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NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	US apparel retailers record strong sales
2	Sino-Pak coop in textile industry untapped: CCCT
3	Growing pandemic cases in EU could hamper Bangladesh RMG makers
4	Sri Lanka's apparel, accessory makers unhappy about paying in local currency
5	Indonesia's Asia Pacific Rayon plans circular operations
6	Uzbekistan's multi-coloured textile revolution
7	Online conference looks into prospect of Vietnam-Norway trade ties
8	Uzbekistan 1st beneficiary of UK Enhanced GSP Scheme

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	NATIONAL NEWS
1	India Inc to show significant EBITDA growth in next 12-18 months: Moody's
2	India for preserving special & differential treatment for developing nations at WTO: Official
3	Bring in three-rate GST structure, says study by Finance Ministry-backed think-tank
4	12% GST on textiles, footwear draws flak
5	Indo-US trade partnership: Different approach, brighter prospects
6	ESIC scheme adds 13.37 lakh new members in September 2021
7	Gujarat wants to be global hub for futuristic industries
8	Khadi tangled in regulation, bureaucracy
9	India's textile machinery production down five per cent

_US_apparel_retailers RECEIVABLE FINANCING, CREDIT INSURANCE AND RISK ADVISORY

INTERNATIONAL NEWS

US apparel retailers record strong sales

US apparel sellers are seeing customers returning to stores. Customers returning to schools and offices are shopping more at physical stores following the easing of Covid curbs. People stuck at home during lockdowns turned to comfortable joggers and sweatshirts, but reopening of schools, workplaces and public spaces following vaccinations has prompted them to splurge again on street wear, including jeans and shirts. The start of holiday season has been promising. Customers have come out early to shop and have been responding well to assortments. Retailers have shrugged off holiday inventory concerns, confident they have ample goods despite port congestion and some factory closures. American department store chains delivered strong results for the fiscal third quarter.

American Eagle Outfitters' inventory at cost at the end of the third quarter increased 32 per cent as it deployed pricier air freight to navigate global supply chain issues. The apparel chain has been beefing up its logistics game. Total net revenue increased 24 per cent from a year earlier. American Eagle revenue jumped 21 per cent while that of the brand Aerie, which sells leggings and bras, rose 28 per cent. Similarly Abercrombie & Fitch's net sales rose ten per cent. Sales at Macy's stores rose 35.6 per cent.

Source: fashionatingworld.com–Nov 25, 2021

HOME

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Sino-Pak coop in textile industry untapped: CCCT

"China and Pakistan are both major producers and exporters of textiles and surely there is a degree of competition between both countries. However, the different stages of industrial development between the two countries also create broad space for closer cooperation," noted Zhang Xi'an, Vice President of China Chamber of Commerce for Import and Export of Textiles (CCCT), while taking an exclusive interview with China Economic Net (CEN).

Pakistan is one of the world's leading cotton producers, ranking among the top five in terms of yield, with cotton textile products accounting for 40% of its exports. Talking about competition, "Pakistan's cotton industry has obvious edges. Compared with China, Pakistan's home textiles and garment products have certain competitive advantages in the European Union and the United States," Zhang told CEN.

In terms of bilateral cooperation and exchange, "Pakistan and China are perfect partners and there's a lot that can be done," remarked Zhang.

According to Pakistani customs statistics, Pakistan's imports of textiles and apparel from China accounts for 62% of its total imports, which makes China its largest source of textile and garment imports. As per statistics released by General Administration of Customs of China, China's imports from Pakistan are mainly cotton yarn and Pakistan ranks third among China's import sources of cotton yarn.

As a major garment producer, Pakistan's export of home textiles, clothing and other processed products to the European Union, the United States and other countries and regions has witnessed a rapid growth these years, which has also driven the rapid growth of yarn and fabric imports from China, promoting the cooperation between China and Pakistan in the industrial chain.

Also, China is competitive in brand building, enterprise management, capital operation, talent cultivation, industrial facilities and other aspects, which are of great use for Pakistan's textile industry. Zhang further said, "the potential of a 'combination of strengths and weaknesses' provides opportunities for deepening cooperation between the two countries' textile industries."

“China is willing to strengthen investment cooperation with Pakistan in the textile and garment industry,” Zhang pinpointed, adding that collaboration and competition coexist for textile industry in both countries and Sino-Pak coop in textile industry is untapped.

Established in October 1988, China Chamber of Commerce for Import and Export of Textiles (CCCT), as part of Ministry of Commerce, China, is the largest textile and apparel trade agency both in China and the world. Its member companies comprise the majority of Chinese textile and apparel enterprises incorporating domestic manufacturers, export and import enterprises as well as jointly-funded operations, the trade volume of which accounts for 70% of the total export and import volume of Chinese textile and apparel industry as a whole.

Source: en.ce.cn–Nov 26, 2021

HOME

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Growing pandemic cases in EU could hamper Bangladesh RMG makers

With Coronavirus cases increasing again in Europe, it will have a massive impact on the Bangladeshi readymade garment sector, given that it is the largest destination for clothes manufactured in Bangladesh. Bangladesh sends over 50 per cent of its exportable goods to the European Union markets.

Europe has once again become the epicenter of the pandemic, with many European Union nations recording the highest Covid cases in recent days. Bangladesh is concerned about the current spread of Coronavirus in major EU markets. The readymade garment sector had started getting orders and had been on track after overcoming the pandemic last year.

The entire workforce was a victim of Covid during the lockdown. Workers lost wages during from March to May of 2020 alone, mainly because there were not enough orders to keep factories afloat. Some 82 per cent of workers' income declined.

By June 2020, export orders had fallen by 40 to 45 per cent compared to 2019. Workers also faced critical challenges to their mental health and overall emotional well-being, being worried about both the pandemic and their financial futures — providing for their families, feeding them, and caring for their children.

Source: fashionatingworld.com–Nov 25, 2021

HOME

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Sri Lanka's apparel, accessory makers unhappy about paying in local currency

For the first 10 months of 2020, Sri Lanka's apparel and textile exports grew by 21 per cent. The overall export and deemed export industry is facing serious challenges in logistics, both in terms of cost and lead times. Additionally global apparel brands are pursuing an in-country verticality strategy for sourcing their products.

Fabric and accessory manufacturers say that by encouraging the local apparel and textile industry, the industry has potential and is poised for certain growth if the environment remains conducive. This in turn can support the economic needs of the country. The Fabric & Apparel Accessory Manufacturers Association (FAAMA), which is the governing body of fabric and apparel accessory manufacturers in Sri Lanka and a subsidiary association of the Joint Apparel Association Forum Sri Lanka (JAAF), expressed its concerns and recommendations in writing to the CBSL Governor Nivard Cabraal.

However, a move by the Central Bank of Sri Lanka requiring apparel exporters to use only local currency for domestically sourced inputs has caused a furore across the biggest foreign exchange earning sector. Fabric and apparel accessory manufacturers sell their products directly to apparel exporters (locally and overseas) hence their businesses are classified as deemed exporters.

The entirety of industry invoicing to apparel exporters has always been in dollars, euros or sterling pounds. The raw materials they require, such as yarns (both cotton and synthetic), dyestuff, chemicals etc, including machinery and spare parts, are not available locally and have to be imported from different countries around the world. Payment for such materials and machinery needs to be settled in dollars.

Source: fashionatingworld.com–Nov 25, 2021

HOME

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Indonesia's Asia Pacific Rayon plans circular operations

Asia Pacific Rayon (APR), Indonesia's largest integrated viscose, rayon producer is committed to having a positive impact on climate and nature, clean manufacturing, circularity and inclusive communities by 2030. APR aims at pioneering accelerating circularity by producing 20 per cent of its viscose using recycled textiles. It will collaborate with industry partners to advance the collection, sorting and recycling of textile waste.

Through partnerships and investments, APR will further its research to understand the economics and logistics of recycled textiles, engage with the textile design community to inspire creativity and forge partnerships with innovators to advance technology solutions at scale. It will pioneer textile waste recycling in Indonesia, from establishing the collection, sorting and logistics infrastructure needed to ensuring textile waste do not end up in landfills. Another key aim is to move sustainable fashion beyond being niche and make it accessible to designers and consumers everywhere. The company would focus on closed-loop technology and product innovation as well as clean manufacturing and is committed to reducing 50 per cent of its water use, 80 per cent in waste-to-landfill per product ton through closed-loop production and recycling investments and a greater than 95 per cent sulfur recovery rate by 2030.

Source: fashionatingworld.com–Nov 25, 2021

HOME

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Uzbekistan's multi-coloured textile revolution

Uzbekistan has a very long history of making luxury textiles and today the country is trying to revive them. The khalat, the vibrantly coloured long-sleeved silk robe worn by Uzbeks, has been a hallmark of the country for thousands of years and is still worn today by many.

Uzbek craftsmen in Khiva, and the country's other ancient Silk Road way stations, still practise the delicate embroidery and weave the multi-coloured patterned cloth as their ancestors did, but following a revolution in the textile business in the last few years they are now turning their attention to T-shirts, jeans and shoes.

Uzbekistan is famous for its high quality cotton production that used to be the country's main source of foreign exchange earnings. However, in 2017 Uzbek President Shavkat Mirziyoyev simply banned the export of raw cotton entirely, forcing the whole industry to invest into textile production almost overnight.

It may have been a rather heavy-handed reform to the sector, but it worked. Within only a few years textile production has soared and the export revenue earned has already overtaken the money Uzbekistan used to make from selling its raw cotton aboard. The idea of going up the value chain is at the core of all of Mirziyoyev's reform ideas, but it has probably been most successful with the changes made to the cotton-textile complex.

"There is a blooming of Uzbek textiles. We have a new openness to the rest of the world and there have been many changes in the last five years," Jasur Rustambekov, deputy head of the textile association of Uzbekistan, told bne IntelliNews in an interview in Tashkent. "Textile exports have been exploding. In 2016 Uzbekistan exported to 43 countries; today it exports to 72."

The production of textiles has been supported by advances made in cotton production. In 1991 Uzbekistan was growing 50mn tonnes of raw cotton, which produced 1.7mn tonnes of cotton fibre but only 7% of the raw cotton was processed into textiles, says Rustambekov.

"In those days Uzbekistan was in the top five biggest producers of cotton in the world. But it was an unfair situation with people working in the fields,"

said Rustambekov. "The transformation of cotton production was very hard. Why? Because no one wanted Uzbek textiles, only the raw cotton."

And cotton production is only like to improve from here, as in 2018 the state launched a privatisation programme and in under two years has sold the entire sector off to over a 100 separately privately owned firms. Coupled with the concurrent ban on raw cotton exports, the whole sector has been transformed. This stands in stark contrast to the regime of former president Islam Karimov, who ran a more or less unreformed centralised economy, where the state owned all the key assets.

"As a result of the changes today we are in the first place in terms of cotton fibre production. Before we earned about $1.5bn from raw cotton exports, but now we will get about $500mn from cotton fibre and another $3bn from the export of textiles in 2021. That means new jobs for people and more tax for the government," says Rustambekov. "There are no state companies in the sector any more. It is all in private hands. The sector was privatised in 2018 and the cluster system [was] introduced to turn raw cotton into textiles more efficiently."

Cotton Campaign

The state has also abandoned the old system of forcing students, doctors, teachers and any one else the state could order or cajole to work in the cotton fields when the harvest was ready. That brought down accusations of forced and child labour and the Cotton Campaign was set up to raise public awareness and organised a very effective boycott of Uzbek cotton products.
A boycott of Uzbek cotton was launched in 2007 and was joined by some 300 companies that under public pressure refused to buy Uzbek cotton products.

Since then, the ban on Uzbek cotton products has been gradually lifted as the Mirziyoyev wound down the use of forced and child labour, which has been completely halted since the privatisation of the sector, the government claims.

In August last year the activists along with the International Financial Corporation (IFC) and other donors met with Uzbekistan's Ministry of Investment and Foreign Trade, Agriculture, Labour and other state bodies, and publically welcomed the government's pledge to seek responsible investment and completely end the use of forced labour in the cotton fields.

“The Cotton Campaign welcomes the commitment of Uzbekistan’s Ministry of Investment and Foreign Trade to seek responsible investment in Uzbekistan‘s cotton sector and to support reforms to end forced labour,” Allison Gill, senior Cotton Campaign co-ordinator at GLJ-IRLF adds. “As brands are looking to get out of the Uyghur region, Uzbekistan provides an opportunity – to develop new sourcing and to come in under a co-governed structure where workers, producers and brands all have a seat at the table,” the Cotton Campaign said in a statement at the time.

Unwinding the boycott is taking time, and few of the big multinational textile retailers have set up production in Uzbekistan yet, that stage is coming soon, says Rustambekov.

“Most companies joined [the boycott] on a voluntary basis and were free to leave again, and many have,” Rustambekov told bne IntelliNews. “The US Department of Labour declared us free of child labour and since 2018 this has no longer been a problem. The international organisations, including the IMF, have recognised the new child labour-free status too.”

Since then the Uzbek government has invited delegations from the NGOs and international financial institutions (IFIs) to come and inspect the cotton harvest each year and check the labour practices, including representatives from the International Labour Organisation and the EU.

New markets

The exports of textiles are flourishing as the newly established privately owned companies develop their markets, made easier since the currency and exchange controls were lifted in 2017 allowing them to deal directly with customers in dollars.

The main markets so far are places like Turkey, China and the other members of the Commonwealth of Independent States (CIS). But more recently the EU has emerged as a major new market, which is only 14 days away by truck, says Rustambekov. In April this year the EU granted Uzbek textiles a special preferential status that allows exports to the EU with no quotas and no duties. Uzbekistan also has a preferential trade deal with the US where there are also no quotas, but there are export duties to be paid. Exports of textiles to the EU have already jumped fourfold y/y since the new special status was granted.

The next phase will be with the multinationals move in and start to produce their shoes, jeans and T-shirts in Uzbekistan. While preliminary deals have already been signed with international shoemakers Nike and Adidas last September the big deals are yet to be done.

“We are in talks with more than 100 major brands, and we have invited everyone to come and see. But it will demand lots of investment – more than $2.5bn is needed. Still we are already attracting about $500mn a year into setting up manufacturing plants,” says Rustambekov.

The first investment began in 2017 with the liberalisation of the sector, as “that allowed the first foreign investment to happen and the first international manufacturing business could start,” says Rustambekov, who adds there are about 200 international companies already working in Uzbekistan, although none of them are big ones.

“There are British, Swiss, Dutch, Austrian, Latvians, companies from China, the UEA and Kingdom of Saudi Arabia, as well as lots of Poles,” says Rustambekov.

In 2020 Uzbekistan produced $2bn worth of textiles for export and expects to sell $2.2bn this year before rising to $3bn the year after. But those are only the exports. As the most populous country in Central Asia and the third most populous in the CIS, Uzbekistan also has a large domestic market: including the domestic market the textile business is currently worth $4.7bn, says Rustambekov.

“We don't just work for the export market. The internal market is growing every year too. But broadly speaking you can divide the market into four: the internal market, the CIS, Turkey and China,” says Rustambekov

Source: intellinews.com –Nov 25, 2021

HOME

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Online conference looks into prospect of Vietnam-Norway trade ties

The prospect of Vietnam-Norway trade relations was the theme of an online business conference held by the Ministry of Industry and Trade in collaboration with the Norwegian Ministry of Trade, Industry, and Fisheries, the Vietnamese Embassy in Norway, the Norwegian Trade Policy Department (Innovation Norway) and other agencies on November 25.

Vietnam's participation in free trade agreements (FTAs), including the Vietnam-EU FTA, has brought positive impacts on trade relations between Vietnam and Norway in recent years, said Norwegian Deputy Minister of Trade, Industry, and Fisheries Janicke Andreassen.

Vietnamese Ambassador to Norway Le Hong Lam informed the conference that two-way trade between the two countries reached 528.5 million USD in 2020, an increase of 19.52 percent from the previous year. Of the figure, Vietnam's exports to Norway were valued at 216.9 million USD.

In the first nine months of 2021, two-way trade value stood at 365.5 million USD, with 103.7 million USD worth of Vietnam's exports to Norway. Vietnam's main export items are seafood, cashew nuts, textile-garment, footwear, steel products, transport means and parts. Meanwhile, it imports seafood, machinery and equipment, fertilisers and chemicals and steel and iron products from Norway. Business participating in the event were provided with information on products that Vietnam can offer.

Asbjorn Warvik Rortveit, regional director for Southeast Asia at the Norwegian Fisheries Association, introduced opportunities for cooperation in the seafood sector in Norway, as well as consumer preferences for seafood products. Representatives from large Norwegian corporations such as Equinor and Norwep also talked about possibilities for cooperation in clean energy.

After the conference, the Trade Promotion Department and the Embassy of Vietnam in Norway connected about 60 Vietnamese and Norwegian enterprises for exchange.

Source: vietnamplus.vn –Nov 25, 2021

HOME

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Uzbekistan 1st beneficiary of UK Enhanced GSP Scheme

Uzbekistan became the first country to be officially admitted to the UK enhanced framework generalised scheme of preferences (EF GSP) on November 1 after intense efforts by both sides to conclude the process in only six months. A key factor behind granting the status was that Uzbekistan ratified 27 key conventions in the areas of human rights, labour standards, environment and sound governance.

The development sends a hugely positive signal of intent from both countries to turbo boost the UK-Uzbekistan trading relationship, particularly now that there will be zero import duty on more than 7,800 products made in Uzbekistan, according to a UK government press release.

The GSP provides Uzbekistan with access to the world's fifth largest economy and the most international consumer and retail market in the world worth over £437 billion. For the United Kingdom, it facilitates access to a fast-growing and developing market, which is a key hub to access the wider region, as well as Uzbekistan's unique textile and agricultural products.

The enhanced framework is for countries that are classified by the World Bank as low-income and lower-middle income countries, and are economically vulnerable due to a lack of export diversification and a low level of integration with the international trading system.

Source: fibre2fashion.com – Nov 25, 2021

HOME

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NATIONAL NEWS

India Inc to show significant EBITDA growth in next 12-18 months: Moody's

Benefiting from strong consumer demand and high commodity prices, Indian companies will show significant growth in EBITDA over next 12-18 months, according to Moody's.

The rating agency, which has 22 Indian corporates under its scanner, said growing government spending on infrastructure will support the demand for steel and cement. Also, rising consumption, push for domestic manufacturing and benign funding conditions will support new investments.

The effects of supply chain disruptions will ease as semiconductor supplies ramp over the next few months, it added.

The steady progress in vaccinations against Coronavirus (Covid-19) will support a sustained recovery in economic activity. The economic growth will rebound strongly in India. It has pegged growth in gross domestic product at 9.3 per cent for FY22 and 7.9 per cent for FY23.

While overall economic sentiment is upbeat, the rating agency did sound a word of caution. If new waves of infections were to occur, it could trigger fresh lockdowns and erode consumer sentiment. Such a scenario would dampen economic activity and consumer demand, potentially leading to subdued EBITDA growth of less than 15-20 per cent for Indian companies over the next 12-18 months.

In addition, delays in government spending, energy shortages that lower industrial production or softening commodity prices could curtail companies' earnings.

India's currently low interest rates will reduce funding costs and support new capital investment as demand grows. However, rising inflation may result in a faster-than-expected increase in interest rates, which would weigh on business investment.

Referring to their borrowings, Moody's said refinancing risk is manageable for most rated companies. Around $7.3 billion of rated foreign currency

bonds are maturing through 2023. Out of which around $3.1 billion of the maturities pertain to high-yield issuers

Around 57% of foreign-currency bond maturities through 2023 are for investment-grade companies, including government-related issuers which have strong access to capital markets.

The remaining bond maturities through 2023 pertain to high-yield companies that are repeat issuers in international bond markets. These companies – including JSW Steel Ltd, Bharti Airtel Ltd and Vedanta Resources Limited (B2 stable) – are likely to maintain good funding access.

Macrotech Developers Limited, a Lodha group entity, has a $225 million bond maturity in March 2023. The refinancing risk will be alleviated if the company repays the bond out of collections from existing sales over the next few months, Moody said.

Source: Business Standard– Nov 26, 2021 **HOME**

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India for preserving special & differential treatment for developing nations at WTO: Official

India will fight for preserving special and differential treatment for the developing nations at the forthcoming WTO ministerial conference at Geneva, an official said on Thursday.

India will also ensure that the World Trade Organisation (WTO) remains a relevant international body promoting orderly global trade, said Shyamal Misra, joint secretary, Commerce Minister.

He was participating in a discussion organised by the Research and Information System for Developing Countries (RIS) on the 'Issues before Twelfth WTO Ministerial' ahead of the 12th Ministerial Conference (MC12).

Talking about what India will be fighting for at the WTO ministerial, he said, "S&DT is a fundamental principle that needs to be retained. Along with that we need to maintain the policy space that developing countries need… that India as a developing country needs.

The WTO Agreements contain "special and differential treatment" provisions which give developing countries special rights. Misra said the WTO stands for an open rules based multilateral trading system and there are advantages from such a system.

Therefore, it is in the interest of developing countries, like India to support a well functioning global trade institution like WTO, he said.

The MC12 will take place from November 30 to 3 December 3, 2021 in Geneva. Ministers from across the world, including India, will have the opportunity to review the functioning of the multilateral trading system, to deliver prepared statements and to take action on the future work of the WTO.

Kazakhstan was originally scheduled to host MC12 in June 2020 but the conference was postponed due to the COVID-19 pandemic. RIS also launched its 'World Trade and Development Report' on the occasion.

Source: financialexpress.com – Nov 25, 2021

HOME

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Bring in three-rate GST structure, says study by Finance Ministry-backed think-tank

National Institute of Public Finance and Policy study says Government can rationalise the rates without losing revenues.

The Government can rationalise the GST rate structure without losing revenues by rejigging the four major rates of 5%, 12%, 18% and 28% with a three-rate framework of 8%, 15% and 30%, as per a National Institute of Public Finance and Policy (NIPFP) study.
The findings of the NIPFP, an autonomous think tank backed by the Finance Ministry, assume significance as the GST Council has tasked a Group of Ministers, headed by Karnataka CM Basavaraj S. Bommai, to propose a rationalisation of tax rates and a possible merger of different tax slabs by December to shore up revenues.

Rejigging rates | The current GST regime with four key tax slabs can be smoothly replaced by a three-rate structure without the exchequer losing revenues, says study

CURRENT GST RATE STRUCTURE	POSSIBLE REVENUE-NEUTRAL RATES
5%	8%
12%	15% (merging the 12% and 18% slabs)
18%	
28% (for demerit goods)	30%
Total rates - **8**	Total rates - **7** (assumes no changes in special rates)

Multiple rate changes since the introduction of the GST regime in July 2017 have brought the effective GST rate to 11.6% from the original revenue neutral rate of 15.5%, Finance Minister Nirmala Sitharaman pointed out at the last Council meeting in September.

"Merging the 12% and 18% GST rates into any tax rate lower than 18% may result in revenue loss. Our study proposes that the GST Council may consider a three-rate structure by adopting 8%, 15% and 30% for revenue

neutrality," NIPFP associate professor Sacchidananda Mukherjee told The Hindu.

The nature of rate changes has also meant that over 40% of taxable turnover value now falls in the 18% tax slab, thus any move to dovetail that slab with a lower rate will trigger losses to the tax kitty that need to be offset by marginal hikes in other remaining major rates — 5% and 28%.

The 28% rate is levied on demerit goods such as tobacco products, automobiles and aerated drinks, along with additional GST compensation cess.

If the revenue loss from merging the 12% and 18% slabs were to be met by just hiking the rate on demerit or sin goods, the highest GST rate would have to be raised to almost 38%. Alternatively, the lowest standard rate will have to be raised from 5% to about 9%.

'Revenue leakages'

Currently, the GST regime levies eight different rates, including zero for essential goods and special rates of 0.25% on diamonds, precious stones and 3% on gems and jewellery. The NIPFP paper assumes these rates remain unchanged after noting that raising rates on 'high-value low volume goods' like precious stones and jewellery 'may encourage unaccounted (undisclosed) transactions and therefore revenue leakages'.

Restructuring GST rates is a timely idea to improve revenues, Mr. Mukherjee said, adding that it was important to sequence the transition to the new rate structure so as to minimise the costs associated with tax compliance, administration and economic distortions.

If the GST rate structure prevailing at its onset in July 2017 was restored last year, additional GST revenues of nearly ₹1.25 lakh crore could have accrued in 2020-21, estimates the NIPFP paper titled, Revenue Implications of GST Rates Restructuring in India: An Analysis.

'Useful methodology'

"The results are indicative given the limitations of data, but the methodology developed in this paper could be useful for any future analysis of restructuring of the GST rate structure," Mr. Mukherjee said.

“The GST Council may consider placing some aggregate data in the public domain to help policy research as binding data limitations hinder meaningful research of the GST regime,” he averred.

Source: thehindu.com– Nov 25, 2021

HOME

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12% GST on textiles, footwear draws flak

The Confederation of All India Traders (CAIT) said that instead of simplifying and rationalising the GST tax structure, the GST Council has made it as "most complicated GST law in India over the world" and much against the GST structure shown to CAIT by the then Finance Minister Arun Jaitley. New Delhi: The Confederation of All India Traders (CAIT) said that instead of simplifying and rationalising the GST tax structure, the GST Council has made it as "most complicated GST law in India over the world" and much against the GST structure shown to CAIT by the then Finance Minister Arun Jaitley.

CAIT National President B.C. Bhartia and Secretary General Praveen Khandelwal said that in the cotton textile industry there was no inverted tax structure, then why fabric and other cotton textile goods were brought under the 12 per cent bracket. The Central government's notification to increase the rate of GST on basic items like textiles and footwear from 5 per cent to 12 per cent is being opposed all over the country, including Delhi, and the CAIT has decided to launch a mega agitation across the country against such arbitrariness.

Bhartia and Khandelwal said that retail trade in the country has already been destroyed due to Covid and now that the business was resuming on track from this year, the increase in the GST rates will be the last nail in the coffin of the trade.

In the matter of increase in clothes and footwear, no consultation was done with any stakeholder of the country. GST is being distorted continuously and the concept of "One Nation-One Tax" has been made a joke. They said that traders across the country have mobilised against this unilateral and arbitrary increase against which the traders across the country are in great anger and resentment, CAIT added.

Source: thehansindia.com– Nov 26, 2021

HOME

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Indo-US trade partnership: Different approach, brighter prospects

US Trade Representative (USTR) Katherine Tai's visit to India was certainly not a routine one. It covered an unusual amount of ground in moving forward on bilateral trade concerns and cooperation on emerging issues. The coverage reflected the seriousness with which the US and India are looking to handle their trade partnership in the days to come.

Trade has been an area of divergence between both countries. Notwithstanding robust engagement in other spheres of global and regional geopolitics and geo-economics, trade has been a rare sore spot. The Trump Presidency complicated matters in this regard. During the Trump period, India and the US actively discussed the prospects of a bilateral FTA. The discussions, though, were hit by regular disruptions. These ranged from the US withdrawal of the preferential GSP status to Indian exports in the US market, the unilateral hike in tariffs on steel and aluminium imports into the US;,temporary suspension of H1-B visas and regulatory restrictions cramping the scope of H1-B visas, particularly spouses of their holders, creating great uncertainties for Indian professional migrants to the US.

Farm distress stalks the growth story

Bridging learning divide outcomes in online education
The Trump administration's overall attitude towards trade also caused friction between the two countries. Trump's cynicism of the multilateral rules-based trade framework of the WTO, particularly his refusal to appoint judges to the appellate tribunal for resolving disputes, found India and other major economies at a loss to remove the logjam. Further Trump's repeated allusion to large developing countries having benefitted heavily from the concessions they get from the WTO, and his pushing emerging market economies out of the scope of non-reciprocal market access preferences, didn't go down well with India.

India, did, however, stay engaged with the US on a bilateral trade deal. That the deal eventually couldn't be pulled off has much to do with the insufficiency of trust and comfort between negotiators. India's trade pessimism, as reflected in its pull-back from a mega-FTA like the RCEP, symbolised its own hesitation over entering into bilateral FTAs and the unhappy compromises they entail. On the other hand, the Trump administration's overwhelming tendency to ruthlessly extract market access

from bilateral FTAs, for political messaging aimed at domestic constituencies, limited flexibilities on both sides.

The Biden administration has taken a more accommodating attitude towards trade. It is back at the WTO with a purpose. While retaining the emphasis on 'America First', it is talking to major trade partners in a more purposeful manner. Unlike its predecessor, which failed to balance robust strategic engagement with allies like India with equally meaningful advances on trade, the Biden administration is more sure of its expectations on trade from its allies. This explains why the stress on worker-friendly trade policy notwithstanding, the Joint Statement issued on the occasion of the USTR's visit documents specific details on bilateral trade concerns.

In a sense, it might have become easier for the US and India to talk trade over the last one year. Strategic realignments after Covid-19, particularly the economic rise of the Quad and Indo-Pacific, including efforts to safeguard strategic supply chains, have made both countries reflect closely on many issues connected to bilateral trade. Both realise the importance of ironing out creases that are holding back more trade if they need to contribute to an economic framework for the Indo-Pacific—a goal announced by the US secretary of commerce Gina Raimondo during her visit to Asia last week, along with the USTR.

Greater engagement between business and government stakeholders of both countries in recent months, along with the urgency to focus on critical areas of mutual concern: clean energy and technology, infrastructure and connectivity, vaccines and healthcare products, have created an enabling and trustworthy environment for discussing bilateral trade. It is hardly surprising therefore that mangoes and cherries from India and the US should be able to cross borders with ease soon. There is also much promise in the areas marked for future work: digital trade, healthcare, environment, standards and conformity assessment. The attention on working on the basics such as bilateral disputes at the WTO, implementation of the global Trade Facilitation Agreement (TFA) and an effective visa regime for professionals, signals eagerness of both countries to correct fundamentals issues affecting bilateral trade.

It is also interesting to note that both countries avoided mentioning a bilateral FTA during the USTR's visit. The emphasis, instead, was on building 'an ambitious vision for the future of the trade relationship' by energising mechanisms like the bilateral Trade Policy Forum (TPF). Avoiding mention of an FTA reflects policy maturity and pragmatism on

both sides. Both countries understand that as large countries with numerous vocal minority lobbies, reaching a comprehensive FTA will be hugely challenging. It makes more sense to devote energy on creating the foundation for a trade deal rather than harping on it.

Source: financialexpress.com– Nov 26, 2021

HOME

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ESIC scheme adds 13.37 lakh new members in September 2021

Around 13.37 lakh new members joined the ESIC-run social security scheme in September this year as against 13.42 lakh in the previous month, official data showed on Thursday, giving a perspective on formal sector employment in the country.

The latest data is part of a report released by National Statistical Office (NSO).

Gross new enrolments with Employees' State Insurance Corporation (ESIC) were 10.76 lakh in April, 8.90 lakh in May, 10.65 lakh in June, 13.40 lakh in July and 13.42 lakh in August this year, the latest data showed.

June, July and August figures show an increase in enrolments after easing of COVID-induced restrictions by states post the second wave of the pandemic that hit the country in mid April this year.

The NSO report showed that gross enrolments of new subscribers with ESIC were 1.15 crore in 2020-21 compared to 1.51 crore in 2019-20 and 1.49 crore in 2018-19.

During September 2017 to March 2018, around 83.35 lakh new subscribers joined the ESIC scheme. The report said gross new enrolments with ESIC from September 2017 to September 2021 were 5.70 crore.

The NSO report is based on the payroll data of new subscribers of various social security schemes run by ESIC, the Employees' Provident Fund Organisation (EPFO) and the Pension Fund Regulatory and Development Authority (PFRDA).

It has been releasing such data of these bodies since April 2018, covering the period starting from September 2017.

According to the report, net new enrolments with retirement fund body EPFO stood at 15.41 lakh in September, up from 13.60 lakh in August 2021.

It showed that during September 2017 to September 2021, around 4.71 crore (gross) new subscribers joined the Employees' Provident Fund scheme.

The report, titled 'Payroll Reporting in India: An Employment Perspective - September 2021', said since the number of subscribers is from various sources, there are elements of overlap and the estimates are not additive.

NSO also said the report gives different perspectives on the levels of employment in the formal sector and does not measure employment at a holistic level.

Source: economictimes.indiatimes.com– Nov 25, 2021

HOME

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Gujarat wants to be global hub for futuristic industries

To roll out comprehensive policy in run up to Vibrant Gujarat Global Summit

Gujarat wants to emerge as a global hub for green hydrogen and other futuristic industries including electric mobility, robotics and chip manufacturing and is working on a new policy that will encourage innovative projects through incentives, a top official said.

This comprehensive policy will get rolled out in the run up to the 10 edition of Vibrant Gujarat Global Summit (VGGS) 2022 slated to be held on January 10-12, Rajiv Kumar Gupta, Additional Chief Secretary, Government of Gujarat told BusinessLine here. He was in the capital for the VGGS2022 roadshow that was addressed by Gujarat Chief Minister Bhupendrabhai Patel on Thursday.

For the first time ever, a series of high profile pre-summit events as well as national and international roadshows have been planned from December beginning. These pre-summit events -- as many as nine have been lined up--will collectively highlight sector-specific business opportunities available in Gujarat, Gupta said.

'Extensive collaboration'

"From Aatmanirbhar Gujarat to Aatmanirbhar Bharat" is the overarching theme for the VGGS2022.

The previous edition of Vibrant Gujarat summit was held in 2019. Due to the pandemic, this year's edition had to be dropped and now slated for January 2022. Vibrant Gujarat Global Summit, organised once in two years, was conceptualised in 2003 under the leadership of the then chief minister Narendra Modi. Gupta highlighted that the Gujarat government had for this edition of the Summit collaborated extensively with the central government ministries and is in constant touch with PMO, MEA, NITI Aayog, DPIIT, Invest India and several other central government departments.

"We want to be self reliant in those sectors where we are currently relying on imports. We intend to attract investment in such sectors as defence, technology and robotics, making us Aatmanirbhar. The State is committed to fulfilling the vision of an Aatmanirbhar Gujarat", he said.

Gujarat's GSDP (at current prices) grew 10 per cent CAGR in the five years to 2020-21at $ 221 billion from $137 billion in 2015-16.

GSDP growth

Gujarat accounts for about 17 per cent of India's industrial output with 11 per cent of factories.

In 2019-20, manufacturing sector's share as a percentage of State's GSDP was 37.5 per cent compared to 17 per cent in the national GDP. Gujarat exports goods and services to over 180 countries with a 21 per cent share in India's total exports (exports valued at $ 60.5 billion in FY 2020-21). Gujarat had in 2020-21 attracted highest FDI equity inflows worth $21.9 billion (₹1.63-lakh crore), which is 37 per cent of the total FDI equity inflows across States in India.

Source: thehindubusinessline.com– Nov 25, 2021

HOME

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Khadi tangled in regulation, bureaucracy

Trademark and procurement norms are impacting artisans and ease of doing business in the sector

A century ago, Mahatma Gandhi sat behind a spinning wheel and spawned a revolution with a humble cloth called khadi. As a fabric, khadi is unique due to the spinning process which is done by hand. When the spinning process is mechanised, we get handloom or mill-made fabric. Due to this distinction, khadi production is governed by the Khadi and Village Industries Commission (KVIC) under the Ministry of Small and Medium Enterprises (MSME) whereas handloom and mill-made fabric production is governed under the Ministry of Textiles. Today the traditional charkha has been more or less completely abandoned for the much swifter amber charkhas, solar charkhas and new model charkhas which are semi-mechanised.

With the spinning process no longer being done by hand, the khadi sold by most if not all KVIC approved entities is not definitionally khadi (i.e., handspun and handwoven). However, in legal terms, the khadi being sold by KVIC approved entities is "khadi" by the virtue of the accompanying khadi mark. The few khadi sellers in the market, who produce authentic "handspun and handwoven" cloth, consciously avoid using the term khadi to evade a legal tussle with KVIC.

Today, khadi cannot be sold in the country without attaching the khadi mark tag/label as prescribed by the Khadi Mark Regulations, 2013. The proprietorship of the trademark "khadi" has put KVIC in a disproportionately powerful position. Over the years, KVIC has served legal notices to more than 1,000 firms alleging them of producing and affixing the word "khadi" to their fabric. In the same breath, KVIC has implored Indians to buy only genuine Khadi products from KVIC approved entities.
The question of authenticity

So what gets classified as Khadi? First, is the khadi being sold by KVIC-approved entities genuine khadi as is claimed by the khadi mark certification? Second, are all non-khadi mark entities selling fabric in the brand name khadi producing inauthentic khadi products?

Khadi is a distinct kind of fabric that is defined by its production process. As such, any handspun and handwoven cloth is essentially khadi. In such a case,can "khadi" be trademarked at all?

In the past KVIC has discouraged business entities from using terms such as "handwoven" and "handspun" for their fabric. So autonomous artisans not possessing a khadi mark certificate are particularly vulnerable. These restrictive practices of KVIC have inadvertently obstructed avenues for artisans where they can realise better wages for their skills.

The legislation which was introduced to authenticate genuine khadi products is now used by the KVIC to contest private khadi sellers in the market. There are also many compliance requirements that slow down the business operations in the sector.

One of the functions of KVIC, is to build up reserves of raw materials and supply them. This function has been interpreted in a rigid manner as restrictions have been imposed on Central Sliver plants (CSPs) and Khadi Institutions (KIs) regarding the procurement of raw materials — cotton, wool and silk.

CSPs are directed to procure cotton from Cotton Corporation of India (CCI) only. If cotton is not available with the CCI, the CSPs are allowed to purchase from the open market with a certification/quotation from CCI. Purchase of cotton from the open market by the Kls and CSPs are also regulated by the KVIC with the constitution of a Purchase Committee.

Khadi institutions producing Khadi using the traditional charkha have to strictly follow the tender process by issuing advertisements in the local newspaper. Other compliances also include proof of source of purchase, stock entry for raw materials, stock insurance and maintenance of other records/registers. Similar procedural restraints are put on Khadi Institutions which work on New Model Charkha too.

KVIC's interpretation of this function has led to the creation of an archaic procurement policy that operates within the purview of KVIC. Such restrictions and compliances are outdated and seriously harm the ease of doing business in the Khadi sector. Liberalising the procurement process can help stakeholders in sourcing raw materials from their seller of choice and at competitive prices. It can also ease the requirement of various compliances attached to the procurement process.

The way forward

It is time to reassess some of these regulatory policies and undo the bureaucratic procedures in order to restore the khadi fabric's lost glory. It is also crucial to distinguish between the various kinds of khadi available in the market based on the extent of labour that goes into the spinning process. It will allow artisans producing traditional khadi through hand spinning to earn the right value for their products. There is immense untapped potential in rural India that will be vital in preserving the ancient art of 'khadi' while providing gainful employment to many, especially women.

Borawake and Solomon are with Centre for Public Policy Research, Kochi

Source: thehindubusinessline.com– Nov 25, 2021

HOME

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India's textile machinery production down five per cent

India's production of textile machinery, parts and accessories during 2020-21 recorded a marginal decrease of five per cent reveals Textile Machinery Manufacturers' Association (India) data. During the fiscal capacity utilization decreased from 49 to 46 per cent as compared to the preceding year. This is despite the fact that there was negligible business during the first two quarters of 2020-21. The bulk of the demand was met through imports, says Vallabh Thumar, Chairman, TMMA.

Total domestic demand for textile machinery during 2020-21 was Rs 9118 crores of which supplies from the domestic machinery industry amounted to Rs 1786 crores, aggregating 20 per cent of the total demand. Exports during 2020-21 rose to Rs 3,307 crores as against Rs 2,556 crores achieved during 2019-20. On the other hand, imports were reduced to Rs 8096 crores as against Rs 9,273 crores during the year. Digital printing is a happening segment in textiles. The new machines are versatile and fast and save on water. Hence, the demand is high for these. Weaving machines and spinning machinery and accessories are also imported.

The Indian textile engineering industry is operating at about 70 per cent capacity utilisation, serving 65 per cent of the textile sector's demand. The Indian textile machinery industry has been experiencing tremendous growth over recent years, facilitated by the country's booming textile and apparel market.

Source: fashionatingworld.com– Nov 25, 2021

HOME

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