IBTEX No. 236 of 2021 December 03, 2021

US 75.01| EUR 84.57| GBP 99.68| JPY 0.66

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INTERNATIONAL NEWS

China's 'Predatory Practices' Harm US Textile Makers, NCTO Says

Testifying before a House Ways and Means Trade Subcommittee hearing on "Supporting U.S. Workers, Businesses and the Environment in the Face of Unfair Chinese Trade Practices," National Council of Textile Organizations president and CEO Kim Glas stressed China's dominance in global textile and apparel production and its adverse impact on the U.S. textile industry.

Glas detailed ways to strengthen onshoring and nearshoring of supply chains and recommended critical policies that address China's illegal trade practices and rectify inequities.

"China holds the dubious distinction of being the world's leading purveyor of illegal trade practices that are designed to unfairly bolster a blatantly export-oriented economy," Glas said. "These predatory practices take many forms, from macroeconomic policies that grant across-the-board advantages to their manufacturers to industry-specific programs intended to dominate global markets in targeted areas. The U.S. textile industry has been a longstanding victim of China's predatory export practices."

She told the committee that China's "virtually unlimited and unrealistic pricing power," coupled with its subsidies and lack of enforceable labor and environmental standards, strips benefits and undermines policy objectives throughout the U.S. free trade and preference program structure.

"A program of maximum pressure must be developed and fully enforced to reconfigure textile and apparel sourcing patterns that currently place an unhealthy and heavily weighted dependance on China," Glas said. "With a strong trade policy holding China accountable, the opportunities are ripe to unlock further domestic and regional investment to bolster this critical textile and apparel production chain because of the important rules of origin for this sector.

We can nearshore more production, help address the migration crisis, assist in addressing the urgent issue of climate change and create a win-win-win for workers in the United States, workers in the region and consumers."

Glas offered key policy recommendations to the committee in her oral and written testimony. These included enacting tax incentives and other targeted critical investments to strengthen Western Hemisphere trade relationships and re-shore manufacturing. She also called for closing the Section 321 De Minimis Tariff loophole that allow goods that are otherwise subject to duties to enter the U.S. duty-free due to lower amount thresholds, a technicality that has fueled the rise of companies like reality-show newbie Shein, the fast-fashion giant failing on the toxic-chemical front, employing dubious consumer-facing and workforce practices, and winning at TikTok.

Vitally, Glass said the United States must step up its enforcement of forced labor of Uyghurs and other minorities in the Xinjiang Uyghur Autonomous Region, "firmly maintain Section 301 penalty duties on China for finished textiles and apparel products," and immediately pass the Miscellaneous Tariff Bill (MTB) to help manufacturers with a limited list of critical inputs not made in the U.S., and review and close the mechanism in the MTB renewal that allows for finished products.

She also urged lawmakers to strengthen buy-American practices for personal protective equipment (PPE) and other essential products, and to block expansion of the Generalized System of Preferences (GSP) to include textile and apparel products.

In addition, Glass said the government should use trade enforcement in free trade agreements to "mitigate transshipment schemes by unscrupulous importers seeking to illegally circumvent duties."

Source: sourcingjournal.com– Dec 02, 2021

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China ends decades-long preferential tariff certificates to its exporters

A preferential tariff treatment for Chinese companies exporting products to 32 countries – including the 27 European Union (EU) members, the UK, Canada, Turkey, Ukraine and Liechtenstein – has come to an end, as the country's export products are becoming more competitive.

China's General Administration of Customs from December 1 stopped issuing certificates of origin under the Generalized System of Preference (GSP) for exports to the 32 countries, which no longer offer China GSP status, marking the end of the preferential tariff scheme for Chinese exporters.

The GSP system, used around the world, reduces levies on certain imports from developing countries and incentivizes exports from less developed economies, promoting economic growth. The system also helps to bring down the cost of import goods for donor economies.

Limited impact on China's overall exports

The move is seen by many as a natural development as China's products have become more competitive in global trade. Some companies said that the impact will be limited, compared to other problems like inflation.

"Preferential tariffs have been reduced progressively. So basically, we don't expect any impacts on our industry base in China. We have a massive inflation of raw materials, transportation costs. These are the biggest impact," said Ludovic Weber, CEO of Saint-Gobain Asia-Pacific, a company that mainly exports industrial materials like silicone sealant from China to America, Europe and Southeast Asia.

In fact, China has not received GSP privileges from those regions for many years. The EU ceased granting the certificate back in 2015, when China was elevated to an upper-middle-income country by the World Bank. Switzerland and Canada both canceled it in 2014.

China has been accorded the preferential tariff treatment by 40 nations since 1978, but currently only New Zealand, Australia and Norway still grant China GSP status.

Trade volume in the past few years has also provided exporters with some cushion against increased tariffs.

"From 2012 to 2019, the EU's 28 member countries, and Turkey and Canada have gradually canceled their GSPs with China. But China's exports to the EU have been steadily growing. In 2020, China became the EU's largest trade partner. The cancellation of the GSP could wind up having a greater impact on companies in Europe," said Ke Jing, associate research professor at the Shanghai Academy of Social Sciences' Institute of International Relations.

Double-edged sword for labor-intensive sectors

Though the GSP cancellation might not have a material impact on the overall economy, some labor-intensive, lower-margin exporters will still be affected by the move.

"(With) GSP, the importers would just pay for 8 to 12 percent (of tariff). But if we go back to the normal terms, the percentage will rise to 15 or 25 percent. We are also anticipating a 10-percent increase in container shipment costs," said Allen Wang, department manager at Shanghai Textile Decoration Corp. of Orient International Enterprise.

Wang expressed concerns as nearly 90 percent of his orders are from Europe and Canada. He expected his clients to offset the resultant higher costs by offering lower prices to suppliers.

However, experts believe that the move can be an opportunity for these exporters to upgrade themselves faster, as the cancellation of GSP will speed up companies' innovation if they want to remain competitive.

Source: news.cgtn.com– Dec 02, 2021

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USA: Air Cargo Demand Rose 9.4% in October; Can Capacity Keep Up?

Global air cargo markets showed that demand in October continued to be well above pre-crisis levels and that capacity constraints have eased slightly, the International Air Transport Association (IATA) said Thursday.

Global demand was up 9.4 percent compared to October 2019, as critical capacity constraints eased slightly, but remained 7.2 percent below October 2019 levels, according to IATA. As comparisons between 2021 and 2020 monthly results are distorted by the extraordinary impact of Covid-19, all comparisons in the report were to October 2019, which followed a normal demand pattern.

Economic conditions continue to support air cargo growth but are slightly weaker than in the previous months, IATA said.

"October data reflected an overall positive outlook for air cargo," Willie Walsh, IATA's director general, said. "Supply chain congestion continued to push manufacturers towards the speed of air cargo…Capacity constraints were slowly resolving as more passenger travel meant more belly capacity for air cargo. The impact of government reactions to the Omicron variant is a concern. If it dampens travel demand, capacity issues will become more acute."

Looking at regional performance, Asia-Pacific airlines saw international air cargo volume rise 7.9 percent in October compared to the same month in 2019. This was close to a doubling in growth compared to the previous month's 4 percent expansion.

"The improvement was partly driven by increased capacity on Europe-Asia routes, as several important passenger routes reopened," IATA said. "Belly capacity between the continents was down 28.3 percent in October, much better than the 37.9 percent fall in September. International capacity in the region eased slightly in October, down 12.9 percent compared to the previous year, a significant improvement over the 18.9 percent drop in September."

North American carriers posted an 18.8 percent increase in international cargo volume in the month compared to October 2019. This was on par with September's performance.

"Demand for faster shipping times and strong U.S. retail sales are underpinning the North American performance," the report said. "International capacity was down 0.6 percent compared to October 2019, a significant improvement from the previous month."

European airlines saw an 8.6 percent increase in international cargo volume in October compared to the same month in 2019, an improvement compared to the previous month's 5.8 percent gain. Manufacturing activity, orders and long supplier delivery times remain favorable to air cargo demand, IATA noted. International capacity was down 7.4 percent compared to pre-crisis levels, a significant improvement from the previous month's decline of 12.8 percent from pre-crisis levels.

Middle Eastern carriers experienced a 9.4 percent rise in international cargo volume in October versus two years earlier, a significant drop in performance compared to the previous month, 18.4 percent increase. ISTA said this was due to a deterioration in traffic on several key routes such as Middle East-Asia and Middle East-North America. International capacity was down 8.6 percent compared to October 2019.

Latin American carriers reported a decline of 6.6 percent in international cargo volume in October compared to the 2019 period, which was the weakest performance of all regions, but an improvement compared to the previous month's 17 percent fall. Capacity in October was down 28.3 percent from pre-crisis levels.

African airlines saw international cargo volume increase 26.7 percent in October, a deterioration from the previous month's 35 percent rise, but still the largest increase of all regions. International capacity was 9.4 percent higher than pre-crisis levels, the only region in positive territory.

Source: sourcingjournal.com– Dec 02, 2021

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China Plus One: A trade and investment story

A lot is going on in the supply chains currently, with the logistics industry facing unprecedented challenges. Shortages around the industry are pushing prices higher both directly and through higher energy and fuel costs. These are perhaps short-term factors which some economists expect to ease by early or mid next year. However, for the longer term, the most crucial aspects for supply chain revolve around geo-politics.

The geo-political relations are a significant factor in determining the direction of supply chains in the near future, and much is happening on that front slowly but surely. Apart from China's own measures to assert dominance on many counts, countries are now speedily forming alliances to counter China's might both economically and strategically.

Recently, a meeting was held to strengthen the QUAD network, where the four countries (Australia, India, Japan & US) agreed to collaborate on high-standards infrastructure, combatting the climate crisis, emerging technologies, space & cybersecurity. Also, the AUKUS (Australia-UK-US) submarine collaboration to counter China's presence in the South China Sea implies tremendous pressures in other arenas of economy. Below is an overview of how textile and apparel supply chains look like right now, in terms of investments and trade, and what kind of future movement are then to be inferred from these trends.

China has remained in the headlines recently as its domestic economy faced headwinds on several fronts. Earlier this year, it faced global pushback on Xinjiang cotton and many international brands were vocal about forced labour issues there, which authorities in China have completely denied. Later, a renewed surge in COVID-19 infections stalled port operations making transporting goods out of China extremely tough, which is now an even bigger challenge as more containers pile up at the ports1 .

This has impacted China's economy tremendously in the recent months, reflected in China's Manufacturing PMI for Sep '21 (49.6)2 and Oct '21 (50.6), indicating very sluggish growth or a possible contraction in China's manufacturing sector in the coming months. More recently, power cuts due to coal shortages and the scare of China's huge real estate debt made its economic prospects look even worse, as covered in our previous note.

As much as these concerns and the resultant impact reflect China's dominant participation in global economy, from a long-term perspective also, China holds a dominant position in global business and investment decision making. Global investment community continues to be positive on China, however their perspective likely reflects more of a wait and watch approach. Some of the big names in global investment industry are still bullish on China, and some are probably more optimistic than before.3 This is also seen in the FDI inflows in China this year, which climbed 23.4 per cent y-o-y to $142 billion in Jan-Oct 2021.

Despite the short-term speculations about US-China trade war affecting their trade relations and global supply chains becoming more diversified shunning China's supplier networks, China's contribution and relevance to global trade and economy will perhaps continue to grow. And it's not just what EU and the US commit in policy terms with respect to China, but also China's own foreign partnerships in terms of trade and investments across the world that are now widely known.

In the immediate short-term, while many expected China to increase the use of imported cotton as sentiments towards Xinjiang grew coarser, demand of Xinjiang cotton has kept its pace. China's cotton imports, which would otherwise compete with domestic cotton supplies, have slipped lately reflecting that domestic demand for China's home-grown cotton has remained unharmed.

Exports of cotton fabric from China have also remained strong recently, reflecting its dominant position in this segment. The speculation that China's cotton and textiles made out of it continue to be in use has been recorded elsewhere as well4 as experts recognise China's bumper cotton harvest amidst concerns about its forced labour issues.

However, strong demand for cotton fabric from China suggests how difficult it could be to actually diversify input sourcing. This was also evident when apparel producers were running short on deadlines as supplies of fabrics from China dried up suddenly last year.

Cotton prices in China's domestic market have also remained strong. All three major categories in China have had a steady demand in the last couple of months, with prices inching upwards.

The mid-stream segments of the textile supply chain are harder to diversify or shift easily as they are more mechanised, require higher investments and therefore, have greater dependencies on established networks to supply inputs. This is reflected in the concentration index for exports (UNCTAD) for the three broad textile industry segments (Figure 3). Yarn and fabric remains the most concentrated segment of all, with a rise in concentration in the recent years.

Apparel & accessories exports have now become highly diversified from what they were in 2015. Fibre exports remain the least concentrated segment. An important indication of relocation of industries between countries is the investment flows from the already established markets towards upcoming manufacturing locations, such as Vietnam, Bangladesh, India, Ethiopia, Egypt among others. China has been investing heavily in many other countries (as we will see shortly) and the mid-stream parts of the textile and apparel value chain will be harder to diversify out of China. Perhaps then, the narrative around China is further from the reality, and large shifts in textile sourcing patterns (at least in yarns and fabrics) may not be likely or they will be very slow.

Click here for more details

Source: fibre2fashion.com– Dec 03, 2021

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McKinsey: Fashion Must Prepare for 'Uneven Recovery' in 2022

"2020 was a devastating year for the fashion industry," Achim Berg, global fashion, apparel and luxury lead at McKinsey & Company, started to say before changing his mind. "You know, devastating is probably an understatement."

Berg was speaking at the launch of the consulting giant's annual State of Fashion report, published in partnership with the Business of Fashion, which takes a no-punches-pulled look at the industry nearly two years after Covid-19 gripped the globe, throwing supply chains into a state of unprecedented frenzy. But while global fashion sales are showing encouraging signs of recovery—McKinsey Fashion Scenarios suggest they will reach 96 percent to 101 percent of 2019 levels in 2021 and 103 percent to 108 percent in 2022—not everyone will reap the benefits. Profits will concentrate within a shrinking number of top players as the pandemic continues to exacerbate inequalities in performance in a "kind of winner takes all" scenario.

"The shakeout that we had foreseen is already underway," Berg said. "All the trends that we've seen coming into place before Covid have basically continued to play out throughout the crisis," with this year's group of the top 20 "super winners" dominated by sportswear brands, luxury purveyors and homegrown Chinese players.

Anta Sports, Deckers, Hermès, L Brands, Moncler and Nike, in particular, made more economic profit, meaning operating profit minus the cost of capital, in 2020 than they did in 2018. These winners will also keep winning, since they can afford to invest in omnichannel, sustainability and "adapt their business models to all the changes we see happening," he added.

While fashion industry revenues in 2020 fell by 20 percent from 2019 levels as a whole, they're expected to rebound to -4 percent and +1 percent of the baseline, according to the report. Growth is projected to rear its head in 2022, when revenues are expected to see a 3 percent to 8 percent boost, though Berg cautioned that analysts haven't taken into account any potential disruptions the omicron variant might pose.

"This could hit us harder than what we expected when we made our analysis but we stay cautiously optimistic," he said. "Our forecasts are not going to be changed by one or two weeks of potential partial lockdowns in some of the European countries."

One thing that's certain is that 2022 will see an uneven recovery, with performance varying across geographies, consumer markets and sourcing regions, said Anita Balchandani, EMEA apparel, fashion and luxury lead at McKinsey. Non-luxury fashion sales in China and the United States, for instance, will finish off 2021 slightly above 2019 levels, while Europe will not recover fully until 2022.

The luxury sector also shows strong markers of growth in China due to ongoing travel restrictions and increased domestic spend, with sales in the segment expected to reach +70 percent to +90 percent over 2019 levels by the end of 2021. The U.S. luxury segment is expected to return to -5 percent to +5 percent of 2019 levels by year's end. At the same time, the European luxury segment will remain below 2019 levels until at least 2022, since fewer Chinese nationals are traveling abroad.

This is part of the new "shape of demand," Balchandani said. "We've all seen a big repatriation of consumption into fashion and luxury into local boundaries as a consequence of travel being disrupted, and particularly long-haul travel, and when you look at the prognosis for international long haul tourism in particular, we don't expect it to fully recover until somewhere between 2023 and 2024."

By the time travel returns, analysts expect some of this repatriation to be "relatively sticky," she added. "So what this means if you're a fashion and luxury player is that the domestic customer starts to get much more important." Still, luxury has held up in 2021 and Balchandani expects that resilience to continue into 2022 because of demand from high-net-worth consumers who have been largely insulated from the financial strains of the pandemic. The future of luxury may just be more domestic.

Meanwhile, logistical bottlenecks are "for real," Balchandani said, and supply-chain stresses on input costs will compel many companies to increase retail prices next year. In an accompanying survey, 67 percent of fashion executives said they anticipated an increase in retail prices for 2022, with an average hike of 3.2 percent.

Some 14 percent of C-suiters expected prices to increase by more than 10 percent. Another 17 percent are girding themselves to lower prices, especially for the mid-market, perhaps due to the segment's continued squeeze as the number of people who are either very rich or very poor grows during the pandemic, widening the gap between the luxury and value sectors.

With the logistical gridlock poised to persist into 2022, 49 percent of fashion executives indicated that overcrowded ports, container shortages and other disruptions as the No. 1 issue that will affect their bottom lines in 2022. "This is going to have implications for consumers," Balchandani said. Some of this is already playing out, with fewer discounts being offered and a "much lower promotional intensity" for the month of November, one of the busiest shopping periods of the year.

The metaverse will become more important in the year ahead, Balchandani said, as consumers spend more time online and the digital "hype" spills over into virtual goods such as non-fungible tokens, or NFTs, offering fashion leaders the opportunity to engage with high-value younger cohorts in creative ways. Some 81 percent of Gen Z, she noted, played video games in the past six months, averaging 7.3 hours per week, though gaming is also "becoming much more democratic in terms of its age spread."

Similarly, the use of social media to discover products and shop, better known as social shopping, is ready for a post-Covid boom. Indeed, more than one-third (37 percent) of fashion executives polled cited social commerce as one of the top three themes that will impact their business in 2022. Brands and retailers, Balchandani said, need to double down on in-app purchase "journeys," livestreaming, augmented reality try-on and other innovations. "Historically this has been more of a Chinese phenomenon," she said. "But it's one of the new battlegrounds and even companies in the West will have to really think about how they close the loop from social discovery into commerce."

Sustainability is another critical concern for the year ahead, Balchandani said, adding that 2022 will "be the year where companies have to go beyond making pledges." Instead, they will have to start bringing their promises to fruition by scaling technologies, whether it's circular textiles or product passports. According to McKinsey's poll, 60 percent of fashion executives have invested or plan to invest in closed-loop recycling next year, while roughly two out of five have adopted or plan to adopt product passports in 2022.

"Executives have been telling us this year that sustainability is the No. 1 opportunity as well as the No. 1 challenge for this industry and certainly coming out of COP26 we've seen a huge number of pledges and commitments," she said. "2022 is really important here to move from pledges to actions."

Source: sourcingjournal.com– Dec 02, 2021

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Apparel and Home Led November's US Manufacturing Uptick

Economic activity in the U.S. manufacturing sector grew in November, with the overall economy achieving an 18th consecutive month of growth, the nation's supply executives said in the latest Manufacturing Institute for Supply Management (ISM) "Report on Business."

The 13 manufacturing industries reporting growth in November were led by apparel, leather and allied products, and furniture and related products.

"The November Manufacturing PMI (Purchasing Managers Index) registered 61.1 percent, an increase of 0.3 percentage point from the October reading of 60.8 percent," Timothy R. Fiore, chair of the ISM Manufacturing Business Survey Committee, said.

A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting. A Manufacturing PMI above 43.1 percent, over a period of time, generally indicates an expansion of the overall economy.

"The U.S. manufacturing sector remains in a demand-driven, supply chain-constrained environment, with some indications of slight labor and supplier delivery improvement," Fiore said. "All segments of the manufacturing economy are impacted by record-long raw materials and capital equipment lead times, continued shortages of critical lowest-tier materials, high commodity prices and difficulties in transporting products. Coronavirus pandemic-related global issues–worker absenteeism, short-term shutdowns due to parts shortages, difficulties in filling open positions and overseas supply chain problems–continue to limit manufacturing growth potential."

He said panel sentiment remains strongly optimistic, however, with 10 positive growth comments for every cautious comment. Panelists remain focused on the importance of improving supply chain issues to respond to ongoing high levels of demand."

ISM's New Orders Index registered 61.5 percent in November, an increase of 1.7 percent compared to October. This indicates that new orders grew for the 18th consecutive month.

A New Orders Index above 52.8 percent is generally consistent with an increase in the Census Bureau's series on manufacturing orders. Ten of 18 manufacturing industries reported growth in new orders in November, topped by apparel, leather and allied products.

The Production Index registered 61.5 percent in November, 2.2 percent higher than October, and also indicating growth for the 18th consecutive month. An index above 52.1 percent generally coincides with an increase in the Federal Reserve Board's Industrial Production figures.

The 11 industries reporting growth in production during the month of November included textile mills, and furniture and related products.

ISM's Employment Index registered 53.3 percent in November, 1.3 percent above the October reading.

"An overwhelming majority of panelists indicate their companies are hiring or attempting to hire–86 percent of Employment Index comments were hiring focused," Fiore said. "Fifty-one percent of those respondents expressed difficulty in filling positions, an increase from October."

An Employment Index above 50.6 percent is usually consistent with an increase in the Bureau of Labor Statistics (BLS) data on manufacturing employment.

Of 18 manufacturing industries, the 10 industries reporting employment growth in November were led by apparel, leather and allied products, and includes furniture and related products. The five industries reporting a decrease in employment in November were led by textile mills.

The delivery performance of suppliers to manufacturing organizations was slower in November, as the Supplier Deliveries Index registered 72.2 percent, 3.4 percent lower than October. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

Sixteen of 18 industries reported slower supplier deliveries in November, topped by apparel, leather and allied products and including furniture and related products and textile mills.

The Inventories Index was 56.8 percent in November, 0.2 percent lower than October. An Inventories Index greater than 44.5 percent is generally consistent with expansion in the Bureau of Economic Analysis (BEA) figures on overall manufacturing inventories.

“Manufacturing inventories continued to expand due to panelists’ companies continuing to stock more raw materials to help avoid production shortages, as well as growth in work-in-process and finished-goods inventories due to specific part shortages and holdbacks from some customers in several industries,” Fiore said.

The 10 industries reporting higher inventories in November were led by apparel, leather and allied products and included furniture and related products.

ISM’s Customers’ Inventories Index registered 25.1 percent in November, 6.6 percent less than October, indicating that customers’ inventory levels were considered too low.

No industries reported higher customers’ inventories in November. The 15 industries reporting customers’ inventories as too low during November included furniture and related products.

The ISM Prices Index hit 82.4 percent, a decrease of 3.3 percent compared to October, indicating raw materials prices increased for the 18th consecutive month but at a slower rate in November. This is the 15th month in a row that the index has been above 60 percent and the 12th consecutive month it has exceeded 70 percent.

A Prices Index above 52.7 percent is generally consistent with an increase in the BLS Producer Price Index for Intermediate Materials. In November, all 18 industries reported paying increased prices for raw materials, led by apparel, leather and allied products and including textile mills and furniture and related products/.

ISM’s Backlog of Orders Index registered 61.9 percent in November, a 1.7-percent decrease compared to October, indicating order backlogs expanded for the 17th straight month. This is the 10th consecutive month with a reading above 60 percent.

The 13 industries reporting growth in order backlogs in November were topped by apparel, leather and allied products. The only industry reporting lower backlogs in November was Textile Mills.

ISM's New Export Orders Index registered 54 percent in November, down 0.6 percent compared to October.

ISM's Imports Index was 52.6 percent in November, an increase of 3.5 percent from October.

"Imports expanded in November after one month of contraction, in spite of continuing challenges with throughput at U.S. ports of entry," Fiore said. "Overland transport challenges and container shortages continue to persist across the global supply chain, causing instability with import level projections. Imports will continue to be challenged through the end of 2021 and likely through the first half of 2022."

The seven industries reporting growth in imports in November were led by textile mills.

Source: sourcingjournal.com– Dec 02, 2021

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How is fashion retail navigating Brexit?

On 1 January 2021 the UK woke up to life outside the European Union.

Four and a half years since the Brexit referendum in June 2016 – and 11 months since the start of a formal transition period during which UK brands and retailers continued to operate under much the same rules as before – suddenly all businesses were faced with the unfamiliar challenges of operating outside of the bloc and the European Single Market.

In the weeks and months leading up to the milestone date, the fashion industry had repeatedly shared fears about the impact of Brexit on their business. A survey by ecommerce services company PFS in November 2020, found that more than half of retailers foresaw delays in sending goods to customers in the EU, while two-thirds felt vulnerable to delays on important products from suppliers based in the EU.

"Increased paperwork and border checks may increase the cost and time for products to cross borders, making it more expensive and time consuming to manufacture or import products [from the EU] for UK sale," the CEO of one women's retailer summed it up to Drapers, ahead of the end of transition period.

Against the pandemic backdrop, Brexit heaped more cost and complexity on to the fashion retail industry. Drapers examines the pain points, and find out if – and how – brands and retailers have overcome them.

Customs chaos

By far and away the biggest change as a result of Brexit has been an end to the free movement of goods, and new customs rules that apply to materials and products shipped to and from the EU.

"The beginning of the year was a nightmare," says Caroline Green, senior partner at law firm Browne Jacobson, who leads on its luxury retail and logistics practice, as many businesses and carriers struggled to get to grips with the new customs declarations required for goods from the UK into the EU. "Each item requires a specific code," explains Green. "First, you identify what your items – for example, a ladies jacket. You then have to determine what that jacket is made of, such as wool or cotton. That gives you another layer of code. So you have to be very specific about what you're shipping."

Leigh Millar, creative director and founder of Club 826, an online platform that sells capsule collections of its menswear, has had similar difficulties: "I must fill out the information on every single piece of clothing I send. They want to know a category, fabric composition, fabric country of origin, garment manufacture country of origin, and then I've got to assign it a special code." Outsourcing to a courier company cost £90 for one shipment, she says, and still ended up being incorrect.

Companies are finding ways to navigate around the additional costs and complexities of a post-Brexit landscape, though.

"Larger clothing [and footwear] businesses have established their own EU distribution hubs to manage the impact of post-Brexit challenges," adds Matthews. "Other businesses have, or are considering, setting up operations in Europe with the support of a local agent."

In February, JD Sports Fashion chairman Peter Cowgill said the retailer would look to open a new EU-based distribution warehouse to mitigate the impact of Brexit, for example, while Gymshark and Temperley London are among other brands to have set up distribution operations in mainland Europe.

At Trouva too, early preparations for Brexit included negotiating discounts with shipping providers, which has helped mitigate some of these additional costs.

Tariff turmoil

A last-minute trade deal agreed with the EU on 24 December 2020 avoided the imposition of World Trade Organization (WTO) rules, which apply where no deal is struck on international trade between two countries, the UK Fashion and Textile Association estimated WTO regulations and duties could have cost the UK fashion industry an additional £850m-£900m per year.

Although prime minister Boris Johnson described the deal that was struck as "zero tariff" and "zero quota", there are many scenarios in which retailers face additional duties on imports and exports with the EU. For example, the zero tariff rule only applies when a garment is first shipped from its "country of origin" where was manufactured. For example, if a garment is first manufactured in Germany before being imported into the UK by a UK

retailer, it would no longer qualify for zero tariffs when it was then sold on to a customer in Spain.

The exact structure of these costs varies from retailer to retailer, points out Jessica Matthews, a specialist retail and digital lawyer at law firm Freeths: “Changes to taxes and tariffs are goods specific, and, given the variety of [clothing and footwear] traded by retailers between the UK and EU, it would be difficult to summarise concisely.

“For example, even the rules of origin for zero-tariff export and import are very complicated. It’s safe to say there have been changes to taxes and tariffs, and they have given people headaches in this post-Brexit period.”

There remains a lack of clarity and consistency, says Trouva's Patel: “There isn't a lot of transparency on when or why you're being charged. There's no opportunity to dispute or claim back any mistakes that have been made. And that does mean you are chancing it slightly. Orders that you expected to cost you £15 end up costing closer to £100. It's really difficult to pick up that conversation with anybody.”

At Luxury Legs, “a lot of goods have gone up by about 12% in price", says Sheldon. “There's a duty, for instance, on denim of 12%, so jeans we sold at £99, are now £109.” With margins already tight, he has opted to pass the increase on to consumers. The proportion of sales shipped to EU customers has fallen from around 10% before Brexit to less than 1% now, he reports.

Neil Kuschel, CEO Europe at cross-border ecommerce specialist Global-e, which works with fashion retailers Hugo Boss, Marc Jacobs and Hackett on their international shipping, advises: “Fashion retailers need to understand that EU shoppers may not be used to seeing additional costs for duties and taxes at checkout from a UK retailer, let alone having to pay any customs fees on delivery.

“This means fashion retailers must make this process easier for the customer and should provide them with pricing that includes local taxes and fees, and informing them at checkout that no additional fees will be added to their purchase.

“Fashion retailers need to understand that EU shoppers may not be used to seeing additional costs for duties and taxes at checkout from a UK retailer, let alone having to pay any customs fees on delivery,” he says. “This means fashion retailers must make this process easier for the customer and should

provide them with pricing that includes local taxes and fees, and informing them at checkout that no additional fees will be added to their purchase. This way, shoppers will be provided with a seamless online experience that is similar to what they are accustomed to with local online retailers.”

Delay dilemmas

Customs delays have not only affected shipments to end consumers, says Millar: “The delay in shipping times and lack of communication between customs is affecting my sampling the most.

"It took seven weeks for my samples, which were sent on a two-day courier service, to reach my production team in Porto. This has now meant I have missed my production slot I was relying on for Christmas sales, so it’s affecting my business massively.”

Retailers who outsourced to third-party carriers acting as customs agents, has added cost, but did not prevent hefty delays as carriers, too, got to grips with the process, says Green: “Many of our carriers were not used to doing this and they’ve been on a very steep learning curve. The start of the year was a difficult time” – not least because of a six-day blockage of the Suez Canal in March, and the ongoing Covid-19 crisis in the UK.

Click here for more details

Source: drapersonline.com- Dec 02, 2021

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Vietnam's e-com market expanded by 18% to $11.8 bn in 2020

Despite the impact of COVID-19 in 2020, Vietnam saw strong growth in e-commerce and became one of the fastest growing e-commerce markets in the Southeast Asian region, according to the Vietnam E-commerce and Digital Economy Agency under the ministry of industry and trade (MoIT). The domestic e-commerce market expanded by 18 per cent to $11.8 billion last year.

The agency said it will coordinate with domestic and foreign partners, including JD.com, Vinanutrifood, Viettel Post, VP Bank and Visa, to set up a Vietnamese National Pavilion on the JD.com e-commerce platform of China.

This will be the first Vietnamese pavilion on an international e-commerce platform to directly provide Vietnamese products to consumers in importing countries through trans-border e-commerce method, according to a newswire report.

An MoIT survey indicated that in 2020, 49.3 million Vietnamese citizens engaged in online shopping, a sharp rise from 32.7 million in 2016.

The agency will help connect businesses and give them guidelines on distributing products on the pavilion in line with regulations of the platform and the law of the importing country.

It will also seek resources from partners to promote Vietnamese products and support local firms to smoothly distribute their products on the JD e-commerce platform, thus increasing exports to China.

Source: fibre2fashion.com– Dec 02, 2021

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US expected to impose tariffs on Vietnamese PTY products on Dec 3

The US department of commerce is expected to officially impose tariffs on Vietnamese polyester texturised yarn (PTY) products on December 3 based on the final affirmative determination report published by the International Trade Administration at the end of October. The department till now has maintained its preliminary measures until further notice.

The United States had initiated an anti-dumping duty investigation on polyester yarn products imported from Vietnam, Indonesia, Malaysia and Thailand last November, signifying the possibility of import taxes for yarn.

The department concluded on October 19 that a dumping margin of 2.58 per cent, a decrease of 0.09 per cent compared to the preliminary margin of 2.67 per cent for Vietnam's Century Synthetic Fibre Corporation.

The tax rate for this company is low compared to those of other countries under investigation, which are taxed with 7.45 per cent or more. However, the remaining Vietnamese companies are all subject to a tax rate of 22.36 per cent, down 0.46 per cent from the preliminary margin of 22.82 per cent.

In this investigation, "the US still does not consider Vietnam a market economy, and used India's data for reference," said Nguyen Phuong Chi, chief strategic officer of Century Synthetic Fiber. "If we can use our documents, we could enjoy a zero per cent tax rate," he was quoted as saying by a Vietnamese newspaper.

Vietnam's yarn industry reserves more than 70 per cent of its output for export, of which exports to China account for up to 70 per cent. On the other hand, the main input source of the yarn industry is cotton, which is imported with more than 50 per cent from the United States, with the rest coming from Brazil, India, Australia, West Africa and a few other nations.

Source: fibre2fashion.com– Dec 02, 2021

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Bangladesh's merchandise exports grow 24.29pc in July-Nov

Earnings from the country's merchandise exports posted a 24.29 per cent growth to reach US$19.79 billion during the first five months of fiscal year 2021-22 (FY22) on the back of ready-made garment (RMG).

The July-November export earnings in the 2020-21 fiscal year were US$15.92 billion. In Bangladesh, the fiscal year starts on July 1 until June 30 next year.

The overall export earnings also surpassed the set target by 13.27 per cent, according to the provisional data of the Export Promotion Bureau (EPB).

In the meantime, the single month export earnings in November'21 registered a 31.25 per cent growth to US$4.04 billion year-on-year. Bangladesh fetched $3.07 billion from merchandise shipments in November last year, according to EPB data.

The November earnings also surpassed the target set for the month by 13 per cent. Bangladesh booked the highest-ever single-month US$4.72 billion export income in last October with rebound of apparel shipments from pandemic recession.

Out of the total $19.79 billion worth of export income during the July-November period, the RMG sector fetched $15.85 billion, recording a 22.97 per cent growth compared to the corresponding period of last fiscal.

A breakdown of the clothing-sector performance shows that the knitwear sub-sector of RMG earned $8.98 billion from exports, registering a growth of 25.91 per cent. Earnings from exports of woven garments amounted to $6.87 billion in the last five months, up by 19.32 per cent.

Home-textile exports also recorded a 25.3 per cent growth to $563.6 million during the first five months of the current fiscal year.

Asked, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan said growth in export earnings would continue the same pace or even go up in the coming months due to the rise in both work orders and products' unit prices.

Though the apparel items' unit prices have not increased as much as the prices of raw materials like cotton, yarn and other logistics charges, exporters are getting a good price, he said.

Echoing the BGMEA leader, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Executive President Mohammad Hatem said if the ongoing Covid situation did not deteriorate further due to the new variant, there was nothing to worry about.

"Both buyers and we (suppliers) are observing the situation," he said, adding that they had sufficient work orders in hand. What the buyers are asking is to ship the products fast, he noted.

There are no immediate effects of the new Covid variant and the ongoing lockdown in some European countries, said both the leaders, adding that exporters were following the required safety and other health measures.

"But the order flow might slow down if Covid situation deteriorates further with prolonged lockdown in western countries," Mr Hatem observed.

Meanwhile, the jute sector that demonstrated a positive growth throughout the last fiscal recorded a 17.45 per cent fall in July-October period with earnings of $456.83 million, down from $553.43 million.

Earnings from agricultural produce that included vegetables, fruits and dry foods witnessed a growth of about 24.37 per cent. The sector's earnings stood at $556.46 million during the July-November period of FY22.

Earnings from pharmaceutical exports stood at $90.61 million, marking a 29.78 per cent growth. Bangladesh fetched $465.85 million from leather- and leather-goods exports during the same period, registering a 27.41 per cent growth.

Export earnings from frozen and live fishes increased 23.39 per cent to $286.85 million in the first five months of FY22.

According to the data, plastic products witnessed a growth of 29.08 per cent to $57.06 million.

Source: thefinancialexpress.com.bd– Dec 03, 2021

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Bangladesh's textile industry seeks investment in non-cotton sector

Representatives of Bangladesh's textile and readymade garment (RMG) sector recently called for more domestic and foreign direct investment (FDI) in their backward-linkage industries, especially in woven and manmade fabrics manufacturing, to grab the growing global demand for such items. That will reduce the gap between supply and demand of raw materials, and thus, shorten lead time.

High value-added and non-cotton textiles sector is a highly potential area of investment in Bangladesh and the RMG industry is increasingly focusing on apparels made from synthetic fibres to meet the rising demand in the global market, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Faruque Hassan said.

"It is the high time to diversify our export basket to non-cotton, and this is a potential area of investment," he was quoted as saying by Bangla media reports.

The primary textile millers can supply only 35 to 40 per cent of required woven fabrics to exporters, the representatives observed at a business session of the recently-held International Investment Summit 2021 Bangladesh.

About 75 per cent of the total global apparel consumption is non-cotton, whereas Bangladesh's exportable garment items are largely based on cotton, which is more than 74 per cent, Faruque said.

Of the 433 spinning mills in Bangladesh, only 27 mills produce synthetic and acrylic yarns.

Use of local fabrics would be a requirement for Bangladesh to avail the European Union's GSP Plus facility as soon as the current Everything But Arms (EBA) scheme phases out after the country's graduation from LDC.

President of Bangladesh Textile Mills Association (BTMA) Mohammad Ali Khokon welcomed FDI in setting up mills to produce woven fabrics and manmade fibres to fill the current 60 per cent shortage of woven fabrics.

He sought policy supports, including tax waiver, for the sector for the next 10 years to attract both local and foreign investment.

Executive president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Mohammad Hatem requested the government to set up more technical and vocational training institutions across the country, so that they, in collaboration with industries, can provide required trainings according to the need of the sectors.

Source: fibre2fashion.com– Dec 02, 2021

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Bangladesh: Textiles ministry to honour 7 organisations

The Ministry of Textiles and Jute will celebrate National Textiles Day 2021 on December 4 by honouring seven organisations for their contribution to protecting the textiles sector in the pandemic's aftermath.

Textiles and Jute Minister Golam Dastagir Gazi announced this at a press conference organised by the ministry at Bangladesh Secretariat yesterday.

The ministry has continued its overall activities to take the textile industry forward on the path of globalisation by creating skilled manpower through the expansion of textile education and gathering technical knowledge with modern technology, he added.

The theme of this year's National Textiles Day is "globalisation of the textile sector; development of Bangladesh".

The seven include the Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, Bangladesh Textile Mills Association and Bangladesh Garment Buying House Association.

The remaining three are Bangladesh Specialized Textile Mills & Powerloom Industries Association, Bangladesh Terry Towel & Linen Manufacturers and Exporters Association and "Bangladesh National Weavers Association".

Source: thedailystar.net– Dec 03, 2021

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Invest more in Bangladesh

Foreign Minister AK Abdul Momen yesterday urged foreign entrepreneurs to invest more in Bangladesh considering the increased competition amid the fourth industrial revolution.

"Many foreign investors are moving their industries out of China to survive the high competition there and so, they could consider Bangladesh as an alternative," he said. Besides, Bangladesh has low energy prices and huge manpower while its government is investment centric.

"So we are ready to help investors," Momen added.

He then thanked the American Chamber of Commerce in Bangladesh (AmCham) for its continuous endeavour to enhance trade between the US and Bangladesh.

Terming them as movers and shakers, the foreign minister said AmCham works to solve the problems of entrepreneurs.

The US is a major source of foreign investment for Bangladesh, accounting for about 20 per cent of the country's total foreign direct investment.

"However, most of these investments are concentrated on a few sectors so it is time to diversify," he added.

Momen made these comments at an AmCham event at the InterContinental Dhaka, where the business chamber unveiled a research paper, styled "USA-Bangladesh Trade and Investment: Next Generation Priorities", to celebrate its 25 years presence in the country.

He also sought tariff advantages from the US for garments made from American cotton.

"Bangladesh will buy cotton from you [the US] and you should cut the tariff from the current 15.2 per cent on our garment exports produced from your cotton," the foreign minister said.

Earl R Miller, US ambassador in Dhaka, said trade between the two countries has been rising significantly.

As a result, Bangladesh's exports to the US amounted to $6.7 billion in 2019 while the country's imports from the western nation stood at $2.3 billion.

Women make up about half of the country so more attention should be given to bring them into proper jobs and increase their economic contribution, he added.

Salman F Rahman, the prime minister's adviser on private industry and investment, said Bangladesh's economy is termed a miracle worldwide and most of its miraculous development happened in the last twelve years.

The present government realised that a huge amount of electricity is needed in order to boost the economy.

"So, it ensured enough electricity for the people which ultimately improved our economy," he said, adding that inclusive growth is taking place in the country.

Bangladesh needs to work on three issues -- improving its tax to gross domestic product ratio, developing a strong capital market, and increasing investment.

"Almost 80 per cent of the complaints from entrepreneurs is tax-related and this is because the country's tax net is still small," Rahman said.

The bond market also needs to be strengthened so that banks do not go for long-term lending.

Otherwise, it creates pressure on banks that is passed onto the entrepreneurs.

Besides, higher private and public investment would be needed to cater more jobs in the coming years, he added.

Sirazul Islam, executive chairman of the Bangladesh Investment Development Authority, said his organisation is working to improve the local business environment even though the ease of doing business ranking no longer exists.

"We will not turn around to work on improve the ease of doing business as we really need to first issue reforms in some sectors," he added.

In the meeting, 13 companies were awarded for their contribution to society through corporate social responsibility activities.

The companies are -- Bangla Cat, Chevron Bangladesh, Daffodil Computers, Energypac Power Generation, Leads Corporation, Mastercard, Mercantile Bank, Metlife Bangladesh, Mutual Trust Bank, Therap (BD) Ltd, Citibank, Coca-Cola Bangladesh, and Standard Chartered Bangladesh.

AmCham President Syed Ershad Ahmed greeted the guests while former presidents Aftab ul Islam, Forrest Cookson, and Nurul Islam also spoke.

Source: thedailystar.net– Dec 03, 2021

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NATIONAL NEWS

DBS revises India's FY2023 growth forecast by 100 bps to 7%

DBS has revised India's FY23 growth forecast upwards to 7 per cent year-on-year (y-o-y) (CY2022 6.5 per cent) from 6 per cent earlier.

The Singapore-based Bank's economic research team observed that the 7 per cent y-o-y growth rate in FY23 will be amongst the fastest in its Asia-10 universe.

The MNC bank maintained India's full-year FY22 forecast at 9.5 per cent y-o-y. It noted that with a receding Covid case count, India's recovery is turning more broad-based.

The DBS team assessed that into FY23, beyond the thrust from reopening gains, precautionary savings and sectoral normalisation to pre-pandemic levels, capex generation is likely to be the next driver in raising and maintaining growth on a higher plane.

"With the government needed at the wheel in the initial phase, we expect the private sector to participate thereafter when ongoing deleveraging is complete. State elections are lined-up ahead, majority of within H122," said DBS' economic research team comprising Radhika Rao, Senior Economist; Philip Wee, Senior FX Strategist; and Eugene Leow, Senior Rates Strategist. Mapping the monetary policy exit strategy

In their report, "India 2022 Outlook: Shifting to a higher gear", the DBS economic research team assessed that inflation is likely to quicken into late-2021 and Q122 towards 6 per cent owing to a passthrough of higher input prices, imported energy costs, narrowing output gap and seasonal bouts of food/perishables.

Average inflation is likely to stay above the 4 per cent midpoint target for a third consecutive year in FY22, with DBS' forecast at 5.4 per cent y-o-y.

With growth expected to gain traction in FY23 and assuming firm commodity prices, the bank expects FY23 inflation to also average a firm 4.5 per cent y-o-y, overcoming a high base.

DBS said while on-track recovery and above-target inflation make a case for policy normalisation, authorities are likely to be watchful of the new risk on the horizon – the Omicron variant.

Notwithstanding the caution, the bank still expects a gradual exit from the ultra-accommodative policy settings to continue.

The move to conduct a longer-duration 28-day VRRR auctions is likely to be followed by a staggered increase in the reverse repo rate – by 20 basis points (each at the December 2021 and February 2022 rate reviews. One basis point is equal to one-hundredth of a percentage point.

The report said a change in the policy stance is likely within first half of 2022, likely to followed by the start of policy tightening by mid-2022 (50 basis points hikes), when inflation will hover above the mid-point of the target range.

Source: thehindubusinessline.com- Dec 02, 2021

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India's cotton textile exports grow 40.72% in November 2021

India's exports of textiles, covering cotton yarn/fabrics/made-ups, handloom products, etc increased by a substantial 40.72 per cent to $1.227 billion in November 2021, compared to $872.55 million in the same month of the previous year, according to the preliminary data on merchandise trade released by the ministry of commerce and industry.

Readymade garment exports of all textiles increased slightly by 2.72 per cent from $1.043 billion in November 2020 to $1.072 billion last month, the data showed.

India's merchandise exports in November 2021 stood at $29.88 billion, showing an increase of 26.49 per cent over $23.62 billion in November 2020 and an increase of 15.93 per cent over $25.77 billion in November 2019.

Cumulative value of exports from India for the period April-November 2021 was $262.46 billion, an increase of 50.71 per cent over $174.15 billion in April-November 2020 and an increase of 24.29 per cent over $211.17 billion in April-November 2019.

The trade deficit in November 2021 was $23.27 billion, while it was $121.98 billion during April-November 2021.

Source: fibre2fashion.com- Dec 02, 2021

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New Eligibility Criterions for MSMEs

The Government vide notification no. S.O. 2119 dated 26.06.2020 has notified the composite criteria of classification of MSMEs based on investment in plant and machinery or equipment and turnover of the enterprises by simplifying the Udyam Registration process for MSMEs by making it fully online, digital, paperless and based on self-declaration.

No documents or proof are required to be uploaded for registering as a Micro, Small and Medium Enterprise. Aadhaar and PAN are required for registration.

PAN, GSTIN linked details on investment and turnover of enterprises are taken automatically from relevant Government databases. The turnover with respect to exports is not counted in the limits of the turnover for any category of MSMEs.

The new criteria become applicable to all States/UTs with effect from 01.07.2020. Promotion and development of enterprises is a State subject.

The Central Government supplements the efforts of the State/UT Governments through various schemes, programmes and policy initiatives for promotion, development and enhancing the competitiveness of MSMEs in the country uniformly including tier 2 and tier 3 cities.

This information was given by Union Minister for MSME Shri Narayan Rane in a written reply in Lok Sabha today.

Source: pib.gov.in- Dec 02, 2021

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Delayed payments: Pending MSME dues cleared grow nearly three-fold since December 2020

Credit and Finance for MSMEs: Public sector units (PSUs) and government departments have cleared Rs 50,350 crore in pending payments to MSMEs as of November 25 in the current calendar year, showed an analysis of the latest official data on payments cleared.

Since May 2020, when Finance Minister Nirmala Sitharaman had announced Covid relief measures for MSMEs and highlighted in her press conference that MSME receivables from the government and CPSEs will be released in 45 days, total pending dues worth Rs 77,171.82 crore have been cleared as of November 25, 2021. The latest data was shared by MSME Minister Narayan Rane in Parliament during the ongoing winter session.

The amount of dues cleared since May last year progressed from Rs 10,000 crore till around the end of August to Rs 13,400 crore till September, and Rs 26,821 crore till December 2020, based on data shared in statements throughout the period by the Finance ministry and MSME ministry. Since December, the pending dues cleared till November this year were up 2.8X. While data on the total amount due wasn't available to gauge the current share of dues cleared in the overall amount pending, the total dues for the May-December 2020 period were Rs 34,506.09 crore.

"The jump is more due to the market forces. While buyers have generally been paying for goods purchased after 90 or even 120 days but since the demand has increased significantly for multiple products, they are forced to pay for products instantly. Government is one of the buyers. So, by market forces, buyers are releasing payments on time to get raw materials as the input costs have jumped across categories instead of delaying the payments," DP Goel, Managing Director, Conquerent Control Systems, and Co-Chairman, MSME Committee, PHD Chamber of Commerce told Financial Express Online.

The MSME Ministry had written to 500 corporates in September last year followed by another 2,800 of such enterprises in October to clear pending MSME dues in the respective month. The government had also urged buyers to onboard the Trade Receivables Discounting System (TReDS) platform to tide over their delayed payment issue.

Importantly, even as the government has been urging ministries, PSUs, others to clear MSME dues within 45 days, it can't force them to clear payments. "The Ministry has taken up the subject vigorously with the central ministries, CPSEs, and state governments and the corporate entities. But, it is to be noted that the central government cannot issue any directions to, or force, state governments or state PSEs to pay the dues," former MoS Finance Anurag Singh Thakur had said in a written reply to a question in Lok Sabha last year.

Meanwhile, as per the data on the MSME Samadhaan portal, the number of delayed payment applications filed by micro and small enterprises (MSE) since the launch of the portal on October 30, 2017, is nearing the 1-lakh mark involving Rs 25,375 crore stuck. So far, 10,433 cases have been disposed by MSE Facilitation Councils while 9,410 applications have been mutually settled between seller and buyer and nearly 20,000 applications have been rejected by councils.

Source: financialexpress.com- Dec 02, 2021

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Gujarat ready to welcome industries seeking to re-locate in post-corona times: Gujarat CM

Gujarat is ready to welcome industries and businesses seeking to relocate post the Covid-19 pandemic, Gujarat Chief Minister Bhupendra Patel said on Thursday.

Ahead of the 10th edition of Vibrant Gujarat Global Summit 2022 to be held in January 2022, the Gujarat Chief Minister held a roadshow in Mumbai.
"With industry-friendly policies, Gujarat is ready to welcome global and local industries/businesses seeking to re-locate in post-corona times," said Patel.

Addressing leading industrialists and business delegates in Mumbai, the Gujarat Chief Minister said the State is willing to welcome global and local industries and businesses, including young start-ups seeking to re-locate in the post-Covid era, with industry-friendly policies such as e-vehicle policy, solar policy etc.

"For sustained socio-economic development, we aim to attract investment in sectors such as next-generation infrastructure, energy, digital network, fintech, start-up, artificial intelligence, emerging technologies," Patel further said.

He added that in a bid to support Gujarat's MSME sector, the State has adopted a "first production, then permission' policy to tackle red-tapism.
Focus on GIFT city

Patel invited financial institutions, fintech companies and start-ups present in the interactive meet to invest and conduct business in Gujarat's GIFT City, emphasising on facilities such as infrastructure, bullion exchange, fintech hub, aircraft leasing and ship leasing, business activities, international stock exchange etc. to be provided under a single umbrella.

The Gujarat Chief Minister also emphasised the State's commitment towards all-around holistic development and a conducive environment. He also highlighted the evolution of the Summit that began in 2003 as a new experiment to attract investments.

“Vibrant Gujarat Summit has today evolved, focusing on global issues, their solutions and opportunities available worldwide in addition to promoting investment in the state,” he said.

Networking and knowledge-sharing are other pertinent takeaways, he added.

The Chief Minister said that Gujarat is committed to fulfilling Prime Minister Narendra Modi’s vision of Aatmanirbhar Bharat, adding that the theme of the upcoming Vibrant Summit is also Aatmanirbhar Gujarat to Aatmanirbhar Bharat.

Patel also conducted interactive meets with business leaders, prominent industrialists, foreign consulates & delegates in the run-up to the summit. He held one-on-one meetings with business leaders including Tata & Sons Chairman N Chandrasekaran, Sun Pharma CMD Dilip Shanghvi, Hinduja Group Chairman Ashok Hinduja, Uday Kotak, MD & CEO of Kotak Bank, RPG Industries MD Anant Goenka, Swan Energy MD Nikhil Merchant, Bank of America President and Country Head Kaku Nakhate, General Electric President and CEO Mahesh Palashikar, Reliance (TBC) ED Nikhil Meswani and Neeraj Akhoury, CEO of Holcim (Ambuja Cement & ACC).

Source: thehindubusinessline.com- Dec 02, 2021

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Exchange rate notification No.96/2021 - Customs (N.T.)

In exercise of the powers conferred by section 14 of the Customs Act, 1962 (52 of 1962), and in supersession of the Notification No.92/2021-Customs(N.T.), dated 18th November, 2021 except as respects things done or omitted to be done before such supersession, the Central Board of Indirect Taxes and Customs hereby determines that the rate of exchange of conversion of each of the foreign currencies specified in column (2) of each of Schedule I and Schedule II annexed hereto, into Indian currency or vice versa, shall, with effect from 3rd December, 2021, be the rate mentioned against it in the corresponding entry in column (3) thereof, for the purpose of the said section, relating to imported and export goods.

SCHEDULE-I

Sl.No.	Foreign Currency	Rate of exchange of one unit of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	**(b)**
		(For Imported Goods)	**(For Exported Goods)**
1.	Australian Dollar	**54.60**	**52.25**
2.	Bahraini Dinar	**205.45**	**192.90**
3.	Canadian Dollar	**59.70**	**57.60**
4.	Chinese Yuan	**11.95**	**11.60**
5.	Danish Kroner	**11.65**	**11.25**
6.	EURO	**86.60**	**83.45**
7.	Hong Kong Dollar	**9.80**	**9.45**
8.	Kuwaiti Dinar	**256.30**	**240.35**
9.	New Zealand Dollar	**52.55**	**50.25**
10.	Norwegian Kroner	**8.40**	**8.10**
11.	Pound Sterling	**101.50**	**98.05**
12.	Qatari Riyal	**21.15**	**19.80**
13.	Saudi Arabian Riyal	**20.65**	**19.40**
14.	Singapore Dollar	**55.90**	**54.05**
15.	South African Rand	**4.85**	**4.55**
16.	Swedish Kroner	**8.40**	**8.15**
17.	Swiss Franc	**83.30**	**80.00**
18.	Turkish Lira	**5.75**	**5.40**
19.	UAE Dirham	**21.10**	**19.80**
20.	US Dollar	**75.90**	**74.20**

SCHEDULE-II

Sl. No.	Foreign Currency	Rate of exchange of 100 units of foreign currency equivalent to Indian rupees	
(1)	(2)	(3)	
		(a)	**(b)**
		(For Imported Goods)	**(For Export Goods)**
1.	Japanese Yen	**67.55**	**65.15**
2.	Korean Won	**6.60**	**6.20**

Source: pib.gov.in- Dec 02, 2021

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Support to MSME Sector

The World Bank has communicated to the Ministry of MSME that, in its Board meeting dated 4th June 2021, it has approved a loan of US $500 million (₹ 3750 Cr) to assist Government of India's programme "Raising and Accelerating MSME Performance (RAMP)", which is an initiative to revitalize the MSME sector that has been heavily impacted by the COVID - 19 pandemic.

RAMP is a part of the MSME Competitiveness – A Post COVID Resilience and Recovery Programme (MCRRP). State-wise investments and approvals for RAMP programme have not been made since Cabinet approval for RAMP is awaited.

As per the World Bank Programme Appraisal Document for the RAMP programme, over 40 percent of MSMEs lack access to formal sources of finance. The proposed programme (RAMP) supports various interventions in COVID Resilience and Recovery initiatives of the Government.

The program aims at improving market access, access to credit, strengthening Institutions and governance at the Central and State level. The programme will support the ongoing support programmes of the Government, focusing on competitive aspect of MSMEs.

This information was given by Union Minister for MSME Shri Narayan Rane in a written reply in Lok Sabha today.

Source: pib.gov.in- Dec 02, 2021

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Cotton prices drop in Punjab's Malwa, farmers blame private buyers

Cotton growers have already suffered losses due to the pest attack and untimely rain. If they are not provided remunerative prices, we will start an indefinite agitation soon. Gora Singh, BKU Dakaunda leader

Cotton farmers in Mansa district have not even been getting MSP in some mandis. The growers alleged citing poor quality, private players were quoting a low price (below MSP) for the produce. This at a time when cotton in the Malwa region fetched an all-time high price at Rs 9,400 per quintal this season. The untimely spell of rain coupled with the pink bollworm attack has caused substantial damage to the crop in the region this season, affecting the production.

Sandeep Singh, a farmer from Shergarh village from Bathinda district, said, “The top quality of cotton which I sold for Rs 8,500 on a per-quintal basis just over a week ago is not being sold for more than Rs 7,500 now. We will not accept low rates for the premium quality of cotton.”

Jagdev Singh, another farmer from Jai Singhwala village, said, “Cotton was bought for Rs 9,400 on a per quintal basis just a while ago but now, the prices have been brought down by private players deliberately. They quoted just Rs 7,490 as the highest price for the top-quality cotton brought by me. I refused to sell my produce. If they do not raise the price, I will take the produce to some other mandi and try to sell it there.”

In Mansa district, private players have even bought cotton for as low as Rs 5,200 per quintal which is way below than MSP of Rs 5,925 fixed for this year. Alleging arbitrary approach of private players, cotton growers staged protests in some villages and raised slogans.

A senior official of the Cotton Corporation of India (CCI) said there was certainly a decline in the prices of cotton being procured by private players. He said private players had unanimously formed a ‘pool’ and decided they would not be quoting a higher price than a fixed limit of even the top-quality cotton.

Gora Singh Bhaini Bagha, a leader of the BKU Dakaunda in Mansa district, said, “How is it possible that good-quality cotton was fetching Rs 8,500 to even Rs 9,400 per quintal just a few days ago and now suddenly the prices

have dropped? Cotton growers have already suffered losses due to the pest attack and untimely rain. If they are not provided remunerative prices for their produce, we will start an indefinite agitation soon."

Source: tribuneindia.com- Dec 01, 2021

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Convergence of Sfurti Scheme

Ministry of MSME conducts regular assessment of the functional SFURTI clusters in respect of their profitability and marketability through during various review meetings, visits to clusters and 3rd party evaluation, etc. Based on the same, it has been observed that marketability and profitability of the clusters require special support due to the COVID 19 pandemic. To ensure the same, the Ministry has taken various initiatives like training on design development and product diversification to cater to the market demand, encouraging linkages with e-commerce portals, etc.

SFURTI scheme is applicable across the country. However, to expand the reach of the scheme across the country, special focus is given on proposals received from districts without an approved SFURTI cluster and Aspirational districts.

The Ministry encourages the convergence of the SFURTI scheme with other welfare schemes of Ministries/Departments of Central and State Government. The Implementing Agencies of the clusters are already required to open bank accounts and provide General and Health Insurance to all artisans.

Minimum wage for artisans has not been specified under SFURTI. However, Ministry takes necessary initiatives under the scheme to upskill the traditional artisans and provide them with infrastructural support to add value to their products, thereby increasing their income in a sustainable manner.

The timeframe for functionalization of a SFURTI cluster since its approval is 12 months for a Regular cluster (up to 500 artisans) and 18 months for a Major cluster (more than 500 artisans). Ministry takes regular review of the clusters under implementation to ensure the timeline for functionalization of clusters are adhered to.

This information was given by Union Minister for MSME Shri Narayan Rane in a written reply in Lok Sabha today.

Source: pib.gov.in- Dec 02, 2021

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Apparel retailers warn that GST rate hike will hit demand

Apparel retailers, hit by rising cotton yarn and acrylic prices, said the upcoming hike in the goods and services tax (GST) on clothes and footwear could dampen demand.

The government recently notified an increase in GST on these products from 5% to 12%, effective 1 January.

Several apparel makers and retailers Mint spoke to said they are already facing inflationary headwinds across a range of raw materials as well as shipping. For instance, cotton yarn prices have increased in the past 12 months, they said. This has prompted retailers to revise prices or consider a revision. Now, a 7% jump in GST is set to make clothing dearer.

Ludhiana-based apparel retailer Madame said it could hike prices by 10-11% starting February and March.

“We are increasing prices a little bit to accommodate both the increase of GST and raw material prices. They won’t be too high because consumers won’t be able to take it," said Akhil Jain, executive director, Madame.

Jain said the costs of cotton yarn and freight have gone up, making imports from China pricier. The company is dealing with a 30% jump in overall raw material costs.

Cotton yarn rates are “dangerously high", said Lalit Agarwal, managing director of value retailer V-Mart Retail. As a result, the cost of apparel for manufactures is up almost 20%. With an additional 7% jump in GST, the end product is set to get even more expensive, he added.

“We have not seen this kind of price rise in two decades. Our customer base is primarily lower-middle class—their budgets are very limited. They may either consume less or look forward to lower-priced products," he said.

The shift, however, may be temporary, he added.

This bad news came when apparel brands were reporting a recovery in demand. The festive season, weddings, reopening of offices and increased mobility have prompted shoppers to step out and refresh their wardrobes.

The GST Council's notification came as a "blow", the Retailers Association of India (RAI) had said last month. The industry association expressed concern over the impact of the hike on the already ailing apparel retail businesses.

"The 7 percentage point hike has been proposed to address the issue of inverted duty structure in the textile industry faced by a small segment of the total textile value chain. However, such a steep increase in the GST rate will adversely impact 85% of the industry, while trying to ease the problem faced by not more than 15% of the industry," it added.

Retailers are "very worried", Kumar Rajagopalan, CEO, RAI, said, adding that it is hardly the time to create a financial burden on an industry that is trying to limp back to normalcy.

Consumers too are facing inflationary pressure on every front, and price hikes now could impact discretionary purchases, said others.

"From January onwards, this (GST) will come into play. This will impact our margins, and obviously, when the prices go up, it has an impact on consumption," said Sunil Sethi, executive chairman, Modenik Lifestyle, which manufactures innerwear and casual clothing for men and women under the Dixcy and Enamor brands.

Consumers will search for discounts, he said. "Manufacturers are also going to be constrained in terms of offering discounts because they are also getting hit by higher costs," he said.

Sethi expects value apparel to benefit in such an environment.

Source: livemint.com- Dec 02, 2021

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Groundnut, cotton growers in Gujarat worried over unseasonal rains

Unseasonal rains in parts of Gujarat has worried cotton growers and also posed a risk to the harvested groundnut crop, which was stored in open at the market yards or at the field.

Farmers in Saurasthra and Central Gujarat informed that a drastic change in the climate with rains and strong winds in some parts has impacted kharif crops like groundnut, chana (gram) and cotton. Other crops that are impacted are banana, winter wheat and onion crops.

“There were clear advisories issued by the State authorities, including the respective APMCs, to the traders and farmers not to bring their crops due to the possibility of a climatic disturbance from November 30 to December 2. The damages are not significant but at isolated places,” said an agriculture official in the State.

Crops unprotected

Farmers said that most of the kharif groundnut crops are harvested and stored either at the fields or at the market yards. “Due to large quantities of sacks packed with harvested groundnut, there were not protective covering for the sacks at several places. This caused damages to the harvested crops,” said a farmer. Notably, several market yards had announced closure for Wednesday and Thursday, directing farmers not to bring their harvested crop for the auctions amidst climatic uncertainty.

The Met department had predicted heavy rains in parts of Gujarat and Saurashtra. About 89 talukas in the districts of Vadodara, Chhota Udepur, Narmada, Surat, Ahmedabad, Anand, Surendranagar, Bhavnagar received the unseasonal showers.

In its first advance estimate, the Gujarat Government has projected groundnut production to the tune of 39.94 lakh tonnes, while for cotton it has projected the kharif output of 80.95 lakh bales (each of 170 kg). Among other food crops such as pulses, the kharif production is estimated at 4.5 lakh tonnes.

Source: thehindubusinessline.com- Dec 02, 2021

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