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IBTEX Textile Intelligence Centre – Information Bureau TEXPROCIL

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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INTERNATIONAL NEWS

EU poised to pull China's GSP trade privileges

Chinese exporters will no longer enjoy preferential tariff treatment in most European countries when they remove its Generalized System of Preferences (GSP) privileges on December 1.

The removal is expected to accelerate the trend of labor-intensive manufacturers including apparel makers moving out of China and to cheaper destination countries like Vietnam and Bangladesh, economists and analysts predict.

Chinese state media said the impact on China's exporters would be limited but they slammed those seeking China's removal from the United States' list of Permanent Normal Trade Relations (PNTR), a designation that guarantees equal trade treatment including low tariffs of any other nation given the same preferential status.

The state media reports said China was still a developing country with a GDP per capita of about one-sixth of that of the US.

In 1968, the United Nations Conference on Trade and Development (UNCTAD) recommended the creation of a GSP under which industrialized countries would grant autonomous trade preferences to all developing countries. In 1971, the European Community was the first to implement a GSP scheme.

Since China announced its plan to transform itself from a planned to a market economy in 1978, the country has been given duty-free treatment on certain exports by 40 countries under the GSP. In 2000, it was also given PNTR status by the US. In 2001, China entered the World Trade Organization and has since then seen enormous growth in its external trade.

On October 27, China's Customs said in a statement that it would not issue GSP certificates of origin to exporters that were going to ship products to the 27 EU nations, the United Kingdom, Canada, Turkey, Ukraine and Liechtenstein from December 1 as these countries had removed China from their GSP lists. It said these exporters should apply for non-preferential certificates of origin.

After the changes, only Norway, New Zealand and Australia will continue to provide preferential tariff treatment to China. Since 2014, Switzerland, Japan, Russia, Kazakhstan and Belarus have removed China from their GSP lists.

Gary Ng, an economist for the Asia-Pacific at Natixis, said the latest changes would increase the costs for Chinese manufacturers to export their products to the 32 European countries but the impact would be limited as China had already joined the WTO and signed many trade agreements with other countries and regions.

But Ng said the shift was not good news for China, given that its exports had been slowing amid rising tensions with the US.

Ng said the EU, which imports many Chinese goods, had seen a slowing demand after the Eurozone Manufacturing PMI peaked in mid-2021.

Some other economists said Chinese apparel makers and low-end electronic producers would be hit most by the changes, as well as by the country's recent power crunch and new measures that suppress energy-intensive sectors. They predicted that once the epidemic situation improved in South and Southeast Asia, more production lines would move out of China to its neighbors including Vietnam and Bangladesh.

According to the WTO, China remained the largest apparel exporter in the world with a market share of 31.6%, although its clothing exports fell 7% to US$142 billion last year from 2019 due to the pandemic.

Vietnam also reported a 7% year-on-year drop in its clothing exports to US$29 billion in 2020, but it still overtook Bangladesh to become the world's second-largest apparel exporter. Bangladesh's clothing exports decreased by 15% to $28 billion last year.

Vietnam had a 6.4% share in the global clothing markets while Bangladesh had a 6.4% share in 2020. Turkey ranked No 4 with a 3.4% share and India was No. 5 with 2.9%. Since the Delta mutant virus emerged in the second quarter of this year, many factories in Vietnam and Bangladesh have reportedly been shut down.

Two articles published by Chinese state media said it might not a bad thing that China was removed from the GSP lists of European countries.

On November 5, Wei Jianguo, vice chairman of China Center for International Economic Exchanges and a former vice-minister of commerce, wrote in an article published by People.com.cn that China "graduated with distinction" in its trade development.

He said as development had increased to a level that developed countries could no longer give China preferential tariff treatment, the country's external trade would soon enter a new phase that focused on innovative sectors.

Wei said "made in China" products had gained global recognition while China had already stopped relying on labor-intensive industries.

He said China was removed from 32 countries' GSP lists but would remain as a most favored nation (MFN) to most countries. He said people should not mix up the concepts of GSP and MFN treatments as the latter could not be canceled by a country unilaterally. He said the members of the WTO agreed to accord MFN status to each other.

Xu Weihong, chief economist at Yongxing Securities, wrote in an article published by the Global Times on November 4 that the public should see the removal of China from 32 countries' GSP lists rationally.

Xu said the changes would inevitably create pressure on some exporters but the impact would be small. He said China's exports increased 22.7% year-on-year in the first three quarters of this year, showing that exporters had overcome problems including growing protectionism in the US and rising inflationary pressure caused by the monetary easing in the US and Europe. He said China would stay alert that some people with ill-intent were trying to promote the cancelation of China's MFN status. He said although China's GDP per capita had grown significantly over the past two decades, it was still only about a quarter of the EU's.

Xu said China continued to face challenges during its urbanization and industrialization, particularly in its central and western regions. He said trading partners should go there and see and would then understand why China argued that it was still a developing country.

In March this year, US Senators Tom Cotton, Jim Inhofe and Rick Scott introduced the China Trade Relations Act in a punitive bid to strip China of its PNTR status.

If passed, the legislation would require China to obtain MFN status through annual presidential approval, per the requirements of the Jackson-Vanik Amendment, which was passed in 1974 to affect US trade relations with countries with non-market economies.

On October 4, US Trade Representative Katherine Tai announced the Biden administration's new approach to the US-China trade relationship. Tai said the US continued to have serious concerns with China's state-centered and non-market trade practices that were not addressed in the Phase One trade deal signed in January 2020.

She said the US would raise these broader policy concerns with Beijing.

Source: asiatimes.com– Nov 08, 2021

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USA: Retail Cargo Imports Near Record Pace Despite Port Congestion

Cargo imports at congested U.S. container ports are expected to remain at near-record levels for the remainder of the year, as retailers rush to move merchandise from docks to shelves in time to meet the expectations of holiday shoppers, according to the monthly Global Port Tracker report released Monday by the National Retail Federation (NRF) and Hackett Associates.

“Dockworkers are unloading ships as fast as they can, but the challenge is to move the containers out of the ports to make room for the next ship,” Jonathan Gold, vice president for supply chain and customs policy at the NRF, said.

Gold said better return procedures for empty containers and more chassis, truck drivers, rail capacity and warehouse workers are needed to keep the system moving.

“Retailers have enough inventory on hand to make sure shoppers won’t go home empty-handed this holiday season,” he said. “But there are still items sitting on the docks or waiting on ships that need to make it to store shelves and online sellers’ warehouses. Retailers want to make sure customers have product choices.”

More than 70 ships were reported waiting to dock at the Ports of Los Angeles and Long Beach last week and the wait at Los Angeles has averaged two weeks over the past month, according to Global Port Tracker. “Those delays, in turn, can push back the vessels’ arrival at other ports on their schedules. Some carriers have announced plans to divert to other locations, but congestion is building nationwide.”

U.S. ports covered by Global Port Tracker handled 2.14 million 20-foot containers or equivalent units (TEU) down 5.9 percent from August but up 1.4 percent year over year. Ports have not reported October numbers yet, but Global Port Tracker projected the month at 2.19 million TEU, down 1.2 percent from October 2020. The year-over-year decline would be the first since July 2020, after which unusually high import volumes began to arrive when stores closed by the pandemic reopened and retailers worked to meet pent-up consumer demand and to stock up for the holidays.

Even with the year-over-year decline, October would be among the five busiest months on record since NRF began tracking such imports in 2002. The influx of cargo is expected to continue through the end of the year, with November cargo shipments forecast at 2.17 million TEU, up 3.3 percent year-over-year, and December at 2.18 million TEU, up 3.5 percent.

Looking into next year, Global Port Tracker forecast January cargo imports to increase 7.6 percent to 2.21 million TEU, February to be up 7 percent to 2 million TEU and March to dip 4.1 percent to 2.17 million.

The first half of 2021 totaled 12.8 million TEU, up 35.6 percent from the same period last year. For the full year, 2021 is on track to total 26 million TEU, up 17.9 percent over 2020 and a new annual record topping last year's 22 million TEU. Cargo imports during 2020 were up 1.9 percent over 2019 despite the pandemic.

Global Port Tracker provides historical data and forecasts for the U.S. ports of Los Angeles-Long Beach and Oakland, Calif., and Seattle and Tacoma, Wash., on the West Coast; New York-New Jersey; Port of Virginia; Charleston, S.C.; Savannah, Ga., and Port Everglades, Miami and Jacksonville, Fla., on the East Coast, and Houston on the Gulf Coast.

Source: sourcingjournal.com– Nov 08, 2021

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Denim's Nearshoring Wave Kept Rising in September

For U.S. retailers and brands, the nearshoring of denim apparel production looks to be gaining momentum.

For the year to date through September, blue jeans imports from Western Hemisphere countries to the U.S. rose 43.46 percent compared to the same period in 2020 to a value of $610.5 million, according to new data from the Commerce Department's Office of Textiles & Apparel (OTEXA). This surpassed the 28.56 percent imports increase from the world, reaching $2.54 billion.

Leading the way was No. 2 jeans supplier Mexico, posting a 46.53 percent hike in the comparable nine-month period to $471.78 million. The countries of the Central American Free Trade Agreement (CAFTA) combined for an increase in imports of 32.69 percent to $111.63 million.

Among the CAFTA countries, shipments from Nicaragua rose 34.57 percent in the period to $91.56 million, while imports from Guatemala were up 24.73 percent to $18.56 million. Colombia joined in the regional growth, with its shipments up 25.52 percent year to date to $22.15 million.

"The Western Hemisphere supply chain for textiles and apparel is a core pillar of the partnership between the United States and the countries of the Dominican Republic-Central America-United States Free Trade Agreement," Deputy United States Trade Representatives Sarah Bianchi said at a roundtable discussion last week with senior U.S. textile executives.

"The CAFTA-DR rules of origin provide the certainty needed by industry to invest and expand operations in a way that promotes economic opportunity for both U.S. workers and those in the region."

Kim Glas, president and CEO of the National Council of Textile Organizations, said the U.S. textile industry has invested over $20 billion in the United States and billions more in the hemisphere over the past decade to grow economic opportunities in the U.S. and in the region.

"Onshoring and nearshoring this critical supply chain is essential," and "further investments will be announced soon," Glas said.

Goods imported from the CAFTA countries and Mexico through the United States-Mexico-Canada Agreement are eligible for duty-free status. The same is true for many Sub-Saharan Africa countries under the African Growth & Opportunity Act (AGOA), and while the region showed a 9.55 percent rise in the period to $109.6 million, many suppliers are having problems.

Last week, President Biden said Guinea and Mali were being cut from the AGOA program for unconstitutional change in governments, and Ethiopia was being removed for gross violations of internationally recognized human rights being perpetrated by the government. Showing strength from the region were Lesotho and Madagascar, while Ethiopia and Kenya saw drop-offs.

Imports from top jeans supplier Bangladesh increased 31.4 percent to $520.16 million in the period, while Asian rivals Vietnam saw tepid 4.23 percent growth to $278.69 million after being flat year to date the previous month, and shipments from China picked up the pace with a 15.02 percent gain to $274.63 million.

Among other Asian Top 10 suppliers, imports from Pakistan were up 63.4 percent in the period to $275.9 million, shipments from Cambodia rose 14.51 percent to $114 million and imports from Sri Lanka were up 27.98 percent to $48.14 million. Rounding out the Top 10 was Turkey, which has seen its imports to the U.S. soar 69.98 percent so far this year to $49.14 million.

Source: sourcingjournal.com– Nov 08, 2021

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How to Evaluate Factory Productivity Both Local and Global

In a constantly changing world, locations and factories must be closely, and constantly, scrutinized.

Although the apparel supply chain already had been undergoing plenty of geopolitical changes in recent years, the Covid-19 pandemic and the ensuing demand escalation forced brands and retailers to reassess what constitutes productivity at the factory level. In kind, many are reevaluating their suppliers as they discover optimal, cost-efficient sourcing options and are taking a stand to improve efficiency in their own manufacturing operations.

Brands don't necessarily have to reinvent the wheel when it comes to understanding productivity, it's just that the objective of any criteria used must be clearly defined.

One such example, according to Jason Schott, chief operating officer of leather jackets and motorcycle apparel seller and manufacturer Schott NYC, is what he calls "standard average hours," or SAH. Every jacket style the company produces is assigned an SAH value, which indicates how much time it would take an employee working on each, to determine efficiency and even monetarily incentivize productivity.

"Each one of our jackets can have 40 to 50 value-added operations that go into the product," Schott said. "We're tracking every employee and each of those operations, and we're constantly looking to see how we're doing. And if those employees are able to do better than the average, then they can make more money."

Beyond the production benefits, Schott NYC now has the chance to identify key operators who are excelling in their roles, enabling the company to better understand who to promote and where to make certain shop floor processes more efficient.

"We're actually going through a process right now where we took one of our best operators off of the sewing machine, because he was always thinking ahead," Schott told Sourcing Journal. "We just saw that there was more potential and now he's training two people to do his old job, while becoming a supervisor for the floor."

Luckily for Schott NYC, the company's manufacturing operates out of one factory in Union, N.J., which also is shared with the brand's headquarters. While many apparel operations—especially those manufacturing in factories overseas—don't have this luxury, having tabs on top performing employees can provide a significant immediate benefit for all parties.

Vast networks need simplicity more than ever

Beyond productivity, global brands may share more concern over exactly where their products originate, leading them to ask whether to diversify operations further or relocate sourcing entirely. This issue has only gained importance in 2021 as forced labor concerns became more prominent and ports remain clogged as the pandemic constrains operations at factories in Southeast Asian countries.

LT Apparel Group, a manufacturer, designer and distributor of children's wear apparel for brands such as Adidas, Carhartt and school uniform brand French Toast, has a vast sourcing network that it needs to keep tabs on. The company operates its own facilities in Bangladesh and Vietnam, and also has a shared stake in vendor facilities in China, India, Sri Lanka and Indonesia among others via a joint venture partnership called Comtex.

Jill Schwartz-Cheng, vice president of global sourcing at LT Apparel Group, said the decision-making process of its sourcing matrix, and what suppliers to work with, still boils down to a simple methodology of four key criteria.

"We measure performance based on their delivery, their quality, their price value, and this last piece is difficult to measure but understandable, the loyalty of the service aspect," Schwartz-Cheng told Sourcing Journal. "How much do they value us as their partner? Delivery is quantifiable, while quality and price value could also be measured. The last piece has more of a human factor to it, but that's how we measure everybody, it's nothing complicated."

Compliance is key

When evaluating its supply chain partners, which largely come from Thailand and China, apparel and footwear designer, producer and licensor Xcel Brands prioritizes compliance above all.

Robert W. D’Loren, chairman and CEO of Xcel Brands, highlighted four areas of compliance that he felt were the most important metrics for the company to keep tabs on: systems compliance, calendar compliance, quality control compliance and materials input compliance.

He noted that the success of the four compliance indicators determines whether Xcel will reevaluate where the company sources its products, primarily since the communication and overall system integration process is easier.

“We seek production partners that can work seamlessly in our systems and with our team members to innovate production solutions in terms of materials and make,” D’Loren said. “This applies to apparel, jewelry and home products.”

Although many brands are turning to supply chain compliance companies to conduct overseas factory audits, D’Loren noted Xcel doesn’t work with third parties, instead relying on its own in-house team.

LT Apparel Group, on the other hand, recently entered a partnership with a company that offers supply chain services including auditing, factory assessment, advisory and program management.

“Our compliance team works very closely with them to help us assess new factories and existing factories in terms of compliance and financial stability, to give us more insight,” Schwartz-Cheng said. “Rather than gathering just with our homegrown methodology, we get a more global view of what’s going on.”

Schwartz-Cheng said that the focus on compliance across many apparel brands is still a relatively recent concern.

“If your vendor partner is on board with that, compliance is the new thing that five years ago was not addressed to the degree that is being addressed now,” Schwartz-Cheng said.

“Right now, everybody is definitely including sustainability and social responsibility, although the latter has been around for a long time actually. But now the two seem to go hand in hand. It’s not negotiable. It’s a must.”

Don’t overlook traditional KPIs

The environment surrounding the global supply chain may be drastically changing, but that doesn’t mean fundamental metrics such as throughput, cost per unit manufactured or work-in-process (WIP) have lost their luster. If the pandemic has taught brands anything, it is that they must be more cognizant of the supply chain’s underlying issues, particularly when determining sourcing.

While production across facilities factors into Xcel’s decision making, they still go hand in hand with external issues, according to D’Loren, who said “trends in social and environmental issues have caused us to consider alternative sources of production and materials.” Once manufacturing 70 percent of clothing in China, Xcel Brands has dipped that number to approximately 20 percent.

“We maintain the same standards as in the past. That said, there is a greater emphasis on true collaboration with our production partners,” D’Loren said.

Schott agreed with the assertion, citing costs and timing as bigger impacts that must be factored in tandem with traditional metrics.

“Right now, the supply chain is in such a state of flux that many of the KPIs are kind of open ended right now. There’s a rising cost of raw materials, that we have no choice but to accept, because first of all, the cost of shipping by container are insane. And the timing is ridiculous,” Schott said. “So, it is not as much looking at new KPIs as just a new look at the same KPIs. Costs are just completely different than they were even a year ago.”

Sustainability can’t be ignored

No conversation about production can be discussed in 2021 without highlighting the sustainability ramifications. To ensure that key sustainability KPIs such as carbon and water footprint were being reached and transparently shared with any supply chain partner, Turkish denim manufacturer Isko launched its own system of Environmental Product Declarations (EPDs).

Isko's EPDs are designed to measure the environmental impacts of one square meter of fabric throughout its life, from growing the raw materials to delivery to the garment manufacturer, with the core fabric production under Isko's direct control.

The idea is that efficiencies and continuous improvements in both the manufacturer's processes and raw materials can drive down the impact of textiles.

"The EPDs were created with input from external stakeholders to create validated Product Category Rules (PCR) for denim," said Ebru Ozkucuk Guler, senior CSR executive at Isko. "These are publicly available for other producers to use to improve transparency on actual impact across the industry and allow for fair comparison between manufacturers. We strongly encourage brands to request EPD Life Cycle Assessments from suppliers to enable a credible evaluation of actual fabric impacts. We now have EPDs covering all our fabrics. With this information we can develop fabrics that are more responsible and track improvements over time."

The development of more responsible fabrics is yet another major benefit of reassessing factory productivity. Regardless of where a brands' facilities are located, apparel players that are falling behind must clearly define what goals they are striving for and internally assess whether they are both overthinking their ambitions and prioritizing compliance at an appropriate level.

Source: sourcingjournal.com– Nov 08, 2021

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US textiles & apparel imports up 27% in Jan-Sept 2021

The import of textiles and apparel by the United States increased by 26.99 per cent to $82.271 billion in the first nine months of 2021, compared to $64.784 billion in January-September 2020. With 27.84 per cent share, China continues to be the largest supplier of textiles and clothing to the US, followed by Vietnam with 14.04 per cent share.

Apparel constituted the bulk of textiles and garments imports made by the US during the initial nine months of this year, and were valued at $58.582 billion, while non-apparel imports accounted for the remaining $23.688 billion, according to the latest Major Shippers Report, released by the US department of commerce.

Segment-wise, among the top ten apparel suppliers to the US, imports from Pakistan, Honduras and Nicaragua shot up by 62.62 per cent, 56.27 per cent and 45.73 per cent year-on-year respectively. On the other hand, imports from Indonesia registered only a single-digit increase of 7.45 per cent compared to the same period of the previous year.

In the non-apparel category, among the top ten suppliers, imports from India, Italy and Turkey soared by 60.93 per cent, 56.33 per cent and 52.80 per cent, respectively. The sharp rise in numbers is due to the base effect, as imports were disrupted last year due to the COVID-19 pandemic.

Of the total US textile and apparel imports of $82.271 billion during the period under review, cotton products were worth $35.703 billion, while man-made fibre products accounted for $42.662 billion, followed by $2.348 billion of wool products, and $1.556 billion of products from silk and vegetable fibres.

In 2020, the US textile and apparel imports had decreased sharply, mainly on account of the COVID-19 pandemic induced disruption, to $89.602 billion compared to imports of $111.033 billion in 2019.

Source: fibre2fashion.com– Nov 09, 2021

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USA: Infrastructure Bill Passage Gets Praise From Fashion, Retail

The U.S. fashion industry, from textile manufacturers to retailers, lauded House passage of the Infrastructure Investment and Jobs Act for the aid and impetus it will bring to areas such as domestic manufacturing, transportation and logistics, and job creation.

"The Infrastructure Investment and Jobs Act will rebuild and repair our roads, deliver broadband to rural communities, and create reliable 21st century energy networks," United States Trade Representative Katherine Tai said. "It will help companies and entrepreneurs reach new customers and markets thousands of miles away. It is key to unlocking broad-based economic prosperity and helping the United States build back better."

The White House said the bipartisan infrastructure deal will rebuild America's roads, bridges and rails, expand access to clean drinking water, ensure every American has access to high-speed internet, tackle the climate crisis, advance environmental justice, and invest in communities that have too often been left behind.

The legislation will help ease inflationary pressures and strengthen supply chains by making long overdue improvements for the nation's ports, airports, rail and roads. It will drive the creation of good-paying union jobs and grow the economy sustainably and equitably so that everyone gets ahead for decades to come. Combined with the President's Build Back Framework, it will add on average 1.5 million jobs per year for the next 10 years.

The National Council of Textile Organizations (NCTO) said Friday's House passage of a bipartisan infrastructure bill will help reconstitute a domestic supply chain for face masks, isolation gowns and other personal protective equipment (PPE).

"This is the first step in a long-term strategy that is critically needed to permanently onshore PPE production to ensure our nation is prepared for the next health security crisis," NCTO president and CEO Kim Glas said. "This infrastructure package will help incentivize the reshoring of PPE production by guaranteeing long-term federal contracts and expanding Berry Amendment rules to more federal agencies' purchases of PPE products, important priorities of the U.S. textile industry."

NCTO worked with congressional allies to include a version of the Make PPE in America Act, legislation co-sponsored by Senator Rob Portman (R-Ohio) and Senator Gary Peters (D-Mich.), in the infrastructure legislative package. The bill ensures all PPE purchased by the Departments of Homeland Security, Health and Human Services and Veterans Affairs are Berry Amendment-compliant, meaning it contains 100 percent domestic content; guarantees long-term contracts for a minimum of two years to U.S. manufacturers, and creates a tiered preference for PPE made in the Western Hemisphere by U.S. free trade partners using U.S. components, after domestic manufacturing capacity has been maximized.

“This bill within the infrastructure package will help onshore critical production of critical medical supplies, ensuring that taxpayer dollars do not go to China and other offshore PPE producers but are instead utilized to bolster the federal purchase of American-made PPE,” Glas said. “In fact, applying these strong procurement rules across our government for purchases of PPE will unequivocally lead to investments in this sector and help onshore this industry longer term.”

After the House voted to approve a the bipartisan infrastructure deal, which will invest more than $550 billion in U.S. infrastructure over the next five years, the legislation now heads to the White House for President Biden’s signature.

“Retailers rely on the American infrastructure system to move billions of dollars’ worth of merchandise to communities across the country and around the globe every day,” National Retail Federation (NRF) president and CEO Matthew Shay said. “A healthy and efficient transportation system is vital to the success of thousands of retail businesses. This substantial influx of investment in our roads, ports, bridges and other core infrastructure will further enable businesses to meet burgeoning consumer demand and promote economic growth. The prioritization of our nation’s fundamental transportation network will mitigate many of the supply chain challenges businesses are experiencing today and will pave the way for a 21st century infrastructure system that can withstand future disruptions.”

The legislation will reauthorize surface transportation programs for five years and invest $110 billion in additional funding to repair roads and bridges and support major, transformational projects. The Infrastructure Investment and Jobs Act makes the single largest investment in repairing and reconstructing the nation’s bridges since the construction of the interstate highway system, according to the White House. It will rebuild the most economically significant bridges in the country, as well as thousands of smaller bridges. The legislation also includes the first-ever Safe Streets and Roads for All program to support projects to reduce traffic fatalities, which claimed more than 20,000 lives in the first half of 2021.

In addition, the act upgrades U.S. airports and ports to strengthen the supply chains and prevent disruptions that have caused inflation. The White House noted that the legislation will improve U.S. competitiveness, create more and better jobs at these hubs and reduce emissions after decades of neglect and underinvestment have left the links in the goods movement supply chains struggling to keep up with the strong economic recovery from the pandemic.

“The Bipartisan Infrastructure Deal will make the fundamental changes that are long overdue for our nation’s ports and airports so this will not happen again,” the White House said. “The United States built modern aviation, but our airports lag far behind our competitors. According to some rankings, no U.S. airports rank in the top 25 of airports worldwide. Our ports and waterways need repair and reimagination, too.

“The legislation invests $17 billion in port infrastructure and waterways and $25 billion in airports to address repair and maintenance backlogs, reduce congestion and emissions near ports and airports, and drive electrification and other low-carbon technologies,” it added. “Modern, resilient, and sustainable port, airport, and freight infrastructure will strengthen our supply chains and support U.S. competitiveness by removing bottlenecks and expediting commerce and reduce the environmental impact on neighboring communities.”

Michael Hanson, senior executive vice president, public affairs at the Retail Industry Leaders Association (RILA), said House passage of the Bipartisan Infrastructure Investments and Jobs Act make historic investments in infrastructure while simultaneously keeping the corporate tax rate at 21 percent is “great news for retailers and the 50 million jobs, they support throughout the economy.”

“The infrastructure bill is a much-needed, trillion-dollar boost to modernize our ports, roads, and highways, and as heavy users of our nation’s infrastructure, greatly welcomed by the retail industry,” Hanson said. “These public investments will create more efficient supply chains and allow retailers to innovate and invest in more effective and sustainable means to deliver goods to families across the country.”

He added that retailers appreciate that the Democrats' Build Back Better spending plan keeps the corporate tax rate at 21 percent, which means "retailers can continue to invest in their people, communities and innovations to keep the business respondent to the everchanging needs of consumers."

"This is extraordinarily important as we navigate supply chain disruptions, talent shortages and a global pandemic," Hanson added. "As the larger spending plan heads toward passage in the House and on to the Senate for further consideration, leading retailers will continue to advocate for a fair tax code and a 21 percent corporate rate."

President Biden said Saturday that the Infrastructure Investment and Jobs Act, "a once-in-generation bipartisan infrastructure bill that will create millions of jobs, turn the climate crisis into an opportunity, and put us on a path to win the economic competition for the 21st Century," will create "good-paying jobs that can't be outsourced, jobs that will transform our transportation system with the most significant investments in passenger and freight rail, roads, bridges, ports, airports, and public transit in generations."

"This will make it easier for companies to get goods to market more quickly and reduce supply chain bottlenecks now and for decades to come," Biden said. "This will ease inflationary pressures and lower costs for working families…This bill will make historic and significant strides that take on the climate crisis. It will build out the first-ever national network of electric vehicle charging stations across the country. We will get America off the sidelines on manufacturing solar panels, wind farms, batteries and electric vehicles to grow these supply chains, reward companies for paying good wages and for sourcing their materials from here in the United States, and allow us to export these products and technologies to the world."

It will also make historic investments in environmental clean-up and remediation, and build up national resilience for the next superstorms, droughts, wildfires, and hurricanes that cost the U.S. billions of dollars in damage each year, Biden added.

Source: sourcingjournal.com– Nov 08, 2021

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Power supply back to normal, says China's State Grid

The supply and demand of power have returned to normal in areas operated by the State Grid Corporation of China, the state-owned electric utility corporation has said. Though the scale of power cubs has been significantly reduced, the power supply to some factories with high energy consumption and high pollution in certain provinces was still being limited.

The thermal coal inventory in the company’s operating area has now risen to 99.32 million tonnes, with the available days of consumption has risen to 20, Chinese state media reported quoting the utility company.

China will see a power consumption peak during the winter and coming spring. This will also be drought season for hydropower. So, the grid is expected to face an “overall tight balance of power with gaps in partial areas”.

The State Grid will increase and stabilise the power supply by tapping the potential of all kinds of resources, while closely tracking the thermal coal and gas supply, and coordinating power transmission across different regions to ensure the safety of the grid, said Meng Haijun, spokesperson with the State Grid.

The State Grid, as of 2020, is the world’s second largest company overall by revenue. It supplies power to a population of over 1.1 billion, with its service area covering 88 per cent of the Chinese territory.

Source: fibre2fashion.com– Nov 08, 2021

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China's e-com logistics activities expand in Oct 2021

China's e-commerce logistics sector witnessed moderate growth in October, according to an industry survey jointly conducted by the China Federation of Logistics and Purchasing and e-commerce giant JD.com. The survey found that the index tracking e-commerce logistics activities rose to 111.5 points in October, up by 0.3 percentage points from September.

The total demand for e-commerce logistics rose in October, with the sub-index tracking the total business volume coming in at 127.3 points, up by 0.6 points from the previous month.

Demand for e-commerce in rural areas maintained its growth momentum, with the sub-index tracking e-commerce logistics in these regions standing at 129.4 points, up by 0.7 points from March, according to an official news agency.

The survey predicted that demand for e-commerce logistics would continue to increase in November, influenced by ‘Double 11’ (November 11 is Singles' Day) shopping spree.

Source: fibre2fashion.com– Nov 08, 2021

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Building trust in US Cotton

In its first year, the US Cotton Trust Protocol, based in Memphis, Tennessee, has welcomed more than 465 brands, retailers, mills and manufacturers as members and secured 950,000 bales of cotton into the system.

The farm level, science-based programme's aim is to bring quantifiable and verifiable goals and measurement to sustainable cotton production and drive continuous improvement in six key sustainability metrics – land use, soil carbon, water management, soil loss, greenhouse gas emissions and energy efficiency.

The initiative also launched the Protocol Consumption Management Solution (PCMS) which enables it to offer unrivalled transparency and visibility of cotton through the supply chain, backed by independently verified data from growers. Recognising the growing importance of increased supply chain visibility, the PCMS uses the combined power of the Protocol Platform and TextileGenesis to provide members with the world's first sustainable cotton fibre to offer article-level transparency across the supply chain.

"The US Cotton Trust Protocol was created to set a new standard in more sustainable cotton and we are proud of the significant achievements made in the programme's first year," said president Gary Adams. "Our goals are rooted in the idea that US cotton production can contribute to the protection and preservation of the planet by using sustainable and responsible growing techniques." Members include Levi Strauss PVH Corp and its brands Calvin Klein and Tommy Hilfiger, Gap Inc and its collection of purpose-led lifestyle brands Old Navy, Gap, Banana Republic and Athleta, as well as global apparel manufacturer Gildan. The Trust Protocol has also welcomed UK retailers Tesco, Byford and Next.

The US Cotton Trust Protocol is aligned with the UN Sustainable Development Goals, recognised by Textile Exchange and Forum for the Future, and part of the Sustainable Apparel Coalition, Cotton 2025 Sustainable Cotton Challenge, Cotton 2040 and Cotton Up initiatives.

Source: innovationintextiles.com– Nov 08, 2021

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Stronger Together: Future of Italy's Textile Supply Chain Sits in Collaboration

MILAN — There's a brisk M&A activity blossoming in Italy since the inception of the COVID-19 pandemic and much of it is meant to support the know-how and craftsmanship of the country's fashion supply chain.

The sector is facing declining sales, shortages of financial resources and more difficult access to credit lines, as well as increased costs for raw materials, the latter worrying industry association Sistema Moda Italia. As such, leading textile and materials firms in the country have joined forces with acquisitions and collaborative ventures to safeguard the supply chain, providing manufacturing backup for one another and sharing information.

Evidence that Italian entrepreneurs are increasingly understanding the importance of preserving the local pipeline, several players including private equity firms, fashion moguls, industrialists and investors are coming to the rescue of small and medium-sized enterprises, dragging them out of the quagmire experienced in the past 20 months.

"We see the integration of different companies and M&A activities as a positive and encouraging sign," said Claudia D'Arpizio, a partner at Bain & Co. in Milan. "They help companies evolve and get managerial structures, which are crucial to face present and future challenges."

Luigi Feola, managing partner at L Catterton, noted that "business owners are increasingly seeking operative partners, helping them dodge uncertainties and take business on a global scale."

While it is estimated that 70 percent of high-end fashion manufacturing is globally concentrated in the key fashion districts spread across Italy, these have been hit the hardest by the COVID-19 pandemic, with performances starting to pick up in the first half of 2021 after a negative first quarter.

In the six months ended June 30, textile production rose 17.3 percent and exports jumped 18.5 percent compared to 2020, though that's still significantly below pre-pandemic levels.

The sector seems to be acknowledging that size matters, especially with the realization that the fallout of the pandemic will be much more challenging to weather solo — leading to unexpected and nuanced ventures and partnerships.

Among the first companies to exemplify the new collaborative mind-set that has been gaining steam over the past year-plus, cotton firm Albini Group linked with Prato, Italy-based Beste to create synergies and develop shared projects aimed at making the two companies more competitive in international markets.

Biella, Italy-based wool mills Reda also partnered with Lanificio Fratelli Cerruti for a shared platform dedicated to showcasing collections digitally. Silk specialists Ratti Group and Mantero Seta, both located in the textile district of Como, formed an alliance to maintain production and guarantee the quality of services at the onset of the pandemic. Earlier this year, they also joined forces to each acquire a 20 percent interest in Foto Azzurra, which specializes in the production of silk-screen printing supports.

In that vein, and in an unexpected venture of sorts, Prada and Ermenegildo Zegna each bought a 40 percent stake in Filati Biagioli Modesto SpA, which specializes in the production of cashmere and other precious yarns. The acquisition came a few weeks after Zegna bulked up its textile division with the takeover of Tessitura Ubertino.

"We have always aimed at producing the highest-quality fabrics while also safeguarding Italy's supply chain," chief executive officer Gildo Zegna said at the time. Likewise, Patrizio Bertelli, co-CEO of Prada, said directly controlling one's supply chain "ensures uncompromising quality at every stage of the production process."

Bertelli reiterated his position last month remarking that acquisitions will increasingly define the industry's landscape in the future, especially for smaller players in need of the tools and investments required to grow and expand their global reach.

These partnerships nod to a common practice among international fashion powerhouses, which have been on a buying spree for the past decade securing continuity and support to manufacturers they rely on.

For instance, Chanel through its Paraffection division, has invested in Italian manufacturing companies including shoemaker Ballin, tannery Gaiera and the manufacturing branch of the yarn company Vimar 1991. In August, the French brand further consolidated its Italian holdings, taking a majority stake in knitwear specialist Paima, which focuses on outerwear developments.

Elsewhere, investment and industrial vehicles are crafting their dreams of aggregation, mindful that manufacturers at the top end of the supply chain represent the true hotbed of innovation and R&D.

That is the rationale behind Gruppo Florence, the luxury production pole established in 2020 by industry veteran Francesco Trapani through private equity fund VAM Investments together with Fondo Italiano d'Investimento and Italmobiliare. The goal is to supply high-quality Made in Italy products to major luxury fashion brands by acquiring family-owned Italian SMEs.

Trapani expects the pole to quickly become the primary point of reference for Made in Italy production, with sales in 2021 expected to reach 170 million euros, and has been building a rich portfolio currently counting seven businesses, after the recent acquisition of knitwear manufacturer Metaphor.

Despite all of the tie-ups, there's growing competition in this field, as other players have been scooping up manufacturers to form conglomerates with production prowess.

Holding Industriale, or Hind, a private investment company helmed by Claudio Rovere recently bulked up its Holding Moda fashion division — currently controlling five other businesses — with the acquisition (for an undisclosed sum) of Project Srl, a Vicenza, Italy-based denim and sportswear garments manufacturer with 2021 revenues expected in the region of 5 million euros.

Matteo Lavezzo, founder of Project, underscored that "the evolution of the market and current [post-COVID-19] rebound proved that SMEs cannot face the global and complex market on their own, all the while dealing with clients' new needs."

To be sure, sustainability is a hot-button topic and at the center of investors' scrutiny when it comes to M&A activities. Italian manufacturers are most often well prepared and viewed as the ones helping fashion brands to advance their ESG-oriented and eco-friendly journeys.

Publicly listed Tamburi Investment Partners pointed to Limonta SpA's sustainable achievements explaining the reasoning for its first acquisition in the fashion manufacturing sector last month, when it submitted a binding agreement to acquire 25 percent of the textile and coating specialist founded in 1893 and based in Lecco, Italy, for 89 million euros.

Last month, Limonta announced a joint venture called BioFabbrica LLC with U.S.-based biotechnology company Modern Meadow, which develops biofabrication to create sustainable materials.

"Our role of long-term investors has not changed," said Alessandra Gritti, TIP's CEO. "Short-term acquisitions are nonsensical these days....Our goal is to support companies in a healthy manner and create an ecosystem for the textile sector that's so fragmented."

To this end, the investment company, which works with a shorter exit time frame compared to private equity firms, has agreed with the founding family for a mid-term listing of the Limonta company, which is also viewed as a potential aggregator for other high-end textile companies.

"This sector at the top-end of the spectrum is an invaluable interlocutor for luxury brands, and through the acquisition Limonta will have enough muscles to develop and anticipate fashion trends with its R&D activities," Gritti added.

Well before the pandemic mayhem, Pattern Group — a publicly listed leader in patternmaking, engineering, grading, prototyping and production for the most prestigious luxury brands — had started building the Italian Hub of Luxury Fashion Engineering.

Its latest acquisition revealed last month of a 54 percent interest in Tuscany-based Idee Partners, which specializes in design, development and production of luxury leather goods, for 4 million euros further consolidates the group's presence in key fashion districts and segments.

"We have always courted companies that didn't necessarily have production prowess but rather the ability to invest in development and sustainability," said Pattern Group CEO Luca Sburlati. "Our aggregation is industrial and stems from the understanding that smaller players cannot survive alone," he added, noting that when production volumes increase companies ought to be prepared and equipped.

Although nuanced partnerships and acquisitions are booming, some players have had a harder time weathering the havoc wrought by the pandemic. Among the casualties, cotton specialist Tessitura Monti was forced to apply for the special administration procedure and is now up for sale. It is understood that some parties have expressed informal interests for the Maserada sul Piave, Italy-based firm's assets before the deadline of June 8, 2021, although a deal has still yet to materialize.

On the contrary, Como-based silk specialist Canepa found its white knight in the Muzinich Group, which acquired a majority interest in the company through its investment vehicles Capital Solution ELTIF Azimut and Muzinich & Co. SGR for an undisclosed sum. Invitalia, an Italian governmental company, is also part of the deal with a minority stake and was involved to secure that no jobs were lost.

Michele Canepa — who returned to the company in 2019, fully acquiring it and subsequently filing a restructuring plan with the Court of Como — retained a minority interest but handed his CEO role to Virginia Filippi, appointed last month.

Source: wwd.com– Nov 09, 2021

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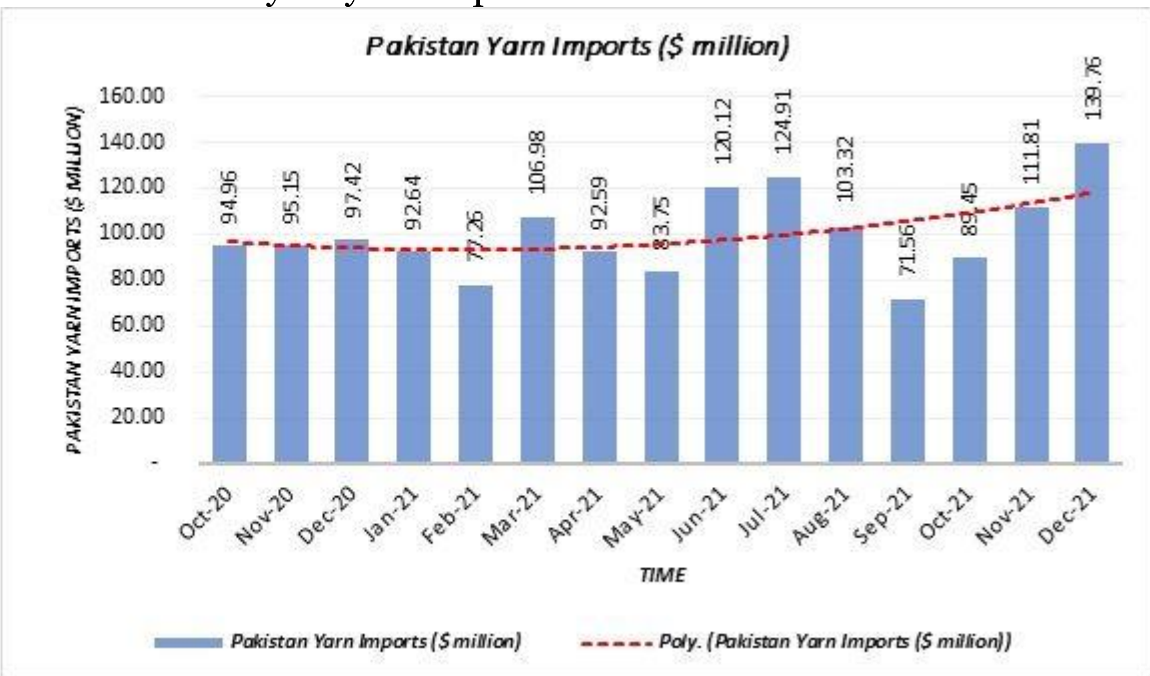
Here's why Pakistan's yarn imports will surge in Q4 2021

Pakistan's yarn imports are expected to rise in this quarter as the government will slash the duty imposed on yarn imports, especially for the value-added textile sector of Pakistan. The reduced duties are likely to help control the rising prices of yarn, said Abdul Razak Dawood, advisor to the Prime Minister on commerce, textiles and investment.

Dawood also said that this move will increase the availability of yarn and sustainable textiles, and boost clothing exports. The notification for reduction of duty on yarn imports will be issued soon.



The country's monthly average of yarn imports was $95.84 million in the last quarter of 2020, which dropped by 3.79 per cent to $92.30 million in Q1 2021. However, it went up to $98.82 million in Q2 2021 and $99.93 million in Q3 2021, according to Fibre2Fashion's market analysis tool TexPro.

The monthly average of yarn imports is further expected to rise considerably in the last quarter of 2021 to $113.67 million, recording a surge of 13.76 per cent.

Source: fibre2fashion.com– Nov 08, 2021

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NATIONAL NEWS

Time to reduce logistics cost by 5% - Shri Piyush Goyal

The Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today said that the inputs given by Logistics Ease Across Different States Report 2021 can lead the way to bring down logistics cost by 5% over the next 5 years.

He was addressing the gathering after the release of the LEADS Report in New Delhi today.

Shri Piyush Goyal said that India is committed to build modern infrastructure for the 21st century, at a pace never seen before.

Referring to the recently launched PM GatiShakti Master Plan ,he said that it would revolutionise the next generation of multimodal infrastructure development in the country.

Lauding Prime Minister Shri Narendra Modi's consistent focus on infrastructure, the Minister said that the initiatives taken by him in Gujarat for 13 years had laid the foundation for Gujarat to consistently stay at the top of the chart in LEADS report

He said that the speed of highway construction has increased three fold from ~12 km/day in 2013-14 to 37 km/day in 2020-21 and that there was a four fold increase in Railways Capex from Rs. 54,000 Crore in 2013-14 to Rs. 2.15 Lakh Crore in 2021-22.

He observed that in the 5 years before 2014, only 60 panchayats could be connected with optical fibre and that in last 7 years, more than 1.5 lakh gram panchayats connected with optical fibre.

Shri Goyal emphasized that efficient logistics was pivotal to bring ease and empowerment to businesses as well as citizens. He observed that logistics contributed immensely in our fight against COVID-19 by taking essential supplies including liquid Medical Oxygen throughout the country during the 2nd wave

Observing that logistics is an enabler of multiple visions- From Make in India for the World to Last Mile Delivery, the Minister said that to achieve ambitious targets we cannot afford to walk but we need expressways of Land, Air & Water.

He named Infrastructure, Quality Services & Conducive Regulatory Framework as the three pillars of Resilient logistics. He added that with Competitive & Cooperative federalism, LEADS is creating an Ecosystem for Excellence by bringing in a healthy competitive spirit where everyone is persuaded to improve.

"Rather than just absolute improvement in one State, improvement of logistics across all States, will be a force multiplier for the entire logistics ecosystem", he said.

He lauded Gujarat, Haryana & Punjab for having acquired the top 3 positions respectively.

He applauded the actions taken by Gujarat Govt against LEADS 2019 recommendations such as the widening of roads, implementation of faceless services in license renewals, expansion of warehousing etc.

He also congratulated the State of Uttar Pradesh for leapfrogging 7 ranks since 2019, highest among all states, driven by policy initiatives, higher infra spending in logistics.

Shri Goyal said that since its inception in 2018, each year LEADS report has

followed a progressive methodology to provide a granular insight on the logistics performance at State/UTs level. "LEADS 2021 has gone 2-step ahead in analysis of domestic and EXIM logistics ecosystem of the state" he added.

The Minister said that states have Indispensable role in improving the logistics ecosystem of India. He outlined a number of suggestions for States including framing of State Logistics policy & Logistics Master Plan, use single-window clearance system for logistics establishment of grievance redressal mechanism and enabling if skilling in logistics through State skilling infrastructure

He opined that LEADS report would be a handy & practical guide to identify strengths, opportunities & improve the logistics performance of States.

The report ranks the states on the basis of their logistics ecosystem, highlights the key logistics related challenges faced by the stakeholders and includes suggestive recommendations.

The Ministry of Commerce and Industry (MoCI) had launched a study, "Logistics Ease Across Different States (LEADS)" in 2018 with the main objective of ranking States and UTs on the efficiency of their logistics ecosystem.

The first version of the report, LEADS 2018, focused on export-import trade and assessed the efficiency of the logistics ecosystem in each State and UT.

The second edition of the study – LEADS 2019, covered both international and domestic trade.

The LEADS 2021 exercise has gone one-step ahead in analysing domestic and EXIM logistics ecosystem of the state. Specifically, two improvements have been done in the overall assessment framework. Firstly, objective parameters have been used along with the perception-based indicators for index formulation.

The objective parameters in the LEADS 2021 Index have been introduced by way of an objective survey instrument administered to the States/UTs and by the inclusion of secondary datasets on logistics across the State/UT level. Secondly, the statistical methodologies to build the index has been updated to get more robust results, given change in the overall framework.

Alternatively, a total of 21 perception and objective variables have been statistically analysed to prepare a composite index basis upon which the states have been ranked.

The perception survey was administered to the four different categories of logistics stakeholders, viz. traders/ shippers, transport service providers, terminal operators, and logistics service providers.

The States' objective survey collected binary responses in the context of the areas related to policy, institutional framework, current enforcement mechanism, warehousing approvals and processes, smart enforcement, city logistics, drivers' empowerment, etc. to understand the initiatives taken by the different state governments towards improving the logistics environment in their respective States.

The secondary dataset was compiled with the assistance of the central government ministries, department and associated agencies.

The LEADS survey 2021 was conducted over the period from May to August 2021 in a challenging environment when the COVID crisis was being fought across multiple fronts.

The whole exercise garnered 3771 responses from 1,405 respondents across the country. For representation purposes, states have been ranked in three separate classes including ‘North Eastern States & Himalayan UTs’ and ‘Other UTs’ group.

Gujarat, Haryana and Punjab have emerged as the top performers in the LEADS 2021 index respectively.

Proactive policies, well-developed infrastructure and services driven by a responsive Government have helped Gujarat to maintain its rank. Haryana has secured the second position, followed by Punjab.

Within the North Eastern States and Himalayan Region, Jammu and Kashmir is the top ranker followed by Sikkim and Meghalaya. Delhi stands at the top rank among Other UTs. Uttar Pradesh, Uttarakhand and Jharkhand have witnessed a remarkable improvement in their ranks compared to 2019 LEADS ranking and have emerged as the top improvers.

The report consists of specific section on States and UTs giving detailed analysis of their performance in the LEADS, including issues and challenges being faced by stakeholders as well as suggestions to mitigate the issues.

States/UTs are encouraged to examine and evaluate the findings of the report and to formulate a suitable strategy and a prioritized action plan for improving logistics performance.

LEADS is a continuous exercise, and the MoCI is enthused to provide a pivotal role in initiating, creating, and connecting all the stakeholders to bring in the required improvements in the logistics space collaboratively.

With the efforts in the right direction, it is hoped that the vision of logistics cost will be reduced by 5% in the next five years. This will ensure that the Logistics sector serves as an engine of growth and a key driver for transforming India into a five trillion-dollar economy.

Department of Commerce through LEADS will continuously engage with all States and UTs to support, facilitate and promote improvements in the overall logistics ecosystem. Synergies flowing from such a coordinated approach will reduce logistics costs and which, in turn, will act as significant stimulants to PM Gati Shakti National Master plan.

Access Weblink- https://commerce.gov.in/whats-new/

Source: pib.gov.in- Nov 08, 2021

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GDP likely to grow at 10-10.5% in FY22: Report

Brickwork Ratings expects India's GDP growth for Q2 FY22 to be at 8.3% (year-on-year), on the back of a 7.4% contraction in Q2FY21. The country's GDP grew at 20.1% in the first quarter of fiscal 2022.

Domestic rating agency Brickwork Ratings on Monday revised its growth estimate for the country's gross domestic product (GDP) to 10-10.5 per cent in the current financial year from an earlier expectation of a 9 per cent growth.

Many economic growth indicators are suggesting a faster-than-expected revival in economic activities, it said.

"We revise our GDP estimates for FY22 to 10-10.5 per cent from 9 per cent estimated earlier," the credit rating agency said in a report released on Monday.

It expects the GDP growth for Q2 FY22 to be at 8.3 per cent (year-on-year), on the back of a 7.4 per cent contraction in Q2FY21. The country's GDP grew at 20.1 per cent in the first quarter of fiscal 2022.

The agency believes that the subsequent quarters too will see recovery if there is no resurgence of the virus in the form of a third wave.

"Amid the waning possibility of a third wave, we expect the economy to register better growth in the remaining part of the year," it added.

The downside risks of a possible third wave to growth too are limited due to the progress achieved in vaccination, it said.

However, downside risks emanating from rising crude oil prices, mineral products, increasing costs of raw materials and freight rates, disruptions in semiconductor supply and coal supply shortages are likely to downplay the growth momentum, the agency said.

Source: financialexpress.com- Nov 08, 2021

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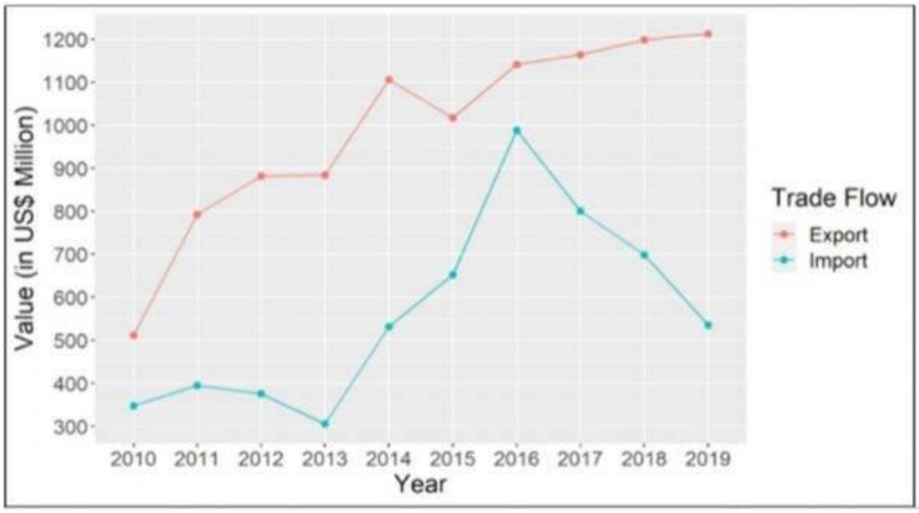
Connecting India and Central America: Growing economic relationship

After several centuries of Spanish colonization and subsequent liberation from the repressive regime, the Central American countries marked the bicentennial independence around the world in September 2021. This was an occasion for Central American nations representing different degrees of success and limited within a relatively small landmass albeit playing a crucial role in the geopolitics of the Americas region. In India, three Central American countries, Republic of Guatemala, El Salvador, and Costa Rica organized a celebration with music from the region by Manuel Obregon and Indian Sufi musician Sonam Kalra attended by the Minister of External Affairs Dr. S. Jaishankar.

Additionally, the Indian Council for Cultural Relations (ICCR) also organized an art residency program for Costa Rican artist Raudyn Alfaro. In the last two years Government of India's interaction with Central American nations has been emboldened with a recent visit by MoS Shri V. Muraleedharan visit to Guatemala, Foreign office consultations (FOC) headed by Secretary (East) Ms. Riva Ganguly in Costa Rica and El Salvador. This string of high level engagements is the result of the growing economic relationship between India and Central America vying increase trade further.



Since 2010, there has been a steady rise in Indian exports to Central America, with exports reaching nearly US$ 1.2 billion in 2019. On the other hand, the imports from Central America have fluctuated, with an overall rise of more than US$ 600 million being observed from 2010 to 2016, followed by a sharp decline of 45% from 2016 to 2019.

A growth of 33% in imports was observed between 2015 and 2016, mainly attributed to a boost in Gold imports from the Dominican Republic, which showed an increase of 25.83% from US$ 378.87 million in 2015 to US$ 510.86 million in 2016, and a massive growth in Tanker imports (ships designed to transport or store liquids or gases in bulk), from Panama, increasing from US$ 27.18 million in 2015 to US$ 140.85 million in 2016.

The Central American region is represented by a trade bloc called SICA (Central American Integration system), similar to its counterparts MERCOSUR and CAFTA. The Total Trade Volume (Exports + Imports) between India and SICA was the highest in 2016-2017, valued at US$ 2.12 billion, followed by US$ 1.96 billion and US$ 1.89 billion in 2017 and 2018 respectively. Due to a sharp decline in SICA exports to India, the total trade volume has been decreasing since 2016, the year when SICA exports to India were the highest at US$ 988.19 million. In 2017, SICA exports dropped to US$ 800.1 million, mainly due to a halt in Oil Tanker exports from Panama and Gold in semi-manufactured form from Dominican Republic, however, export of gold in unwrought form continued.

In 2018, SICA exports further dropped to US$ 698.86 million due to a decline in exports of Tropical Wood and Ferro-Nickel. In 2019, SICA Exports further declined to US$ 535.52 million as a result of large decline in Gold exports, from US$ 536.87 million in 2018 to US$ 338.55 million in 2019. On the other hand, India's exports to SICA have continued to grow reaching more than US$ 1.2 billion in 2019.

In 2019. The value of India's Exports was almost double the value of India's Imports from SICA Countries. Since 2010, the volume of Trade between India and SICA has almost doubled, reaching nearly US$ 1.75 billion.

Mainly due to a high increase in the percentage of India's Trade volume with Dominican Republic (484.51%), El Salvador(180.62%), Nicaragua(123.29%), Guatemala(105.49%) and Honduras(217.23%) that has been observed between 2010 and 2019, while the Trade Volume with Costa Rica (11.70%), Panama(0.53%) and Belize(4.77%) has more or less remained the same between 2010 and 2019.

Trade between India and Central America has grown over the years; however, it is far from reaching its potential. This potential can only be obtained if the restrictions on trade are lifted by policies that would lower tariff and non-tariff barriers and increase productivity levels in the cost of transportation.

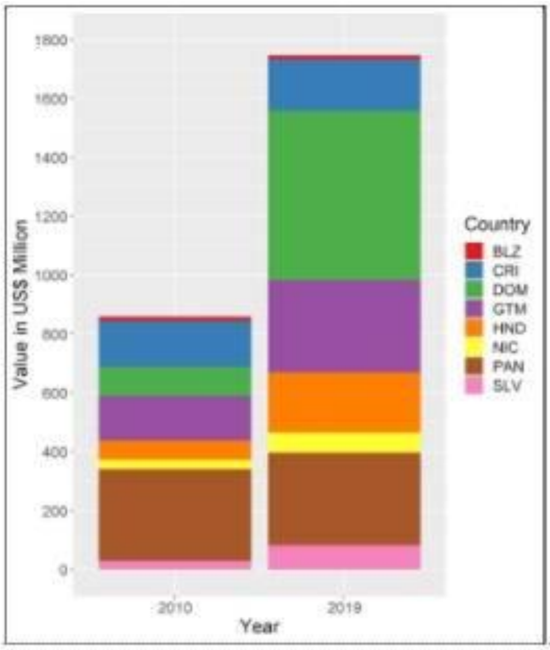


Figure 2: India-SICA, Share of Total Trade (Imports + Exports) by Country (2010 and 2019)

Source: Ministry of Commerce, India

As it can be seen in Figure 2, the increase in trade has been concentrated due to Dominican Republic's gold exports and in a lesser fashion due to Guatemala's imports. In 2019-2020, India's main Imports from Central America have been Gold and Tropical Wood. At US$ 338.55 million, Gold Imports from the Dominican Republic account for more than 60% of the Total Imports by Value, while Tropical Wood imports account for more than 16% of the Total Imports by Value. Other main commodities that were imported are Copper Ores and Concentrates, Ferrous Waste and Scrap, and Aluminum Waste and Scrap. Total Imports from Dominican Republic went above US$ 600 million in 2015, however, they have shown a slightly decreasing trend since then. Imports from Panama showed a healthy increase in 2016 due to import of oil Tankers, however, no Tankers were imported in the subsequent years.

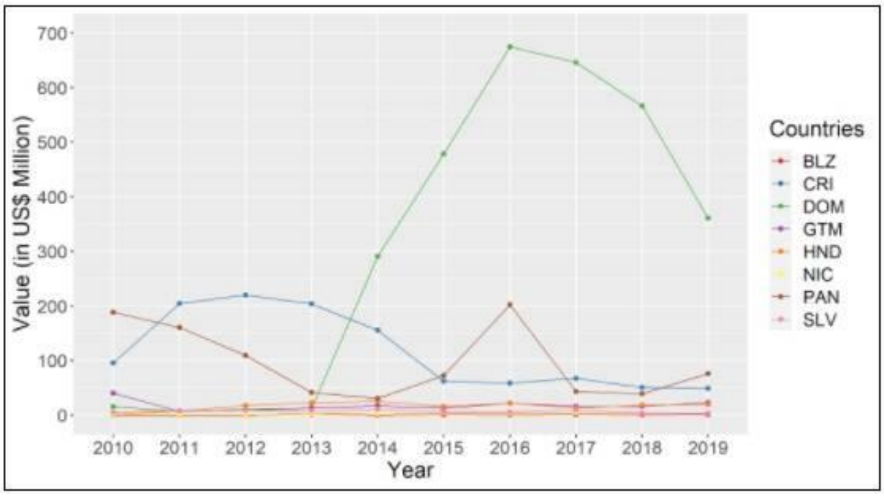


Figure 3: India's Imports from Central American Countries 2010 – 2019 (In US$ Million)

Source: Export-Import Data Bank, Indian Ministry of Commerce

Figure 3 shows Indians imports from Central America by country, equivalent to the exports of the Central American countries. As can be seen, Imports from Dominican Republic, Panama and Costa Rica make up 2/3rd of the Value of Total Imports from Central America to India, mainly the former country has had a major growth in trade due to a boom in gold exports, attributed to the extraction of gold on a large scale from the Pueblo Viejo mine in the country. The mine is run by the Pueblo Viejo Dominicana Corporation, which is owned jointly by Barrick Gold(60%), a Canadian company and Newmont Goldcorp(40%), an American company.

The value of India's Exports to Central American countries has increased steadily since 2010. India is making its presence felt in the region, however, still very gradually. In 2019-2020, India's exports to Central America valued at about US$ 1.2 billion, with main exports being Medicines, Motorcycles and Reactive Dyes.

Exports to Guatemala, valued at US$ 290.85, million comprised nearly 1/4th of India's total exports to Central America. The main exports to Guatemala were Motorcycles and Medicines. After Guatemala, Panama has been the second highest receiver of Indian exports in Central America, at US$ 238.29 million, comprising 19.65% of the total Value of India's exports to Central America. India's main exports to Panama are Cruise Ships and Vehicles. The majority of commodities exported by India to Central America are Industrial in nature.

A bird's eye view of the existing trade between the Central American Trade bloc SICA and India showcases the vacillating nature of trade between India and SICA with only constant being the Indian IT service sector represented by a plethora of IT giants. However, in order to unravel the trade potential between India and SICA, this has to be extended to commodities and integrate SICA region as a reliable supply chain for India's timbre, metals, and mining and energy demands. Moreover, India also presents the opportunity for SICA to up-skill their workforce in agriculture and space sciences and diversify their basket of offering to the world.

Source: financialexpress.com- Nov 08, 2021

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India moving on early harvest agreements is good, but what is needed is FTAs

A Comprehensive Economic Partnership Agreement with the UAE is likely by March 2022.

Largely due to the compulsions of boosting exports as an engine of growth—with ambitious targets of $400 billion this year and $2 trillion in goods and services exports by 2030—the government has revamped its strategy on free trade agreements (FTAs). Close to 20 deals are currently under negotiation; at least six pacts. including those with the UAE, UK, GCC, Australia, Canada and the European Union, are being fast-tracked.

A Comprehensive Economic Partnership Agreement with the UAE is likely by March 2022. The level of ambition in the deals with the UK and Australia, for instance, seems limited to early harvest agreements or mini-FTAs, for trade in a limited set of goods and services. They could be a precursor for a full-fledged FTA, but only much later. India's warming up to trade deals should be welcomed.

Not so long ago, it signalled that it was not keen on FTAs, especially if they happened to be deals with China by stealth. It walked out of the Regional Comprehensive Economic Partnership, comprising the Association of Southeast Asian Nations together with China, Japan, South Korea, Australia and New Zealand.

New Delhi is also reviewing its FTAs with ASEAN, Japan, South Korea and other countries. Stakeholders like India Inc and farmers remain far from enthusiastic about RCEP, and FTAs in general, as the typical experience has been of trading partners inundating the domestic market with cheaper goods while importing less of Indian goods, resulting in large trade deficits.

Considering this deep-seated ambivalence regarding FTAs, the advice of some trade experts that India should be circumspect about such deals will unfortunately only reinforce the government's innate caution.

No doubt the country made a mistake with respect to the early harvest agreement for preferential trade in 83 commodities like electronics and automobiles with Thailand in 2004 as it had an inverted duty structure in which the tariffs on the final product are lower than the duties on inputs.

But, effective opposition from India Inc has also not allowed this deal in the ensuing 17 years to graduate into an FTA, as has been pointed out by professor Amita Batra of JNU.

While India should be mindful of past experience, a higher level of ambition is definitely warranted to ensure that early harvest agreements graduate into full-fledged FTAs. India's reluctance to go the whole distance in this regard contrasts with the enthusiasm shown by the UK, for instance. Considering the long historic association, and the growing stakes Indian companies have acquired in the UK, our preference for only a mini-FTA betrays a reluctant globaliser's instincts. Trade is bound to look up if both partners remove barriers.

Despite the advantage of a trade surplus in India's favour, the simple average tariffs on goods imported into India from the UK are three times higher than tariffs on Indian goods exported to the UK. Negotiations entail a process of give-and-take for greater access to each other's markets. If India seeks greater market access, it must also allow UK to sell more of its goods and services.

Trade thus can be a win-win situation for both partners. For such reasons, India's export drive can be better served with FTAs than through only early harvest agreements. Although the $400 billion exports target for FY22 is on track—judging by the $234 billion achieved in the first seven months—there is no room for complacency.

Source: financialexpress.com- Nov 09, 2021

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Gujarat retains pole position in logistics index: Commerce ministry report

Gujarat has maintained its lead over 20 other states by again getting top place on an index to gauge the logistics efficiency across states in 2021 due to its "well-developed infrastructure and services driven by a responsive government", according to a report released by commerce and industry minister Piyush Goyal. It got the No. 1 rank in the 2019 index too.

TOP 10 STATES

	2019	2021
Gujarat	1	1
Haryana	6	2
Punjab	2	3
Tamil Nadu	5	4
Maharashtra	4	5
Uttar Pradesh	13	6
Odisha	10	7
Karnataka	7	8
Andhra Pradesh	3	9
Telangana	8	10

Source: Leads index of logistics, released by commerce and industry ministry

Even as the state topped in indicators such as availability and quality of infrastructure, extent of facilitation and ease of obtaining all approvals, respondents to the survey that was conducted to construct the index complained that the potholes on road leading to Mundra port gets flooded and leads to congestion during the monsoon season and there is lack of connectivity between ports Mundra and Hazira via a coastal road.

On the other hand, Haryana has gained four places to come second in 2021 compared to the sixth spot in 2019, while Punjab lost one notch to get the third rank from the second two years back, showed the LEADS (logistics ease across different states) index.

The state has secured the highest score for several indicators such as quality of warehousing infrastructure, timeliness of cargo delivery during transportation, operating and regulatory environment, and efficiency of regulatory services, the report showed. But, it also suffered from various challenges such as bad condition of the road connecting major industrial areas in Panipat, Karnal, Jind and Rohtak. Besides, rail freight charges are high as compared to road freight charges when transporting rice from Sonipat, Panipat, and Taraori belts.

Tamil Nadu came fourth in 2021 against fifth position in 2019, while Maharashtra slipped a place to figure in the fifth ranking against fourth released by commerce and industry minister Piyush Goyal.

In the first top five place, the opposition ruled states of Punjab and Maharashtra dropped one place each in 2021 compared to the rankings two year ago, while Tamil Nadu bettered its position.

Punjab's proactive policies such as single window clearance mechanism for regulatory approvals, fiscal incentives under the industrial and business development policy, grievance redressal mechanism and development of warehousing zones have had an immense impact on the logistic ecosystem, according to the report. However, there were issues such as the participating government agencies (PGAs) involved in the certification do not have their testing facilities anywhere near Ludhiana. This results in samples being sent over to Delhi for necessary testing and certification for clearance of exports and imports, adding to the total transaction time.

Maharashtra dropped one place due to worsened road infrastructure and congestion at the port terminals. Poor road connectivity to the gateway port of JNPT leads to time delays and escalated costs for shippers. This high cost of transportation and terminal services is reflected in the low scores obtained by the state in indicators of reasonableness of road freight rates and terminal services, said the report.

Tamil Nadu proactively introduced policies to support logistics such as granting priority status to logistics and pursuing development of a State Integrated Logistics Plan. State nodal agency has been appointed by the

State for integrated development of the logistics sector. However, the state has low scores for reasonableness of road freight rates and prices of terminal services. Few key factors influencing freight rates are congestion and poor road infrastructure, the report said. If one looks at top ten positions, Odisha and Tamil Nadu, are the only opposition-ruled states to get a better ranking in 2021 versus 2019. Odisha got seventh place in 2021 against 10th in 2019.

On the other hand, the BJP-ruled Karnataka shed one rank to come at the eighth position in 2021 from seventh in 2019. Adityanath Yogi-ruled Uttar Pradesh gained seventh place to get sixth position in 2021 from 13th two year ago.

Andhra Pradesh, ruled by the YSR Congress Party, lost six places to come at the ninth position against third in 2019. On the other hand, its erstwhile part-- Telangana-- was down two notches at the tenth place against eighth in 2019.

Among the northeastern states and himalayan union territories, Jammu Kashmir topped the chart. Among the remaining two union territories of Delhi and Chandigarh, the Kejriwal-ruled UT got the top position. Speaking at the launch of the report, Goyal said the inputs given by the report can lead the way to bring down logistics cost by 5 per cent over the next five years. According to estimates, at present, the cost is about 13-14 per cent of the GDP.

Goyal said that efficient logistics was pivotal to bring ease and empowerment to businesses as well as citizens. "Rather than just absolute improvement in one state, improvement of logistics across all states will be a force multiplier for the entire logistics ecosystem", he said.

When asked about the issue of container shortage, the minister said now the international trade is picking up "very well" and it augurs well for the Indian economy. "India alone will be looking at 40 per cent plus growth in our exports and almost a 25 per cent growth in our imports," he said, adding the container problem was happening across the globe and the ministry is working with shipping lines, and container operators.

It is also trying to bring empty containers, customs is trying to speed up the processes, railways is helping to move empty containers at subsidised prices, he added.

With all these efforts, prices have stabilised and now gradually started coming down, Goyal said. "We do hope that in the months to come, we quickly see things stabilizing to normalcy," he added.

The commerce & industry ministry had launched the index in 2018, but there was no such ranking in 2020 due to Covid. In 2021, the overall index, based on a survey conducted during May to August, is based on twenty-one indicators including seventeen perception indicators and four objective indicators.

The objective questions include those related to appointment of nodal officer, creation of state logistics cell, creation of state logistics policy,, single window system for approval. The survey got 3,771 responses from 1,405 respondents across the country.

Source: business-standard.com- Nov 08, 2021

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Cargo volumes at dozen major ports grew 15% during April-October to 407 mt

Cargo handled at India's dozen State-owned major ports rose 14.59 per cent during the April-October period to 406.983 million tonnes (mt) from 355.160 mt a year ago.

In containers, the 12 major ports handled a combined 6.421 million twenty-foot equivalent units (TEUs), 29.95 per cent more than the 4.941 million TEUs handled during April-September of FY21.

Of this, Jawaharlal Nehru Port Authority (JNPA), India's busiest State-run container gateway, handled 3.179 million TEUs from 2.348 million TEUs during the same period last year, according to the Ministry of Ports, Shipping and Waterways.

Chennai Port Authority handled 9,41,000 TEUs between April and October this year from 6,92,000 TEUs in the same period last year.

Kamarajar Port handled 2,73,000 TEUs from 69,000 TEUs last year.

VO Chidambaranar Port Authority handled 4,63,000 TEUs from 4,11,000 TEUs a year ago, while Cochin Port Authority handled 4,24,000 TEUs from 3,46,000 TEUs during the same period last year.

Growth in shipments

Thermal and steam coal shipments through the dozen ports rose 36.48 per cent to 56.251 mt during the seven months of FY22 from 41.216 mt a year earlier, according to the ministry.

Coking coal and other coal cargo grew by 7.57 per cent to 28.222 mt from 26.235 mt a year earlier.

POL cargo (crude, petroleum products, LPG and LNG) rose 10.83 per cent between April and October to 123.002 mt from 110.980 mt last year.

Shipments of iron ore including pellets declined 19.87 per cent to 30.762 mt from 38.388 mt a year earlier.

Finished fertiliser shipments plunged 33.14 per cent to 4.191 mt from 6.268 mt a year ago.

Deendayal Port Authority, India's biggest State-owned port by volumes, handled 73.998 mt of cargo between April and October from 62.926 mt last year, posting a growth of 17.60 per cent.

Source: thehindubusinessline.com- Nov 08, 2021

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No scientific basis to GM crops' regulation

The successful Covid vaccine drive and use of Bt Cotton technology for the economic benefit of the cotton farmers are great examples of using science and technology to solve problems in the health and agriculture fields.

However agri biotechnology continues to get the cold shoulder. Since 2010 there have been concerted efforts made to derail the regulatory process for deployment of agricultural biotechnology-based solutions for the problems faced by Indian farmers.

It started with the imposition of moratorium on Bt Brinjal in spite of the data based scientific evidence supporting the efficacy and safety of the technology and the approval of the regulatory body, the Genetic Engineering Appraisal Committee (GEAC). Simultaneously a new rule mandated industry to seek No Objection Certificate (NOC) from States for conducting confined field trials with GM crops, after obtaining GEAC approval. As expected, most of the States, under the influence of vested interests and unscientific arguments, have not been giving NOCs, which has created a huge obstacle in field testing of GM crops.

States' NOC, a pain point

This problem is further compounded with GEAC now asking the applicants to get the NOC from the States even before issuing its approval for conducting field trials. Approval of field trials, which should have been a pure science based regulatory process, has now been converted into a political and public consultation process. In the absence of a uniform scientific process for issuing NOC, States might resort to the only process they follow in such cases, — seeking public opinion.

This happened with the case of our member company's application in Karnataka last month. Public consultation for a research trial is a wrong precedent. Scientific assessment and approval for field trials by GEAC should have come first. Regulatory assessments of technologies should be based on science.

Central and State governments should exercise judgement based on scientific assessment rather than allowing regulatory decisions being taken on majority opinion. Field trials help us to understand the technology and its performance better based on which GEAC can make its decision. Rejection of applications for field trials will hinder scientific progress.

Karnataka farmers need solutions for problems such as bollworms in cotton and Fall Army Worm in maize. The public has to be educated about safety and usefulness of the technology and the need to test new technologies. Ideology and activism-based objections should not prevail as was seen during the public consultation conducted for Bt Brinjal. Hopefully, Karnataka government will allow field trials.

Ideally the government should have notified some testing sites under the control of ICAR and agricultural universities and allowed companies to conduct trials in those sites without need for NOC from States. This would have helped in generating scientific information for assessment of technology. Notification of such designated sites for field trials has been pending for the last several years.

The regulator is the only independent body who should assess the scientific validity and safety of a new technology. The role of the government and the policy makers is to identify the specific areas in which agri biotechnology is to be deployed in the best interests of the farmer, the consumer and the country.

For the sake of transparency and predictable policy regime, the role of public institutions, Indian and foreign private industry needs to be defined in this policy. This will encourage investments in the sector by both the public institutions and the private sector. This has been missing for the last 11 years in India.

In the absence of such clear policy, Bt Brinjal and GM Mustard did not get political support and were kept on hold by the government. Some of the political parties and States are permanently opposed, either directly or indirectly, to the use of agri biotechnology. They oppose even trials for reasons not based on science. GM technology has not progressed in India due to these reasons and the losers are farmers, as is seen with proliferation of cultivation of unapproved GM traits in Cotton for weed and insect control. This is dangerous for farmers who buy this seed from unauthorised sources without any quality assurance.

In addition to all this negativism, GEAC has now asked for the States' opinion on the draft guidelines for deployment of the new non-GM Gene

Editing technology in agriculture. The draft guidelines were cleared by scientific body RCGM under the Ministry of Science and Technology.

There were inputs from eminent scientists of the National Academy of Agricultural Sciences and ICAR. In spite of this and the full powers given to GEAC by the Environment Protection Act to decide such matters, the States' opinion is being sought.

GEAC will find itself in a tricky spot if the comments of States are in contrast to the science-based conclusions of all the technical experts in several committees or States give a fractured verdict or delay their responses. These are dangers of judging scientific matters through majority opinion rather than scientific assessments.

Gene editing potential

Gene editing technology has potential to help breeders develop crop varieties that can withstand biotic and abiotic stresses better and enhance their nutritional content. Guidelines are already delayed by more than two years. It is essential to build capacity among States to understand the technology and support it.

Denying farmers access to modern science and technology will diminish their competitiveness in global markets.

A basket of technological tools must be made available to the farmer and the choice should be left to him. No single technology is a silver bullet, be it GM or Gene Editing or chemicals or fertilisers or Organic or Natural Farming. There is a place for each one of them.

The Centre has to take a leadership role in deployment of modern biotechnology in agriculture. There is an urgent need for a dialogue between Centre and States and among political parties to put this derailed process back on track. Otherwise we will be letting down our farmers who are fighting the impact of climate change, pests, diseases, stagnant yields and age-old agronomic practices.

Source: thehindubusinessline.com- Nov 08, 2021

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Peak power demand deficit almost wiped out in 2020-21: Union power ministry

The Union power ministry on Monday said that peak power demand deficit in the country was almost wiped out in 2020-21 period. Providing statistics, the ministry said the deficit stood at 0.4 per cent in 2020-21 compared to 16.6 per cent in 2007-08 and 10.6 per cent in 2011-12.

In the current year (2021-22) till October, the peak power demand has been (-)1.2 per cent and the marginal spike was attributable to the annual post monsoon pressure on power output. This is also likely to normalise by the end of the year, the ministry said in a statement.

According to the statement, India had a massive power deficit of 16.6 per cent in 2007-08 and in 2011-12, it was 10.6 per cent. Through the multi-pronged, comprehensive and aggressive interventions of the government, this deficit is near about wiped out, consistently over the last three years -- 0.4 per cent in 2020-21, 0.7 per cent in 2019-20 and 0.8 per cent in 2018-19, the statement said.

This transformation from an acutely power deficit country to a situation of demand being met, except for an extremely marginal shortfall of less than 1 per cent, has been made possible by the schemes brought in by the current government to address the unhappy situation, it noted.

The schemes include Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY), which was brought in July, 2015 for infrastructure push in the rural sector and the Integrated Power Development Scheme (IPDS), which was introduced in November 2014, to address power infrastructure gaps in urban areas.

The statement said the Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) scheme launched in September, 2017 had the vision to take electricity to every household (willing). It has been able to supply electricity connections to 2.8 to crore households which were hither to in darkness, it added. In the last nearly seven years, the augmentation of the installed power capacity in the country has been 1,55,377 MW.

Source: business-standard.com - Nov 08, 2021

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The Shift in Textile Retail Segment: Here's What Consumers are Looking for

Indian textile industry is one of the biggest employing industry estimating employment opportunities of 45 million people nationwide. With a long stretch from farming to selling apparel to customers, the industry contributes a GDP of 2.3 percent as recorded by the National Accounts Statistics (2016-2017).

The textile wholesale segment is a much-diversified sector because it involves several stages for final productions. The mix involves farming, cutting, dying, weaving, stitching, embroidery, etc. These are initiated at a wholesale segment and carried forward to the textile retail segment.

The textile retail segment is one of the fastest running segments as you will find door-to-door outlets all over India, as India is the most popular textile hub globally.

Expectations Of Customers From Textile Industry

Nowadays, consumers are becoming more knowledgeable in terms of textiles and clothing. The e-commerce market and the TV world have given people clothing goals. Considering this, you will find two types of people in the market. Firstly, there are people who shop directly from the readymade clothing stores. Secondly, you will find people who love to create their own designs. Hence, they end up at textile stores where they can do the match and mismatch of clothing.

Consumers thus expect a lot of things from the textile industry for several reasons. One of the core expectations is how organic and natural the fabric is, in terms of comfort. The textile world is quite diverse, especially in India. Now people can compromise on the price when they are more inclined towards quality. This has increased pressure on the textile industry as quality highly matters. For instance, cotton, lycra, rayon, etc. are being more popular today because of their level of comfort.

Another aspect is the colors and patterns obtained for a beautifully designed fabric. Plain colors, block print, screenprint, embroidery, and a lot more, the textiles offer all, considering consumer choices. Cities like Jaipur, Bikaner, Surat, etc. are accordingly secluded varying with the textile obtained here.

Popular fashion designer Sabyasachi too stated, “his crore-worthy apparels are designed over textiles especially bought from a small retailer in Jaipur”. Climatic conditions and habitat make India diverse in terms of textile varieties. This has also led to increased consumer demand because premium quality lies right in the country.

Most Popular Textile Retail Segment In India

Cotton is the most commonly bought textile for both wholesale and retail segments. It is prominently known for its versatility for being used for making shirts, t-shirts, kurtas, shorts, and whatnot. The cotton and cotton blend textile retail segment also allows most innovations and designer ideas. Famous brands such as Beyoung prominently deal in apparel made in cotton because of the unbeatable comfort.

Rise In Textile Retail Segment In India

The textile retail segment in India is growing immensely. The scenario is estimated at $103.4 billion in 2020-21. It is further expected to take a rise to $190 billion by 2025-26.
Cotton consumption across India is estimated to be $75 billion which is further segmented according to customer usage. $55 billion is used by people for making apparel in both wholesale and retail segments. $15 billion is used for technical textile consumption and an amount of $5 billion is dedicated to home furnishings. This cotton production is also used more for exports all across the world.

Consumers today are expecting better fabrics that can cope up with the weather and provide utmost comfort. The textile retail segment is sticking to it to the fullest and has thus experienced immense growth.

According to reports, the textile industry has valued exports worth $1,297.82 billion by August 2021 and is expected to rise by 55.62 percent over years. The growth rate of the textile retail segment expected growth of 8.7 percent from the fiscal year 2015 to 2020, which is expected to increase rapidly.

Source: indianretailer.com- Nov 09, 2021

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Importers availing tax credit on extra taxes paid under I-T lens

Companies that were asked to pay additional indirect taxes on certain imports have come under the taxman's lens again for availing of input tax credit on the additional amount paid earlier as penalties.

The Department of Goods and Services Tax (DGST) has started issuing notices to the importers for availing of the tax credit against the additional GST paid.

According to the people aware of the matter, current regulations allow importers to ascertain valuation of their imports and pay GST and other duties on that. In most cases, importers provide valuation detail through the bill of entry — a legal document that is filed on arrival of the imported goods.

The tax department in the past two months initiated an inquiry into the bill of entry and discovered discrepancies in the valuation of many imports. Importers were then asked to pay additional taxes for goods imported in 2018/19 as penalty.

The question now is whether the importers can avail of input tax credit on the additional taxes paid for the past years.

Under the GST framework, input tax credit is essentially taxes paid on raw materials (or input services). This can be used to reduce future GST liability.

So, for instance, a company had imported goods worth Rs 100 and paid Rs 18 as taxes on that. Tax department's scrutiny found that the goods should have been valued at Rs 150 and additional taxes of up to Rs 9 should be paid.

The company could avail of input tax credit for the Rs 18 paid in taxes in the first tranche. But many companies have even added Rs 9 towards the input tax credit, and the tax department has issued notices in such cases.

People in the know said hundreds of such notices have been issued to importers in the last few weeks.

According to a show cause notice from the DGST to an importer that ET has seen, the department has said the company was not entitled to take input tax credit in respect of the additional tax paid on import or supply of goods.

Tax experts say that as per the GST framework, there is a timeframe to avail of input tax credit that is causing the issues.

If the companies are unable to claim it within the next few months, they would not get the credit. This could impact their working capital and some of them may look to challenge this in court, say legal experts.

“The credit restriction does not apply to credit availed on imported goods in case of reassessment of bill of entry which is a statutorily recognised taxpayer document for availing credit. The condition qua time limit is applicable only in respect of invoice or debit note. As a corollary, there cannot be any denial to either credit or refund,” said Abhishek A Rastogi, partner at law firm Khaitan & Co.

“Writ petition can be one of the most effective legal remedies in such cases of unfair denial," said Rastogi.

Source: economictimes.com – Nov 09, 2021

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Udaan aims to have 100 exclusive brands in tie-up with small garment makers

Udaan, India's largest business-to-business e-commerce platform, aims to create over 100 exclusive brands in partnership with small garment manufacturers through its Lifestyle business. This business comprises clothing, accessories, and footwear. This move is in line with its vision of empowering small businesses of Bharat (rural India and small towns and cities) through the power of B2B e-commerce.

Bengaluru-based Udaaan's Lifestyle business in the past 12 months has worked and already created over 20 exclusive brands in partnership with small garment manufacturers. It plans to further scale its operations to have over 50 exclusive brands on its platform in the next one year and over 100 brands in the next few years. The firm said it has partnered with small businesses to offer best in class quality garments at affordable prices to serve the needs of Bharat.

"Over the past one year we have made significant investments to help local garment manufacturers achieve scale and get access to the national market especially in the tier-2 and tier-3 towns and cities of Bharat," said Vipul Mathur, head (Exclusive Lines), Lifestyle Business, Udaan. "Our intent is to identify, help scale and create over 100 such exclusive brands from small manufacturing hubs and provide them the technical know-how to achieve growth."

For the creation of exclusive brands, the 'in-house' expert team of Udaan work closely with small garment manufacturers. It provides them with the requisite expertise of brand creation, content making, product quality improvement and technical know-how to create and sell their garments exclusively on the Udaan platform.

Small manufacturers benefit from this exercise as they get to create their own brand with help from Udaan, which results in the expansion of their business in tier 2 and tier 3 cities and towns. The small retailers also gain as they get access to high-quality products at the most affordable prices, ultimately benefiting the end consumer of Bharat. Most of the manufacturers come from major textile hubs spread across tier-2 and tier-3 regions such as Tirupur, Howrah, Ludhiana and Rajkot.

The garment industry in India consists of over one lakh units and currently employs about 6 million workers, both directly and indirectly. It is estimated the garment industry is a Rs 1 trillion industry with 25 per cent consisting of exports and the remaining 75 per cent for domestic consumption.

The 20 brands that Udaan helped to create and scale up, were local businesses that had limited reach and penetration. Today with the help of Udaan, these exclusive brands have been successful in expanding their business. These businesses have seen a multifold increase and now serve customers nationally.

Udaan exclusive brands have been specially created to help and empower small businesses – including manufacturers and retailers of Bharat to compete with established brands. It is also helping them to be competitive in the marketplace and provide the end customers quality garments at affordable prices.

"Earlier my business was restricted and was catering to only local shops. But after partnering with Udaan with its extensive network of retailers, we have been able to access the national markets," said Ajay Nanda who runs Krishna Textiles from Ahmedabad. "We witnessed good growth in business in the last one year. With Udaan's help, I am planning to introduce more clothing lines and enter new segments."

While there has been strong adoption of the platform by small and medium businesses, even large manufacturers, and brands such as Amul Comfy, maxx, Jockey, Arvind and Shoppers Stop, have also partnered with Udaan. The other such large brands include BIBA, Rangriti, Lifestyle, Adidas, Reebok, Puma, Hummel, Relaxo and Aqualite.

Hitesh Bhandari, a textile manufacturer from Bengaluru said that his family has been running the textile business for over 100 years. But the business was severely hit due to the pandemic. "We had to incur huge losses and had to let go a lot of people," said Bhandari. "But with the help from Udaan for e-retailing, I was able to launch 'Style' exclusive brand on the platform."

Launched in 2016, Udaan's lifestyle business has about 4000 brands and sellers and 1.5 lakh operating retailers and buyers. The segment contributes about 17-20 per cent of Udaan's overall gross merchandise value (GMV).

“Post the launch of our exclusive brands on the Udaan platform we have witnessed about 55 per cent of repeat buyers and each buyer on an average buys twice a month from us,” said Mathur. “This trend clearly validates, we are heading in the right direction and ensuring quality products are delivered to our buyers at affordable prices.”

Udaan has over 3 million registered users and about 30,000 sellers on the platform. The platform caters to over 2 million retailers, chemists, kirana shops, HoReCa (hotel, restaurant, cafe) and farmers doing over 4.5 million transactions per month, making Udaan a leader in the b2b e-commerce business.

The company operates one of the largest logistics and supply chain networks – through UdaanExpress - with over 200 warehouses spread over 10 Mn Sq Ft delivering to retailers in over 900 cities covering over 12000 pin codes across the country. To cater to the growing demand, Udaan plans to scale its warehouse capacity to over 50 million Sq Ft across the country in the next 7-8 years.

Source: business-standard.com– Nov 08, 2021

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