growth. It is a significant contributor to its industrial exports. Over the years, this sector has seen cyclical results due to various reasons. The sector has struggled due to high manufacturing expenses, energy shortages, faulty strategies, and lack of support policies from the Government. A worldwide recession and quality competence are also significant threats to the sector.

The main segments of this sector are clothing and garments, readymade fabrics, weaved apparel and processing sector. Even though most textile sales are made overseas to developed countries, the sector is still behind its South Asian regional competitors and has not performed to its full potential, particularly in recent years. The rapid industrialization and evolving technology in other countries are helping their textile industry have modern installations capable of highly efficient fabric production, which allows industry to record more revenues.

Road bumps towards growth:

However, the journey of the textile industry in Pakistan has not been a smooth road. The emergence of the worldwide economic crisis was an instant setback, coupled with rising manufacturing expenses, escalating energy tariffs, rising prices & shortage of raw material, frail infrastructure, obsolete technology, and lack of investment were among various factors considered for the downfall of the textile industry. The major irritant in textile export growth is consistent low cotton production in the country.

Pakistan stood fourth in cotton production in 2012 13 with 11 million bales. Before that, the period between 1980 90 is considered the golden era for Pakistan regarding cotton production, when rapid growth was achieved. In 2014 15 the production increased 11 percent and held the record of 15 million bales.

However, cotton outputs in Pakistan in 2020 21 have plunged to a 21-year low to 5.3 million bales, whereas the textile sector's requirement is 15 16 million bales. It has left the textile sector with no option but to import raw cotton from the US, Brazil, and Egypt.

The reasons behind this tragic drop are low pro tability, poor seed quality, and lack of technology and innovations, all threatening the livelihoods of growers and the textile sector's viability. The textile export industry, which constitutes nearly 60 percent of the country's total overseas shipments, is dependent on locally grown cotton. The massive fall in cotton production has led the textile industry to import 857,373 metric tons of cotton worth US$ 1,489.6 million in FY 2020 21 compared with the previous year's imports of 536,707 tons valuing at US$ 880.1 million.

Silver lining to Covid

The textile sector is on its way to recovery following the removal of Covid-19 restrictions witnessing a sharp surge in exports in FY 2020 21. However, the growth is being achieved through imports of cotton and man-made yarn. Current conditions for Pakistan's textile industry are very favorable. Covid-19 has turned out to be a blessing in disguise for the textile industry as global buyers are increasingly turning towards Pakistan by cutting orders to regional players, resulting in 100 percent utilization of available production capacity. Almost all the major players in the country are expanding their capacity to create room for the growing number of export orders, especially for home textile.

Textile orders have shifted to Pakistan because of the Covid-19 pandemic on regional countries. This has given Pakistani exporters, particularly the key market players, an opportunity to quote competitive prices and offer better quality products so that the new buyers could become their customers permanently.

The demand for textiles collapsed during the first wave of Covid-19, but it recovered in the outgoing fiscal year. Exports of textiles posted a 22.94% growth in FY 2020 21 compared to the same period a year ago; in absolute terms, the total exports of textile remained US$ 15.4 billion in 2020 21 against US$12.526 billion of the previous year.

Exports of 13 sectors, including value-added textiles, posted double-digit growth in FY 2020 21 compared to corresponding year. Growth in exports of value-added sectors contributed to an increase in overall exports from the sectors. One of the reasons for growth in these sectors is the low base of last year when export-oriented industries remained closed due to the Covid-19 lockdown and cancellation of orders from international buyers.

The breakdown shows exports of readymade garments went up by 18.83% to US$ 3.032 billion in FY21 against US$ 2.552 billion over the corresponding year. The exports of knitwear increased by 36.57% to US$ 3.816 billion against US$ 2.794 billion over the corresponding year. Exports of bedwear went up by 28.87% to US$ 2.771 billion against US$ 2.150 billion of the last year. A growth of 31.81% was seen in export of towels to US$ 937.536 million against US$ 711.265 million of the last year. The export of leather garments was up by 14.02% and leather gloves by 22.26%; whereas, the exports of raw leather declined by over 12.04%.

The cotton cloth export posted a growth of 4.98% in FY21 to US$ 1.921 billion, while the export of cotton yarn went up by 3.26% to US$1.016 billion on a year on year basis. The export of raw cotton declined by 95.27% this year over the last year. It indicates that these raw materials were consumed maximum in the value-added sector.

Progressive initiatives of the Government supported textile sector in bouncing back:

The Government has drastically reduced duty and taxes on imports of several hundred raw materials to bring down the input cost of exportable products. Moreover, the liquidity issues are also resolved to a large extent by timely releasing refunds. In the budget 2021 22, several measures, including reduction in duty on raw materials to promote exports of pharmaceutical, plastic, chemicals, engineering, and valueadded textile products, had been proposed.

Amazon: A new window of opportunity for Pakistan

Pakistan's addition to Amazon's sellers' list has created vast opportunities for Pakistani entrepreneurs to sell their products through the platform. The move will help promote more businesses, and online buyers get access to Pakistani brands, which can now reach all significant markets through Amazon. Global trade opportunities for Pakistani textiles are wide open now.

With growth predicted to exceed 5% in this fiscal year accompanied with high dependency on imports, the resultant trade deficit is likely to shatter records this year. It is important to ensure that exports of both goods and services continue to increase so that the pressure on the current account deficit can be alleviated and the vicious cycle involving an ever so ominous balance of payment crisis averted.

It is very important that the Government has focused on improving the capabilities of exporters by improving market access and availability of important inputs and increasing the level of competition and innovation within the industry. However, it is imperative to review current policies that promote low value addition, which neither involves the transfer of technology into Pakistan nor involves spillover effects that can contribute and drive desired economic growth across different industries. Free trade agreements can play an important role to boost trade, particularly if they are designed to increase the participation in global and regional value chains. It is imperative for policymakers to focus on export growth rather than on curtailing imports to avert a balance of payment crisis.

The textile industry is envisaging to invest US$ 5 billion across the textile chain to double its exports by 2025. The new orders are a windfall for Pakistan's industry. It can sustain for years to come; it all depends on how we steer this industry into the future. Pakistan can be con dent that the growth momentum will continue allowing the country and its exports to scale new heights.

Source: brecorder.com– Oct 30, 2021

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E-com platforms in Bangladesh must be registered within 2 months

All Bangladesh e-commerce firms will have to register with the commerce ministry within the next two months, according to a decision taken at a recent cabinet meeting. Cabinet secretary Khandker Anwarul Islam said e-commerce businesses will have to keep a security deposit at Bangladesh Bank to start operations and will be monitored by intelligence agencies.

Briefing the media after the meeting, Islam said if any consumer is cheated by any e-commerce company, he or she will be compensated from that fund, according to bangla media reports.

The government arrived at this decision after hundreds of customers were cheated by several e-commerce platforms like Evaly, Eorange and Dhamaka.

Source: fibre2fashion.com– Oct 29, 2021

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NATIONAL NEWS

On the eve of the G 20 Summit, India's Leadership on global concerns and its views on a wide array of issues receive strong support - Shri Piyush Goyal

G -20 has acknowledged India's Leadership on global concerns and has supported views of India on wide array of issues which would come up on the upcoming summit" said Shri Piyush Goyal while briefing the media during the ongoing meeting of G 20 Sherpas.

It may be noted that that the agenda of the ongoing Sherpas' meeting is to finalize the Rome Declaration, which will be adopted by the Leaders at the Summit.

It may be noted that PM Modi has been invited by the PM of Italy, H.E. Mr. Mario Draghi, and has arrived in Rome earlier this morning. This is PM's 8th G20 Summit.

Shri Piyush Goyal has been in Rome for the past 3 days to oversee final preparations for PM's participation in the G20 Summit

In Italy, Shri Piyush Goyal participated in the 6th G20 Sherpas' meeting from 27-29 Oct and held bilateral meetings with many of his G20 counterparts (UK, Germany, France, EU, Indonesia and Singapore)

Shri Goyal said that G20 has emerged as the premier global forum for international cooperation. He said that G 20 represents 80% of the world's GDP, 75% of global trade, and 60% of the world's population

It may be noted that Italy is holding the Presidency of the G20 this year under the theme- 'People, Planet, Prosperity' with a focus on:

"Recovery from the pandemic & strengthening global health governance, Economic recovery & resilience, Climate change & energy transition and Sustainable development & food security"

Speaking to the media Shri Goyal said that India fully supports the priority areas chosen by Italy. He said that the agenda of the just concluded Sherpas' meeting was to finalize the Rome Declaration, which will be adopted by the Leaders at the G20 Summit

The Minister said that the G20 has endorsed India's position that extensive COVID-19 immunization is a global public good and he was happy to get support from G20 colleagues for his suggestion on mutual recognition of travel docs, including testing and vaccine certificates.

On the issue of Sustainable Development and food security, he said that India has emphasized that policies must protect interests of small and marginal farmers, and conserve local food cultures which in turn will significantly contribute to food security

Shri Goyal said that On Climate Change and Environment, India has strongly spoken on the need for critical enablers for galvanizing global Climate action which includes commensurate, long term, concessional climate finance, access to affordable and sustainable technology, and commitment to adopt sustainable lifestyles, responsible consumption and production patterns and importance of meeting SDG-12 targets, especially by the developed countries.

On the issue of post- Covid economic recovery, he said, as co-chairs of the G20 Framework Working Group, India is ensuring that there is no premature withdrawal of support and the most vulnerable sections are provided necessary support. G20 has agreed to extend the Debt Service Suspension Initiative till the end of 2021 thereby giving some breathing space to those in need and those who are vulnerable around the world.

Shri Goyal added that on the issue of Tax Reforms , India has pushed the G20 to address the mismatch between source of generation of profits and the jurisdiction where they are taxed. This will ensure that large MNCs pay a minimum effective corporate tax in the country of their operation.

Elaborating more on the deliberations, Shri Goyal said that on Anti-Corruption matters , India as the G20 co chair of the Anti Corruption working group this year, has contributed towards the 5 think pieces related to Asset Recovery, Information sharing, Law Enforcement Cooperation, Technology & Denial of Safe Haven.

On the issues concerning Women Empowerment, Education and Employment , the Minister for Commerce & Industry Textiles, Consumer Afairs, Food and Public Distribution, said that India supports G20's emphasis on women's empowerment. India has strongly advocated for the inclusion of language against gender-based violence and supported the new policy framework of G20 on 'remote working arrangements'

Shri Goyal added that India highlighted the importance of recovery of the Tourism sector especially given the impact of COVID-19 on this sector. India welcomes G20's focus on creative economy and preserving cultural heritage.

The Minister said that India strongly pushed for the need for balancing the 'data free flow with trust' narrative with cross border data flows and accommodating development imperatives of the developing countries. He added that India has emphasized the importance of using 'data for development'.

The Minister emphasized that India's voice in G20 represents the voice of all developing countries.

He noted that It was following PM Modi's suggestion to the Saudi Leadership in 2020 that, G20 convened an extraordinary Summit on the COVID-19 situation last year

This year, Italy convened a special summit to leverage the G20's influence in addressing the humanitarian crisis in Afghanistan. G20 also focused on the respect for human rights and fundamental freedoms, especially the rights of women, children, minorities and vulnerable people in Afghanistan, according to the principles enshrined in the UN Charter and other relevant international instruments.

Shri Goyal said that India is going to take on the G20 Presidency during 1 Dec, 2022-30 Nov 2023 and enter the Troika in December this year and will take leadership on the issues and concerns of developing countries and emerging market economies in the G20 forum.

Source: pib.gov.in- Oct 30, 2021

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Is the economic recovery V, K or W shaped?

Given the complex nature of the post pandemic recovery, English alphabets may be inadequate in explaining it

Economists are busy describing the shape of the post-pandemic recovery. While a 'V-shaped' recovery suggests a quick return to growth, a recent 'Investopedia Economy' article pointed that the Covid recovery in the US has been fractured and uneven — a 'K-shaped' one where different areas of the economy recover at varying speeds.

Millions of Americans remain unemployed, while the wealthiest became richer. And this may be the situation in many other parts of the world as well.

As the shape of the letter 'K' denotes, some sectors have lagged or declined, such as travel, entertainment, hospitality, food services, while the opposite is true for tech, retail, software services.

In an IMF Working Paper (WP/21/127), Davide Furceri, Prakash Loungani, Jonathan D Ostry, and Pietro Pizzuto used historical data from 177 countries to study the impact of major epidemics from the past two decades on income distribution and whether Covid-19 would have long-lasting effects on inequality.

Although SARS in 2003, H1N1 in 2009, MERS in 2012, Ebola in 2014, and Zika in 2016 were much smaller in scale than the ongoing pandemic, they led to increases in the Gini coefficient, raised the income share of higher-income deciles, and lowered the employment-to-population ratio for those with basic education compared to those with higher education by more than 5 per cent in the medium term.

Growing inequality

The distributional consequences from Covid-19 may be larger. They showed that pandemics would lead to a persistent increase in inequality with a peak effect of about 0.4, five years after the pandemic. This is in contrast to the Gini increase by about 0.05 following a typical recession.

A zero Gini index indicates perfectly even distribution and a higher value indicating more disparity. Overall, the natural consequence of a pandemic is the widening of inequality and a K-shaped recovery. Education, for example, is inherently K-shaped in many places, and this has become even more skewed due to Covid-19. Higher-income groups with smartphone and broadband coverage had far better access to remote learning during this pandemic, almost everywhere in the world.

The implications of the K-shaped recovery still remain uncertain. Certainly, a K-shaped recovery exhibits wealth inequality, greater corporate monopolies, a continuing racial wealth gap, long-term unemployment for low-income workers, and accelerating technological adoption. These may be inevitable and largely beyond control in the backdrop of an unprecedented pandemic that drives the world into the domains of 'unknown unknowns'.

The Economic Survey 2021 predicted a 'V-shaped' recovery. If one looks at year-on-year growth, the recovery in FY22 is indeed V-shaped after the first quarter because of 20 per cent expansion – a sharp upturn after a quick decline. A closer look at the economy may, however, show a K-shape, as explained by experts such as the former RBI Governor Duvvuri Subbarao — rising inequality is poised to hit consumption and growth prospects.

Well, which is the most appropriate letter then? There need not be a conflict between different symbols — both 'V' and 'K' may be correct depictions up to the level of portrayal they offer. In fact, a K-shaped recovery occurs when some segments experience a V-shaped recovery while others experience an L-shaped recovery.

A K-shaped recovery certainly aims at depicting a more analytical picture of the economy where each growth pattern resembles the diverging slopes of a letter 'K' but fails to indicate which slanting arm is dominating the GDP numbers. Again, not all the declining sectors have the same declining angle or intensity.

Similar is the case with sectors that are rising and for different groups of the population as well. Thus, to be more specific, a symbol similar to 'K' but having a few rising and a few declining slanting arms in different angles might be a more appropriate representation of the economy, and the mean direction must also be indicated therein.

Thus, the real picture of any post-pandemic economic recovery cannot be depicted by any English alphabet. The effect of the pandemic is unprecedented. A study conducted by researchers at Azim Premji University shows that business closures and job losses pushed more than 230 million Indians into poverty in the past year, and “the structure of employment has changed dramatically”.

Some experts even said that a W-shaped recovery might be the most appropriate one, especially when growth is seen in the context of seasonally adjusted quarter-on-quarter.

So, which English letter is to use to explain the economy? Well, in 2010, then finance minister Pranab Mukherjee said at the US-India CEO Forum: “I’m beginning to feel that for every (letter) in the English dictionary, there is a theory of economic recovery. What so many competing theories of recovery mean is that we really do not know the answer.” What’s more, the same situation can be explained by different letters as well!

The English alphabets seem insufficient for such a purpose! Can some letters from other scripts be used instead to denote the perplexing nature of the unknown dynamics of the global economic recovery amid Covid pandemic and, of course, in general?

Source: thehindubusinessline.com - Oct 29, 2021

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Banks must not turn away MSMEs

Crisil said recently it expects stressed loans—NPAs and restructured accounts—in the MSME portfolio to rise to as much as 18% by March 2022.

Even as loan growth languishes at around the 6% level, the numbers on delinquencies are starting to confirm bankers' worst fears about the state of MSMEs. Bad loans under the Pradhan Mantri Mudra Yojana (PMMY) had risen to nearly 12% as on March 31, 2021, the Micro Units Development & Refinance Agency (Mudra) has said in a response to a Right to Information (RTI) query filed by this newspaper. In FY21, Rs 3.12 lakh crore was disbursed across a little over 5 crore PMMY loans. So far in the current year, a little over 2 crore loans have been given, totalling to Rs 1.14 lakh crore.

Given how the State Bank of India (SBI) has confirmed a fifth of its Mudra exposure has turned non-performing, chances are the second wave of Covid-19 in April-May would have aggravated the situation, particularly in the micro-loans segment.

The pandemic has hit small businesses hard, and while the government has done well to back smaller businesses by issuing guarantees under the Mudra scheme and, more recently, through the emergency credit line guarantee scheme (ECLGS), given the extent and scale of Covid's ravages, that fallback option may not be enough.

The ECLGS has been extended till March 2022, or until a total of Rs 4.5 lakh crore has been loaned. Until early July, an amount of Rs 2.14 lakh crore had been disbursed against an outlay of Rs 3 lakh crore.

Banks' exposure to the micro and small enterprises segment, at Rs 3.9 lakh crore on August 27, 2021, was up 10% from a year ago. The outstanding bank loans to the medium enterprises segment was only Rs 1.7 lakh crore on the same date. Bankers confirm that had it not been for the ELCGS, the exposure to MSMEs would have been smaller.

While the government is bankrolling the ELCGS to some extent, banks have turned wary of borrowers becoming over-leveraged. It is ironic that lenders today are so cautious about small-ticket loans to genuine borrowers when, not so long ago, they were disbursing loans in thousands of crores to large corporate borrowers, clearly without proper appraisal since much of it did not come back.

Corporate defaulters have left lenders with NPAs running into several lakh-crores of rupees. Yet, today, when most banks are much better capitalised, they are reluctant to lend to small enterprises. Not only has the government infused large sums of capital into state-owned lenders, the provision coverage ratio (PCR) at most banks is more than comfortable.

Crisil said recently it expects stressed loans—NPAs and restructured accounts—in the MSME portfolio to rise to as much as 18% by March 2022. That could be possible. Also, an NPA in one account impacts loans for the customer in other categories too. Nonetheless, even if they need to downgrade all loans of a customer, if one account turns bad, banks should continue to support the relatively stronger enterprises. Any blanket aversion to lending to small units, at this juncture, would hurt the nascent recovery. As is well-known, the informal economy is way bigger than the formal sector and employs many more people; it needs support.

Should the third wave of the pandemic elude us, many of the troubled units can be resuscitated. Banks should utilise the provisions that they have created to help small units. At the end of the day, banks are meant to take calculated risks, not turn their backs on any asset that doesn't fetch a AAA rating.

Source: financialexpress.com– Oct 29, 2021

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RBI board reviews economic situation

The board also discussed the working of sub-committees of the central board and activities of a few Central Office Departments

The Central Board of Directors of the RBI on Friday reviewed the current domestic and global economic situation and challenges. The board also deliberated upon possible measures for addressing the emerging challenges, the Reserve Bank of India (RBI) said in a release.

The 591st meeting of the board was held under the Chairmanship of Governor Shaktikanta Das. His tenure as the Governor has been extended by three years up to December 2024. "The board also congratulated the Governor on his reappointment," the central bank said.

According to the release, the board also discussed the working of sub-committees of the central board and activities of a few Central Office Departments, including the nationwide survey among bank customers regarding banks' grievance redress system and the functioning of the Ombudsman schemes.

Deputy Governors Mahesh Kumar Jain, Michael Debabrata Patra, M Rajeshwar Rao, and T Rabi Sankar attended the meeting. Other directors on the board — N Chandrasekaran, Satish K Marathe, S Gurumurthy and Sachin Chaturvedi — were also present.

Besides, Debasish Panda, Secretary, Department of Financial Services and Ajay Seth, Secretary, Department of Economic Affairs, attended the meeting. Das was appointed the RBI's 25th Governor on December 11, 2018 for a period of three years after the abrupt resignation of his predecessor Urjit Patel.

He is the first RBI Governor to get extension after the BJP-led government came to power in 2014.

Source: financialexpress.com– Oct 29, 2021

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TN reconstitutes committee to give impetus to exports

Tamil Nadu Government has reconstituted its State Export Promotion Committee under the chairmanship of the Chief Secretary to review all trade-related issues, including logistics, agriculture exports and service exports at the State level. The panel has representatives from associations from 'champion sectors'.

The committee will have officials from various departments, including industries and finance, as members, says a Government Order.

Based on the representations received from various associations, and review of major exporter association and exporters, following representatives were nominated-A Sakthivel, President, Federation of Indian Export Organisation; Raja Shanmugham, President, Tirupur Exporters Association; Shuba Kumar, Regional Chairpersons of Automotive Component Manufacturers Association; Satyakam Arya, Vice Chairman, CII Tamil Nadu; Mohammed Mohibulla Kotta, Managing Director of Mohib Shoes; Josh Foulger, Country Head and Managing Director of Foxconn International Holding India Pvt Ltd and KVV Mohanan, Managing Director of KVM Exports.

The committee will meet at least once in every six months to review the progress in implementation of export strategy. It will review all trade and export-related issues and provide regular coordination between the Department of Commerce; Government of India and the State government, the Order said.

Source: thehindubusinessline.com– Oct 29, 2021

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Labour Min hikes minimum wages for central sphere workers from Oct 1

Union Labour Minister Bhupender Yadav said in the statement that this will benefit around 1.5 crore workers

The Ministry of Labour and Employment has revised the rate of variable dearness allowance for 1.5 crore central sphere workers. The hike, which will be effective from October 1, will result in an increase in the minimum wages for central sphere employees and workers.

"At a time when the country is struggling with COVID-19 pandemic, in a major relief to different category of workers engaged in various scheduled employments in the central sphere, the Ministry of Labour & Employment has notified and revised the rate of Variable Dearness Allowance (VDA) with effect from October 1, 2021," a ministry statement said.

The VDA is revised on the basis of average Consumer Price Index for industrial workers (CPI-IW), a price index compiled by the Labour Bureau (an attached office of the Ministry of Labour & Employment). The average CPI-IW for the months of January to June, 2021 was used for undertaking the latest VDA revision.

Union Labour Minister Bhupender Yadav said in the statement that this will benefit around 1.5 crore workers engaged in various scheduled employment in the central sphere across the country. These workers are employed in construction, maintenance of roads, runways, building operations etc.; sweeping and cleaning; loading and unloading; watch and ward; mines and agriculture.

He said that this is in line with the Prime Minister's vision of "Sabka Saath, Sabka Vikas, Sabka Vishwas and Sabka Prayas" and this increase will be effective from October 1, 2021 and wished all the nation builders greetings of Happy Deepavali.

The rates fixed for scheduled employment in the Central sphere are applicable to the establishments under the authority of the central government, railway administration, mines, oil fields, major ports or any corporation established by the central government.

These rates are equally applicable to contract and casual employees/workers.

D P S Negi, Chief Labour Commissioner (Central) said that the VDA in respect of scheduled employment under the central sphere is revised twice in a year — April 1 and October 1. Further, the period under consideration for this order is from January to June, 2021 as per the gazette notification.

The enforcement of Minimum Wages Act in the central sphere is ensured through the inspecting officers of Chief Labour Commissioner (Central) Organization across the country for employees/workers engaged in the scheduled employment in the central sphere.

Source: financialexpress.com– Oct 29, 2021

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Forex reserves decline by USD 908 mn to USD 640.1 bn

In the reporting week ended October 22, the dip in the reserves was due to a fall in foreign currency assets (FCA), a major component of the overall reserves, and in the gold reserves, Reserve Bank of India's (RBI) weekly data released on Friday showed.

The country's foreign exchange reserves declined by USD 908 million to USD 640.1 billion in the week ended October 22, RBI data showed.

In the previous week ended October 15, the reserves had increased by USD 1.492 billion to USD 641.008 billion. The reserves had touched a lifetime high of USD 642.453 billion in the week ended September 3, 2021.

In the reporting week ended October 22, the dip in the reserves was due to a fall in foreign currency assets (FCA), a major component of the overall reserves, and in the gold reserves, Reserve Bank of India's (RBI) weekly data released on Friday showed.

FCA declined by USD 853 million to USD 577.098 billion in the reporting week, the data showed.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

Gold reserves were down by USD 138 million to USD 38.441 billion in the reporting week, the data showed.

The special drawing rights (SDRs) with the International Monetary Fund (IMF) rose by USD 74 million to USD 19.321 billion.

The country's reserve position with the IMF increased by USD 10 million to USD 5.240 billion in the reporting week, the data showed.

Source: financialexpress.com– Oct 29, 2021

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Non-filing of ITR: Madras HC puts onus on taxpayer

Paying income tax but not filing income tax return will cost you dearly as the Madras High Court has held that the burden lies on the assessee to show that he had no wilful intention not to file the return.

Accordingly, the Court has ruled continuation of prosecution in this matter. Experts advise that every tax payer must take full responsibility in filing returns.

A single judge bench of the Court, comprising Justice CV Karthikeyan highlighted ruling by the Supreme Court (Sasi Enterprises vs Assistant Commissioner of Income Tax), where it was clearly stated that filing the return within the stipulated and mandatory period is a duty cast on any person who has to declare the income.

The bench noted that the petitioner had laid the blame on his previous employer stating that there has been a mismatch in the income earned as given in form 16 and as uploaded in form 26AS. It had also been stated that this was not brought to the knowledge of the petitioner since he had left employment. It was also stated that even though the show cause notices were received, he was under the bona fide impression that since tax had been paid, no further action is required from his end.

The bench held that if the taxpayer is liable to file his return then he should file it within the stipulated timeline u/s 139(1). Further, he cannot lay the blame on his previous employer by stating that all taxes have been duly paid and assume that his erstwhile employer would have filed the return. Further, this cannot be treated as a bona fide mistake and it cannot be presumed that he has no intention of committing any offence.

“The burden lies on the assessee to show that he had no wilful intention not to file the return. Any explanation to discharge such burden can be tested only during the course of the trial,” the bench said.

Further it mentioned that it cannot presume that the petitioner is innocent of any of the offences complained. “It is for the petitioner to establish such innocence,” the bench said while issuing a direction to the Additional Chief Metropolitan Magistrate for commencement of trial and complete by January 22 next year.

Compliance important

Om Rajpurohit, Director (Corporate & International Tax) with AMRG said this will have a broad influence on the society because many taxpayers are not serious about submitting returns and believe that if taxes are paid, they would be able to avoid prosecution. So, “even if taxes are paid, it is advisable to comply with tax provisions and file the return of income by the due date as prescribed by u/s 139(1) of the Income Tax Act in order to prevent prosecution,” he said.

Shailesh Kumar, Partner, Nangia & Co LLP said that courts are no more benevolent for ignorance of law. If required as per law, filing of return is mandatory and no taxpayer can argue that his responsibility to file the return of income was delegated and call it a bona fide mistake. “It is the duty of every person who has to declare the income and make sure his ITR is duly filed as per law. Also, the tax authorities have an authority to presume that Assessee has a culpable mental state and it is for the Assessee to prove his innocence,” he said.

Source: thehindubusinessline.com– Oct 29, 2021

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Measures sought to boost cotton production

The Southern India Mills' Association (SIMA) has sought measures to increase cotton production in Tamil Nadu for the benefit of the textile mills here.

Association chairman Ravi Sam and chairman of Confederation of Indian Textile Industry T. Rajkumar met Chief Minister M.K. Stalin in Chennai on Friday. They said with Tamil Nadu being the largest yarn producer in the country and since cotton was the main raw material for these mills, the State should increase cotton production.

The current production of five lakh bales of cotton a year should be increased to 30 lakh bales. The Cotton Cultivation Mission should be brought under the Department of Textiles in the State and the Association's cotton division (Cotton Development and Research Association) should be also be involved in these measures.

Mr. Ravi Sam and Mr. Rajkumar also appealed to the Chief Minister to maintain status quo on the power front, especially regarding wind power evacuation and banking facility for the old wind mills too.

The mills should be permitted to install rooftop solar panels upto the sanctioned demand, and should be able to continue third party power purchase for less than one MW too. All Micro, Small and Medium-scale Enterprises (MSMEs) that had upto 500 KW rooftop solar power should be permitted to have net metering.

In a move to settle all disputes related to electricity, the government should come out with a "Samadhaan Scheme", they said.

Mr. Ravi Sam and Mr. Rajkumar also met the officials and Minister for Industries Thangam Thennarasu. The Association plans to felicilate the Chief Minister at a function planned here next month, a release said.

Source: thehindu.com– Oct 30, 2021

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Power loom federation wants separate Commissionerate

The Tamil Nadu Federation of Power Looms Associations has urged the State government to either establish three separate Commissionerate for handloom, power loom and textiles or bring power loom sector under textile Commissionerate for overall development.

In an email sent to Chief Minister M.K. Stalin, federation coordinator T.S.A. Subramaniyan said the power loom sector was the second largest employer after agriculture in the country. About six lakh power looms provided jobs to 30 lakh workers in the State.

Except for the 750 units of free electricity to the units, the government was not providing assistance, grants, subsidy, discounts or any welfare schemes for the power loom sector, the letter said and added that owners operated their units with their own investments. Fabrics worth ₹ 100 crore are being produced every day fetching a revenue of ₹ 5 crore as Goods and Services Tax (GST) to the government.

The letter said the State government proposed to bifurcate the Department of Handlooms and Textiles. While power looms being proposed to be brought under the Department of Handlooms, mills would be brought under the Departments of Textiles. Bringing the power loom sector under the handlooms or textiles would affect its growth.

The letter urged the government to establish a separate Commissionerate for handlooms, power looms and textiles. If not, power looms should be brought under the Commissionerate of Textiles and not under handlooms, the letter said.

Source: thehindu.com– Oct 29, 2021

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Handicraft exports grow 60 pc during Apr-Sept: Govt

India's handicraft exports during the first six months of the current fiscal stood at Rs 15,995.73 crore, the textiles ministry said on Thursday. This represents a growth of over 60.34 per cent over the same period last year, it said in a statement.

It added that the 52nd edition of the IHGF-Delhi Fair - Autumn 2021 being held at the India Expo Centre & Mart, Greater Noida, was inaugurated on Thursday.

The fair is being held from October 28-31. Union Minister of Commerce and Industry and Textiles Piyush Goyal, in his message, said it is heartening to see that at a time when the world's largest vaccination programme is in full swing, the physical exhibition is taking place.

This will providing an opportunity for exhibitors and buyers to meet in person for transacting business, he noted.

"He hoped that this event will pave way for bigger and better editions of the fair in the near future, and in the process, promote greater exports of handicrafts from India," the statement added.

Speaking on the occasion, Textiles Secretary U P Singh applauded the handicrafts segment for contributing to an exemplary export growth of 60 per cent during the first six months of 2021-22 despite difficulties and challenges faced by exporters during two years of the pandemic.

More than 1,500 exhibitors, pre-registered buyers from 90 nations, theme presentations, regional crafts, seminars and craft demonstrations will define the IHGF-Delhi Fair - Autumn 2021.

"The Handicrafts exports during the Six months of current financial year from April to September, 2021-22 is Rs 15995.73 crore registering a growth of over 60.34 per cent over the same period in last year," the ministry stated.

Source: retail.economictimes.indiatimes.com– Oct 29, 2021

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Effitrac launches talent marketplace to address skill shortage in SMEs

Skill, labour, talent for MSMEs: To enable MSMEs digitise their operations, software-as-a-service provider Effitrac Solutions, which offers end-to-end business process software around bookkeeping, customer management, amongst others, has launched a knowledge marketplace Effitrac Partner Connect to help SME businesses get access to talent.

“Most of the SMEs are based in tier-II and -III cities where the talent pool is really thin, especially for skills such as human resource, accounts, logistics, inventory management, merchandising and finance, amongst others,” Logesh Velusamy, Founder and CEO, Effitrac Solutions told Financial Express Online.

The company did a pilot program of Effitrac Partner Connect before the launch wherein they trained and upskilled 20 people on logistics, inventory management, accounting, and other skills. All of them got onboarded by SME owners for guidance/ support in all the areas of need. “After seeing the success of the pilot, we decided to introduce this as a new offering,” said Velusamy.

He added, “We are trying to organise the industry and bridge the gap between the supply and demand. We publish the list of skilled personnels on the portal and SMEs can choose the people they want to partner with, based on their specific requirements, such as time duration of the project or the skill needed.”

Effitrac Partner Connect is currently focusing on expanding the pool of potential hires who are either freshers looking to work in the SME industry, or mid-level executives who have had a career break and want to get back to full time work, or even veterans from the industry who can spare a few hours from their day to help and support the SMEs. The platform aims to onboard nearly 1000+ knowledge partners in the next six months.

Effitrac Solutions, launched in 2012, caters to over 14 MSME sectors such as food processing, textile manufacturing, general engineering, and more. A bootstrapped company, Effitrac has scaled to 500+ MSME clients in 15 months and is currently growing at a rate of 20-25% on a month-on-month basis.

Source: financialexpress.com– Oct 29, 2021

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