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INTERNATIONAL NEWS

US House passes bill to ban goods produced forcibly by Uyghurs in China

The US House of Representatives on Wednesday passed a bill by a vote of 428 to 1 banning imports from China's Xinjiang made with forced labour and threatening sanctions against Chinese officials responsible for persecuting the minority community.

The bill come days after the US announced a diplomatic boycott of the Beijing Winter Olympics over rights abuses in Xinjiang.

The bill, passed on Wednesday, intends to ensure that "goods made with forced labour in the Xinjiang Uyghur Autonomous Region of the People's Republic of China do not enter the US market."

The Uyghur Forced Labor Prevention Act, requires corporations to prove with "clear and convincing evidence" that imports from Xinjiang are not made with forced labour, American news website Axios reported.

The bill must now pass the Senate and be signed by US President for it to take effect.

The legislation targets "goods, wares, articles, and merchandise imported directly from the Xinjiang Uyghur Autonomous Region or made by Uyghurs, Kazakhs, Kyrgyz, Tibetans, or members of other persecuted groups in China."

The bill requires the American president to impose sanctions on officials responsible for persecuting minorities and facilitating the use of involuntary labour.
The legislative text highlights the poor conditions of Uyghurs, Kazakhs, Kyrgyz and members of other Muslim minority groups in a system of extrajudicial mass internment camps.

The prisoners are forced to produce "textiles, electronics, food products, shoes, tea, and handicrafts" at a network of government-subsidized factories in Xinjiang and elsewhere in China, according to legislation.

Back in July, the Senate passed its version of the bill with a unanimous vote.

Earlier this year, US President Joe Biden had warned businesses who are involved in Xinjiang to run a "high risk" that they are in conflict with US laws on forced labour.

Source: business-standard.com– Dec 09, 2021

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European retail & apparel industry outlook to remain stable: Moody's

European retail and apparel industry outlook remains stable, as inflation and supply chain woes curb recovery; however, the recent resurgence in coronavirus cases increases risks to the forecasts, as per a recent report by Moody's. Trading conditions will continue to normalise in the next 12-18 months, following a sharp recovery during summer 2021.

"Global shipping delays hamper the flow of goods, reducing product availability and increasing raw material and transportation costs; as a result, clothing, home improvement, electronics and home furnishing retailers are most at risk of margin erosion," said Guillaume Leglise, a vice president – senior analyst at Moody's and the author of the report.

In addition, the move to online, convenience and discount formats will persist, and Moody's expects investments in digital to accelerate and retailers to proceed with their digital transformation.

Retailers focused on luxury, discount or casual clothing will continue to outperform the sector. However, many apparel retailers' earnings and margins will still lag pre-pandemic levels. Still, the European retail and apparel sector's outlook could be challenged by material deterioration in trading conditions due to renewed or shopping restrictions, sustained supply chain disruptions prolonged inflationary pressures, the report said.

Source: fibre2fashion.com– Dec 09, 2021

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China’s technical textiles sector grew 12 per cent in two years

Over two years China's technical textiles industry grew by 12 per cent. As per the National Bureau of Statistics from January 2021 to September 2021 production of nonwovens and cord fabric was down 1.01 per cent and up 29 per cent respectively.

Operating income of enterprises in the technical textile industry decreased by 14.74 per cent with an average increase of 10.78 per cent in the past two years. Their total profit dropped by 63.78 per cent year on year, seeing an average increase of 14.12 per cent in the past two years. The operating profit margin reached 5.25 per cent, seeing a year-on-year decrease of 7.11 percentage points.

The operating income of 31 listed companies in the third quarter fell by 1.15 per cent and their total profits declined by 33.59 percent. Among them listed companies in the fields of textiles for transportation vehicle and filter textiles enjoyed a good development momentum.

China's exports of nonwovens, special yarns, twine and rope (cable), ribbon in the first three quarters was up by 6.91 percent. Export of nonwovens was down by 4.52 percent. Its export volume was up by 8.06 per cent.

The export value of industrial textiles increased 39.74 per cent. The export of chemical fiber nonwoven protective clothing (including medical protective clothing) fell by 79.81 per cent.

Source: fashionatingworld.com– Dec 09, 2021

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Vietnam's trade revenue projected to hit $640-645 bn in 2021: MoIT

Despite the impact of the pandemic, the Vietnamese ministry of industry and trade (MoIT)recently forecast that the country's total trade value this year may hit $640-645 billion, with a slight trade surplus. Major industries like textiles, garments, leather and footwear are on track to achieve their business targets earlier than expected, it said.

In particular, industries with high exports, such as phones, electronics, machinery and components, are likely to post export growth rates of between 15 per cent and 25 per cent this year, it said. According to the ministry, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Vietnam-EU Trade Agreement (EVFTA) have had positive effects on the national export activities, especially in markets that did not have free trade agreements with the country before.

Thanks to the CPTPP, which came into effect three years ago, exports of goods to Canada, Mexico and Peru have all grown by 25-30 per cent annually. The biggest difficulty facing local enterprises now is a shortage of labour. Enterprises in south Vietnam are facing difficulties in facilitating a return for workers who have left the region, without which they cannot restore cent per cent of their production capacity, according to Vietnamese media report.

The ministry hopes that the pandemic prevention measures strike the right balance between ensuring people's safety and not affecting the production and trade activities of businesses.

Vietnam's trade value surged by 22.3 per cent year on year in the first 11 months of this year to exceed $599.1 billion, according to the General Statistics Office. The country exported commodities worth nearly $299.7 billion in the past 11 months, up by 17.5 per cent from a year earlier.

The United States and China will continue to be the country's largest export markets, respectively accounting for 26 per cent and 19 per cent of its total export turnover by 2030.

Source: fibre2fashion.com– Dec 09, 2021

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International Sourcing Expo Australia to take place in November 2022

Trade show organiser International Exhibition and Conference Group Pty Ltd (IEC Group) has announced that the International Sourcing Expo Australia will be held from November 15-17, 2022. The organisers of the international event have already registered strong interest from exhibitors and visitors about their participation in an expanded event format.

The International Sourcing Expo will be co-located with the Footwear and Leather Show and China Clothing Textiles Accessories Expo.

The portfolio of events provides a reliable forum for businesses to connect on an international scale and in a dynamic trade show environment rich with sourcing opportunities and potential production partners, as well as education and industry insights, IEC Group said in a press release.

Thousands of apparel, textile and footwear industry leaders from Australia and the Asia Pacific will converge at the Melbourne Convention and Exhibition Centre for the events. The International Sourcing Expo and Footwear and Leather Show and co-located China Clothing Textiles Accessories Expo are Australasia's largest sourcing expo in apparel, accessories and textiles.

"We are excited to announce the show dates for 2022 and that from 2023 we will be expanding the show format to include additional dates and product categories. As the seminal producer of global sourcing events in Australia we are committed to innovation and the long-term future of the event portfolio in Australia. The premise of the shows is to bring companies together for commerce, connection and education and the appetite for all these elements is stronger than ever before." said Marie Kinsella, chief executive officer, International Exhibition & Conference Group Pty Ltd.

"The impact of the pandemic has affected and disrupted many businesses and supply chains. Our global sourcing portfolio of events will be relevant more than ever before to businesses who seek to source and cooperate internationally," said Julie Holt, global exhibitions director.

The events will help businesses and industries to reinvigorate their global sourcing activities and to build sustainable alliances with production partners.

Source: fibre2fashion.com– Dec 09, 2021

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ITC, IAF sign MoU to boost exports of garment manufacturers

Geneva-based International Trade Centre (ITC) and the International Apparel Federation (IAF) recently signed a memorandum of understanding (MoU) to support associations of garment manufacturers as well as garment apparel manufacturing companies in addressing emerging challenges related to competitiveness. Digitalisation will also play an essential role in this agreement.

The cooperation will also support these institutions in understanding the governance structure of the global apparel value chain and industrial relations between brands and retailers and supplying garment manufacturers.

IAF will advise garment manufacturers on rules of origin requirements, address new buyer requirements in markets, reduce the environmental footprint of garment manufacturing and empower women's work along the supply chain. ITC and IAF will co-create trainings in this regard, said an ITC press release.

Amid the pandemic, digitalisation has become a crucial topic for the textile and clothing industry: brands, retailers and larger suppliers are expected to modernize their production and adapt to the latest trends.

Therefore, ITC plans several activities to address digitalisation for partners of the Global Textiles and Clothing Programme (GTEX) and the Middle East and North Africa (MENATEX) and how to engage in a more collaborative relationship with brands and retailers using digital technologies.

This initiative is implemented under ITC's GTEX in North Africa, Middle East, Central Asia and Madagascar.

Source: fibre2fashion.com– Dec 09, 2021

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Sri Lanka aims to be a global apparel hub by 2025

Sri Lanka's apparel industry forayed into exports in the late 70s. This ushered in forex and recognition to the industry. Facilitated by the 200 Garment Factories Program, Sri Lanka expanded manufacturing across the country during the 90's. This helped the country uplift its rural economies. As per a Knitting Industry report, its manufacturing evolved further in the last decade as it focused on end-to-end partnerships and complete customer solutions. However, the industry's full potential is yet to be realised.

Known as a trusted partner within global supply chain of leading brands and retailers, Sri Lanka has witnessed significant disruption in its economy due to the pandemic. This has made its vision of elevating the country to an $8 billion global apparel hub by 2025 more criticals.

Aligning to changing trade scenario

Global apparel exports reached $493 billion in 2019. However, Sri Lanka's contribution was just 1 per cent of this at $5.3 billion. The country now aspires to grow its apparel exports to $8 billion. Despite high labor costs and less export market access, the Sri Lankan apparel sector progressed by leveraging other sources of competitive advantages. The country is known to be a reliable and high quality apparel supplier, which has elevated its reputation and overall positioning amongst reputed global brands including Victoria's Secret, Marks & Spencer, Boss, NIKE, Calvin Klein, GAP, Levi's, Ralph Lauren, Lululemon, Calzedonia, Intimissimi and Tommy Hilfiger.

Unlike other regional counterparts, Sri Lanka's apparel sector also attracts better professional talent. Many fabric manufacturers have established their factories within the country's Free Trade Zones while labor-intensive apparel manufacturers have relocated to rural areas.

While the Sri Lankan apparel sector is on its way to realize its true potential, it needs to leverage these strengths and align itself to changing trade shifts. With the political and economic tensions between the Far East and West increasing, a significant amount of trade is likely to shift away from China 2022 onwards. Sri Lanka's policymakers including its industry umbrella organisation, the Joint Apparel Association Forum (JAAF), and its constituent associations, including the Sri Lanka Apparel Exporters Association (SLAEA), plan to facilitate this process of achieving the sector's vision.

Conducive environment for innovation

To boost apparel exports, Sri Lanka needs to retain existing concessions under the EU and UK Generalized System of Preferences (GSP) Plus schemes while securing tariff reductions to other countries. The country's needs to increase its export quota of eight million garment items per year to India, one of the fastest-growing regional economies.

Sri Lanka aims to evolve as an innovative apparel hub, it needs to create a safe and conducive environment for innovation by focusing on Intellectual Property and data protection laws. Similarly, it needs to reform its colonial-era labor laws and provide favorable policies and incentives for investments related to backward integration and automation.

Source: fashionatingworld.com– Dec 08, 2021

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Vietnamese, Brazilian businesses eye stronger trade ties

A workshop to promote trade cooperation between Vietnamese and Brazilian enterprises has been held recently by the Vietnamese Embassy in Brazil and the Sao Paulo Trade Association in Sao Paulo.

The event, which also took place on Zoom, has helped Vietnamese businesses and localities introduce products, and enhance trade promotion activities in the Brazilian market.

Addressing the event, Vietnamese Ambassador Pham Thi Kim Hoa highlighted the significance of the workshop, saying that it contributed to promoting economic relations and creating cooperation opportunities for businesses of the two countries.

Representatives from Vietnamese localities of Dong Nai, Nghe An, Thai Binh and Tay Ninh introduced potential and strengths of their localities, and showed their wish to have specific cooperation programmes.

Vu Ba Phu, Director of Trade Promotion Agency of the Ministry of Industry and Trade said there remain many opportunities for Vietnam and Brazil to upgrade trade turnover because the structure of goods exchanged between the two countries is complementary.

Meanwhile, deputy head of the MoIT's European-American Market Department Vo Hong Anh said that the bilateral trade between the two countries has achieved positive results, with the value of turnover being consolidated, the structure of the industry has changed significantly, and the categories of industries are increasingly diversified.

Truong Van Cam, Vice Chairman of the Vietnam Textile and Apparel Association (Vitas) introduced the potential for cooperation between the two countries in textiles and garment, and proposed implementing promotion activities in 2022.

Ambassador Raymundo Santos Rocha Magno from the Brazilian Ministry of Foreign Affairs applauded the organisation of the event, saying that it created an important bridge to promote trade exchange between the two countries.

At the event, President of the Sao Paulo Chamber of Commerce Alfredo Cotait Neto and Head of the Vietnam Trade Office in Brazil Ngo Xuan Ty signed a memorandum of understanding on promoting trade bond between the two countries in the coming time.

According to statistics from the General Department of Vietnam Customs, two-way trade between Vietnam and Brazil hit about 5.2 billion USD in the first ten months of 2021, up nearly 40 percent year-on-year.

Vietnam is leading ASEAN member nations in terms of trade cooperation with Brazil. The two sides has continued to study and negotiate a free trade agreement within the Southern Common Market (MERCOSUR)

Source: en.vietnamplus.vn– Dec 09, 2021

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FDI into Bangladesh to triple within couple of years: Top official

Salman F Rahman, advisor to the Bangladesh prime minister on private industry and investment, recently said foreign direct investment (FDI) to the country would rise by two to three times within the next couple of years. He said this during a meeting with a delegation led by Hartwig Schafer, vice president, South Asia region of the World Bank.

The meeting discussed issues, including expansion of trade and investment opportunities in Bangladesh and capital market development, according to a press release.

Schafer praised the inclusive growth achieved by Bangladesh in the last decade and drew Rahman's attention to the lower gross domestic product-FDI ratio of Bangladesh.

Salman briefed the delegation about the steps undertaken by the government.

Source: fibre2fashion.com– Dec 08, 2021

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NATIONAL NEWS

Indian economy likely to grow 9% next fiscal: Credit Suisse

Swiss brokerage Credit Suisse expects the economy to continue to show positive surprises and record up to 9 per cent growth in the next fiscal.

For the current financial year too, the brokerage anticipates growth to be higher than the

As a policy, Credit Suisse does not provide absolute growth numbers in its forecast. However, an extrapolation of data available and projections indicate that economic growth could clip 9 per cent in 2022-23 period, which according to the brokerage is up to 400 basis points (bps) over the consensus numbers.

Neelkanth Mishra, the co-head of equity strategy for Asia Pacific and India equity strategist at Credit Suisse, told PTI that he expects meaningful upgrades to the GDP forecast as the economic recovery has surprised positively.

“We expect GDP getting an upgrade of 4 percentage points over the consensus for FY23 as output should get closer to the pre-pandemic trend than what is currently forecast.

“The economy is expected to continue to show positive surprises even though the recovery has so far been lop-sided but in the next three-six months most of low-income jobs should recover too,” Mishra said on Thursday.

While warning that high energy prices could be a headwind, Mishra said the economy has the capacity to sustain faster import growth. The pace of growth might moderate if imported energy prices (crude oil, gas, coal, fertiliser and palm oil) remain high.

Another drag could be low employment/re-employment in some key sectors like education, travel, construction materials and auto manufacturing, which are not yet back to the pre-pandemic levels. However, these should improve as the economy continues to open up, helped by high seroprevalence, he pointed out.

According to him, other positives for higher growth is the recovery in consumer spending, strong equity fund-raising that has helped repair the risk capital that was lost during the pandemic, growing IT demand globally and the resultant around 5 lakh hiring in the offing and the pick up in dwelling construction.

On the markets, he said since the country's price-to-earnings premium of 21 per cent over global equities and 72 per cent over the emerging markets is already too high, further upside in the metric is unlikely.

In contrast to the steep downgrades that markets were used to in the pre-pandemic period, earnings forecasts for FY22 and FY23 have seen upgrades and the same should occur for FY24 too, he said.

On the domestic front, the macroeconomic backdrop is supportive too, with fiscal conditions improving after an 18 per cent rise in government debt to GDP during the pandemic.

In the first half of the current fiscal, revenue receipts were 16 per cent higher than the full year estimates and the central government's cash balances with the RBI are 1.5-2 per cent higher than normal as a share of the GDP.

This scenario supports the revival of states' capex. While high energy prices are eroding the substantial balance-of-payments surplus of USD 40-45 billion now, the rupee is holding up much better than most other emerging market peers, as per Credit Suisse.

Mishra also said that risks from the new COVID variant Omicron or even the residual impact of the Delta variant may be higher for the global economy than for India but did not elaborate.

Source: financialexpress.com- Dec 09, 2021

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Modi could announce India-UAE CEPA in Jan during proposed UAE trip

Prime Minister Narendra Modi could announce India's Comprehensive Economic Partnership Agreement (CEPA) with the UAE during his proposed visit to the Gulf country early January, with negotiations for the pact expected to be concluded by this Friday.

The India-UAE CEPA negotiations have entered the final stage. Both sides are expected to finalise the proposals by this Friday and are giving final touches to the document, ET has reliably gathered.

Modi is expected to announce the CEPA, India's first in the Gulf region, during his proposed visit to the UAE. In fact, this would be India's maiden CEPA with a key economy in recent times. New Delhi expects also to finalise a free-trade agreement with Israel next year and has expedited negotiations with Australia for the trade pact. An early harvest trade deal with the UK could be concluded next spring.

The potential benefits from the India-UAE CEPA include an agreement for labour-intensive industries and this will also entail numerous complementary spill-over economic benefits, including increased investments, job creation and employment opportunities.

Last week, commerce and industries minister Piyush Goyal met representatives of aluminium, copper, chemicals and petrochemicals industries as part of the ongoing multi-stakeholder consultations related to the negotiations for the India-UAE CEPA.

ET has learnt that five groups were constituted to handle different sectors under the proposed CEPA, and that the two sides are tying up the loose ends and working on the language of the text of the agreement.

The UAE is aiming to emerge as the top economic and political power in the region with ambitions to play a global role with a modern economy, and not just focussing on hydrocarbon-based revenues.

The India-UAE CEPA will also contribute to the emerging India-UAE-Israel-USA grouping, or the West Asian Quad.

India is UAE's second-largest trading partner, accounting for 9% of its total foreign trade and 13% of non-oil exports. It is anticipated that the value of UAE's non-oil trade with India will rise from the pre-pandemic levels of $40 billion to over $100 billion within five years of the CEPA being signed.

The UAE and India have a comprehensive investment partnership built on decades of growing collaboration. Today, the UAE is the ninth largest investor in India with over $18 billion in committed funds, while India's investment in the UAE stood at around $8 billion in 2019 – representing around 6% of foreign direct investment in that country.

In a major development, Reliance Industries Ltd on Tuesday said it will partner with Abu Dhabi Chemical Derivatives Company RSC Ltd (TA'ZIZ) and invest $2 billion in setting up a petrochemical production facility in the UAE. RIL joined the recently formed TA'ZIZ joint venture of Abu Dhabi state energy giant ADNOC and state holding company ADQ for developing the facility at Ruwais in western Abu Dhabi.

Two-way investment has flown into strategically important sectors, such as services, sea transport, power, infrastructure, real estate, healthcare and telecommunications. Both sides are keen to commit capital to future industries like agri-tech, artificial intelligence, green infrastructure and renewable energy.

Source: economictimes.com- Dec 10, 2021

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RBI does well to focus on growth; it may wait till February to act on rates

The Reserve Bank of India has done well to maintain status quo on policy rates as also its accommodative stance. It might seem like there is a dissonance between the global approach—where the Fed is talking of a faster taper and others of speedier normalisation—and the Indian central bank's dovish commentary with no hints whatsoever of when rates might be raised.

However, the uneven and nascent recovery needs all the support it can get. The headline 8.4% y-o-y growth in GDP in Q2FY22 masks the weak private consumption, which was smaller than it was in Q2FY20, and a key sector like construction grew at only 7.5% y-o-y, on the back of a contraction of 7.2% in Q2FY21.

The informal economy remains very fragile, and for all the good farm output, the terms of trade could be unfavourable. The relatively wide output gap remains a concern and, as RBI indicated, might not be closed for several years. The weakness in the economy is reflected in the slack in the labour markets.

Indeed, with the Omicron variant of the Covid-19 virus causing more uncertainty, it would not help to switch the monetary stance to neutral just yet and risk slowing down the economy. Loan growth remains modest at around 7%; leaving rates lower for a little longer may just boost demand for credit and, in turn, growth. The focus on an inclusive recovery, therefore, is spot on.

It might seem like RBI is downplaying inflation and treating is as transitory in nature, having left the forecast for FY22 untouched at 5.3% when inflationary pressures abound. However, Governor Shaktikanta Das doesn't seem to be unmindful that core inflation is sticky.

The central bank appears to be drawing comfort from the falling prices of crude oil, the lower local taxes on auto fuels as also the expected fall in the prices of vegetables. These factors, would, it reckons, help rein in inflation for some time. To be sure, prices of oil and metals are higher than they were a year back, even if they have come off.

Again, despite some relief, supply-side disruptions persist. Also, manufacturers could start passing on high input costs to consumers as demand picks up, adding to price pressure. The central bank's inflation forecasts may be below consensus, which averages 5.6% in FY22 with upside risks as the base effect wears off. However, inflation is unlikely to breach 6%—the top end of the band—anytime soon and could ease in 2022; RBI has forecast an easing to 5% in Q1 and Q2FY23 and, therefore, has enough comfort room at this stage to support growth.

It is not as though RBI has taken its eye off the surplus liquidity; it has announced it will continue to mop up liquidity to soak up some the surplus of around Rs 8 lakh crore.

Governor Das said on Wednesday that RBI is looking to get reasonable control over the liquidity overhang and will continue with the auction-based rate management policy. The idea is to move away from the reverse repo rate, currently the effective rate, and towards the repo rate by rebalancing liquidity from the overnight to the variable reverse rate repo (VRRR). Bigger quantities will be soaked up via the VRRR. Already, short-term rates have been moving up and could do so further.

At this stage, it appears RBI will wait it out till February to change its stance and act on rates; by then, it would have a better sense of the recovery, core inflation and the Fed's actions. There is a chance rate actions could get bunched up, but if RBI's signalling is good, it would minimise any disruption in the money markets.

Source: financialexpress.com- Dec 09, 2021

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Duty-free access sought from UAE for eggs, textiles, spices

India has sought duty-free market access for its spices, eggs, cheese and textiles in the UAE as part of the free-trade agreement it is negotiating with the grouping.

At present, the UAE has banned poultry imports from India due to concerns over bird flu while India's textile exports are levied a 5% duty.

"We are keen to sell poultry products to the UAE and are hopeful they will allow imports from India, starting with eggs as eggs are a big market there," said an official, adding that India has assured that it is following the biosafety norms set by the World Organization for Animal Health to prevent infection.

As per the official, the UAE is keen to get duty concessions for dates, confectionery and sugar-based products.

India is keen to get duty-free access for its fresh and frozen bovine meat, cheese, spices, certain organic chemicals and paper products. It has identified 1,100-odd products including washing machines, ACs, refrigerators, spices, tobacco, cotton fabrics, textiles and leather whose exports it wants to increase through the pact.

"Politically, this agreement is important as Pakistan was insisting the UAE to not ink any pact with India but the UAE has ignored it," said a trade expert, adding that India stands to gain in services and could push for long-term business visas with the UAE.

Source: economictimes.com- Dec 10, 2021

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Commerce Minister assures Textile industry Govt not in favour of Anti-dumping on Polyester Yarn

The representative of North Indian Textile Mills' Association (NITMA) met Piyush Goyal, Union Minister of Commerce and Textile on Monday in New Delhi and pressed on how the domestic man-made yarn manufacturers are liable to pay import duty of 5.5 per cent on man-made fibre which makes domestic manufacturers uncompetitive against the imported polyester spun yarn (PSY).

As published in Fiber2Fashion, the Textile Minster has clearly stated that the Indian government is not keen on imposing anti-dumping duty (ADD) on imports of (PSY) originating in or exported from China, Indonesia, and Vietnam, as recommended by the Directorate General of Trade Remedies (DGTR).

"The industry should develop itself to face global competition, and not to expect protection from the government in the era of open market. The minister, however, assured the representatives of ensuring level playing field for all the stakeholders in the textile sector," the Textile Minister told representatives of NITMA.

Nevertheless, he assured them that he will look into the issues which are important to ensure a level playing field. During the past five years, PSY import by India has increased majorly, and imports from Vietnam alone have increased by 88 times.

India imported 60,810 tonnes of PSY in 2020-2021, accounting for 23 per cent of the total 264,000 tonnes consumed by the domestic market.

Identifying the fast rate of increase, NITMA had been advocating levying of ADD on PSY.

In August 2021, the DGTR had recommended that ADD be imposed on PSY originating in or exported from China, Indonesia, and Vietnam. However, an official notification announcing the date from which the ADD would come into effect never materialised.

Source: knnindia.co.in- Dec 09, 2021

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Financial Assistance to MSMES

The National Small Industries Corporation Limited (NSIC), a Public Sector Undertaking under Ministry of MSME, facilitates Micro, Small and Medium Enterprises (MSMEs) to meet their raw material requirement by making arrangements with bulk manufacturers for procuring the materials and supplying the same to MSMEs.

NSIC also provides financial assistance to MSMEs under their Raw Material Assistance (RMA) Scheme against bank guarantee for payment to the suppliers. The details of the assistance provided to MSMEs by NSIC under Raw Material Assistance Scheme in last two years and current year are as under:

Financial year	No. of units supported	Credit support provided (Rs.in lakh)
2019-20	2842	524495.62
2020-21	2699	439843.75
2021-22 (upto 26.11.2021	2445	308303.03

The details of assistance provided to MSMEs under Raw Material Assistance Scheme of NSIC in Bihar and Madhya Pradesh during last two years and current year (upto 02.12.2021) are as under:

Financial Year	Bihar		Madhya Pradesh	
	No. of Unit	Credit support (Rs.in lakh)	No. of Unit	Credit support (Rs.in lakh)
2019-20	21	2058.17	82	15351.49
2020-21	20	2344.72	67	9791.60
2021-22 (upto 02.12.2021)	19	1067.90	72	6099.27

The Ministry of MSME implements various schemes and programmes for promotion and development of MSME Sector. These schemes and programmes include Prime Minister's Employment Generation programme (PMEGP), Scheme of Fund for Regeneration of Traditional Industries (SFURTI), A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE), Interest Subvention Scheme for Incremental Credit to MSMEs, Credit Guarantee Scheme for Micro and Small

Enterprises (CGTMSE), Micro and Small Enterprises Cluster Development Programme (MSE-CDP), Special Credit Linked Capital Subsidy Scheme (SCLCSS). Further, till date, subsidy of Rs. 88.24 Cr has been provided to 849 SC-ST entrepreneurs under Special Credit Linked Capital Subsidy Scheme.

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 09, 2021

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Promotion of MSMES

As informed by Department for Promotion of Industry & Internal Trade (DPIIT), as part of the 'Start-up India' initiatives the Government has provisioned the following financial assistance and incentives for start-ups across the country including in the state of Tamilnadu:

Start-up India Seed Fund Scheme (SISFS)
Fund of Funds for Start-ups (FFS) Scheme
Ease of Procurement
Income Tax Exemption for 3 years
Exemption for the Purpose Of Clause (VII)(b) of Sub-section (2) of Section 56 of the Act
National Start-up Awards

As informed by Small Industries Development Bank of India (SIDBI), SIDBI has entered into a collaboration with Google India Private Limited (GIPL) on November 18, 2021, for having a pilot social impact lending programme with a corpus of approx. Rs. 110 crore (equivalent to USD $15 million) targeted at Micro enterprises with a turnover upto Rs.5.00 crore.

As informed by SIDBI, the following programmes were launched by SIDBI to help and revive the MSME sector across the country including the State of Tamilnadu:

Special Liquidity Facility for MSMEs:- In April 2020, RBI provided special refinance facilities for a total amount of Rs. 50,000 crore to NABARD, SIDBI and NHB to enable them to meet sectoral credit needs, of which SIDBI received Rs. 15,000 crore to continue lending to MSMEs.

In April 2021, another tranche of Rs. 15,000 crore was granted by RBI to meet the funding requirements of micro, small and medium enterprises (MSMEs) in FY 2022.

Initiatives under Direct Finance: - Direct Lending operations of the Bank primarily focuses on ensuring uninterrupted flow of credit to MSMEs, especially to those engaged in fighting the pandemic.

Cluster Development: - The Bank has launched SIDBI Cluster Development Fund (SCDF) of Rs. 6,990 crore to support the State

Governments / State Government sponsored Organizations to attend to cluster development from both soft and hard infrastructure.

Financing micro-entrepreneurs:- The b PRAYAAS Initiative of the Bank is aimed to facilitate access to low-cost finance for micro-entrepreneurs/ micro-enterprises, in the “Missing Middle Segment” by providing loans ranging from Rs. 0.50 lakh to Rs. 5.00 lakh at a cheaper rate through Partner Institutions.

Virtual Ecosystem:- The Udyamimitra Portal of the Bank is a universal digital platform that aims to provide end-to-end solutions for not only credit delivery, but also a host of credit-plus services by way of handholding support to the MSMEs.

Implementing PMSVA Nidhi:- The Scheme was announced by Ministry of Housing and Urban Affairs, Government of India to facilitate working capital loan up to Rs. 10,000 to provide financial aid to Street vendors during the situation of COVID-19 pandemic.

Digital Lending to MSMEs:- PSBLoansin59minutes is the first contactless lending platform for MSMEs developed under consortium of PSBs led by SIDBI.

Swavalamban Connect Kendra (SCKs):- The Bank under its umbrella program “Mission Swavalamban” has initiated setting up of 100 SCKs in 100 districts across 5 states viz., U.P., Bihar, Jharkhand, Odisha & Telangana.

Swavalamban Crisis Responsive Fund (SCRF):- The Bank has set up SCRF with the support of FCDO, Govt. of United Kingdom, to support free on boarding of MSMEs on the TReDS platform.

The Ministry of MSME implements various schemes and programmes for the growth and development of MSME Sector in the country including Tamil Nadu. These schemes and programmes include Prime Minister’s Employment Generation programme (PMEGP), Scheme of Fund for Regeneration of Traditional Industries (SFURTI), A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE), Credit Guarantee Scheme for Micro and Small Enterprises, Micro and Small Enterprises Cluster Development Programme (MSE-CDP).

Post Covid-19, the Government has taken a number of initiatives under Aatma Nirbhar Bharat Abhiyan to support the MSME Sector in the country especially in Covid-19 pandemic. Some of them are:

i) Rs 20,000 crore Subordinate Debt for MSMEs.
ii) Rs. 3 lakh crores Collateral free Automatic Loans for business, including MSMEs. The limit of Rs. 3.00 Lakh Crore has been enhanced to Rs 4.5 lakh crore.
iii) Rs. 50,000 crore equity infusion through MSME Fund of Funds (Self Reliant India Fund).
iv) New revised criteria for classification of MSMEs.
v) New Registration of MSMEs through 'Udyam Registration' for Ease of Doing Business.
vi) No global tenders for procurement up to Rs. 200 crores, this will help MSME.

An online Portal “Champions” has been launched on 01.06.2020 by Prime Minister.

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 09, 2021

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India-EU free trade talks hit slow lane over labour, environment, investment issues

India's plans of distancing itself from China by forging free trade agreements (FTAs) with developed countries is proving to be a difficult path to pursue. Preparatory talks with the EU for resuming bilateral free trade negotiations by the year-end have moved into the slow lane over contentious issues such as labour, environment, investments and unresolved past differences, sources following the matter told BusinessLine.

There is no clarity now over when formal negotiations on the proposed India-EU trade pact would begin.

"The two sides were initially hoping to start the formal free trade negotiations by 2021-end, but this does not seem to be happening. There are way too many loose ends that need to be tied up before talks can start. The EU has been in touch with the Commerce & Industry Ministry, but the gaps seem wide," a source said.

The slow-down in the pace of talks is a disappointment for India, which has also not been able to make any headway on a proposed FTA with the US, but officials say that India prefers it this way rather than getting into a deal that is not suitable for its farmers, industry and consumers.

"It has been the government's stated policy to move away from China as much as possible. That is why it has been pursuing FTAs with the EU, the US, the UK and Canada. But the trade pacts have to bring substantial gains to India and there are certain issues where we can't compromise," the source added.

Prime Minister Narendra Modi and leaders from the EU and the EC decided to resume the India-EU trade negotiations (earlier knows as the Broad-based Trade and Investment Agreement) in May this year at the India-EU Leaders' meet.

The free trade talks, that started in 2007, were suspended in 2013 due to differences in issues such as digital trade, duty reduction on automobiles and wines and easier visa norms for professionals.

Big roadblock

A big roadblock is the EU's insistence on a separate investments pact rather than keeping it within the purview of the FTA. India is concerned that the EU may not have any incentive to negotiate a trade deal if it gets a deal in investments.

In fact, EU has not made a secret of its interests in fast-tracking talks on investment. A recent analysis of the EU-India trade relations carried out by the EU's Directorate General for External Policies, points out that given the "undeniable difficulties" of such comprehensive negotiations, a way to continue to build momentum without the risk of an abrupt end to the negotiations would be to start with a more limited proposal focused on reducing barriers to investment in manufacturing. "This would have to cover investment protection at the EU level but, possibly, also improve the level playing field," it suggested.

The EU is also insistent on inclusion of labour and environment issues in the free trade talks that India is not in a mood to accept. The bloc also wants unresolved past differences over issues such as digital trade, market access for automobiles and wines, and work visas to be ironed out before resuming negotiations, the official said.

The EU is India's third largest trading partner, accounting for €62.8 billion worth of trade in goods in 2020 or 11.1 per cent of total Indian trade, after China and the US, per EU figures.

Source: thehindubusinessline.com- Dec 09, 2021

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ECLGS loans: Private sector banks' average ticket size higher than PSBs

The average ticket size of loans under ECLGS was ₹6.04 lakh for private banks

Private sector banks (PvSBs) and public sector banks (PSBs) accounted for 44.5 per cent and 43.6 per cent, respectively, of the loans disbursed under the Emergency Credit Line Guarantee Scheme (ECLGS), according to a TransUnion CIBIL report.

However, the number of applications processed by PSBs were 1.6 times that of PvSBs.

NBFCs and others accounted for 10.3 per cent and 1.60 per cent, respectively, of the disbursed amount.

The average ticket size (ATS) of loans ECLGS was ₹6.04 lakh for PvSBs; ₹3.59 lakh for PSBs; ₹ 2.42 lakh for NBFCs; and ₹ 73,000 for others.

ECLGS was launched in 2020 in the wake of the outbreak of the Covid-19 pandemic to provide additional liquidity to MSMEs with reduced cost of funds.

TransUnion CIBIL noted that ECLGS data received accounted for ₹1.70-lakh crore in disbursement till March 2021 as part of ECLGS 1.0 and 2.0. Out of these, a sample of ₹1.45 lakh crore in disbursed loans were sampled for its analysis.

Of the total number of borrowers who availed loans under the ECLGS, 58.5 per cent belong to the very small category (overall credit exposure less than ₹10 lakhs) and 31.70 per cent belong to the micro category (overall credit exposure between ₹10 lakh and ₹1 crore).

Small (₹1-10 crore) and medium (₹ 10-25 crore) category of borrowers account for 8.7 per cent and 1.1 per cent of the total number of borrowers.

Sector distribution of ECLGS 1.0 and 2.0 loans show a high distribution for retail & wholesale traders (39 per cent), and services industries (35.8 per cent).

The report said more than 50 per cent of the borrowers who availed of the facility had made 2 or more enquiries in the last 12 months. This indicates that borrowers who availed of the facility had a higher need for credit even before the pandemic.

The percentage of eligible borrowers who availed of ECLGS loans, or availed rate (for example, of the total number of eligible borrowers in a particular segment, say micro MSME, what percentage availed of the facility), is much higher for borrowers who missed at least 1 in 3 payments as compared to borrowers who did not miss any payment in the past 12 months as of February 2020.

The report said the performance of loans extended under ECLGS seems to better.

NPA rate

Borrower-level non-performing asset (NPA) rate as of March 2021, is at 6 per cent for borrowers who have availed ECLGS facility compared to 7.5 per cent for those who did not.

Further, only 2 per cent of the ECLGS loans extended have been reported by lenders as NPA or 90+ days past due as of March 2021.

Source: thehindubusinessline.com- Dec 09, 2021

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Tamil Nadu's recent measures give a fillip to MSMEs: Minister

"The recent price reduction for land in the SIDCO industrial estates is one of the big steps by the State government. We hope all those land that have been vacant for long will be sold out in quick time. Also, action is being taken to issue pattas (to allottees) for 3,600 acres in industrial estates, he said while addressing the inaugural session of ACMEE 2021, 14th edition of biennial exhibition on machine tools technology, organised by Ambattur Industrial Estate Manufacturers' Association (AIEMA).

Also, lending institutions such as TAICO Bank (Tamilnadu Industrial Co-op. Bank Ltd) have been given mandate to lend more to MSMEs. "Earlier, they were giving more jewel and housing loans. Now they have been told to extend about 75 per cent of their loans to MSMEs," he added.

Only on Wednesday, The Tamil Nadu Industrial Investment Corporation Ltd (TIIC), signed up with TAICO Bank for co-lending activities to facilitate the MSMEs in the State in getting working capital along with term loans for fixed asset creation. State Industry Minister Thangam Thennarasu said that "smart work will deliver much more than hard work" and hence the chosen theme of 'Smart Manufacturing' was apt in the current context. He urged the MSMEs to adopt Industry 4.0 concepts for future growth.

He also acknowledged the role of MSMEs in Tamil Nadu saying that MSMEs played a vital role in making the State the second largest economy in the country. Even large industries will require a strong MSME ecosystem and both should go hand-in-hand. The State government will extend all possible support to MSMEs as they are the ones that create jobs for poor, ordinary citizens and rural people, he added.

"ACMEE 2021 is focusing on production technology that is relevant to MSMEs. We believe this event will provide a jumpstart to our economy that is still recovering from the impact of the pandemic, said AM Gireeshan, President of AIEMA.

The event, being held up to December 13, is seeing participation of more than 400 companies, including foreign firms. The exhibition is expected to generate business transactions worth ₹500 crore.

Source: thehindubusinessline.com- Dec 09, 2021

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Gujarat CM meets Dubai officials to pitch for investments at global summit

Gujarat Chief Minister Bhupendra Patel led a delegation of officials and bureaucrats to the United Arab Emirates to make a pitch for investments from global investors in the upcoming Vibrant Gujarat Global Summit.

The iconic biennial business summit, Vibrant Gujarat Global Summit (VGGS), will see its 10th edition in January next year.

The delegation is meeting Dr. Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade, UAE, and Sultan Ahmed bin Sulayem, Chairman and CEO, DP World at the Dubai Expo 2020 site and is slated to hold a Vibrant Gujarat Roadshow in the city later on Wednesday evening.

The Chief Minister also visited the India Pavilion and made a strong pitch to global investors to capitalise on Gujarat's ease of doing business, conducive policies, robust industrial eco system and futuristic infrastructure.

The visit is part of the State's plans to engage with global investor community, government representatives, heads of companies, trade & industry chambers, and promote the 10th edition of Vibrant Gujarat Global Summit 2022, an official statement said.

"It's heartening to see the image of a new India on an international platform like the Dubai Expo," said Patel.

The 10th edition of VGGS has the central theme of 'From Aatmanirbhar Gujarat to Aatmanirbhar Bharat', and is scheduled to take place from January 10 to 12 in Gandhinagar. The summit will be inaugurated by Prime Minister Narendra Modi, who first visualised it in 2003 as the then chief minister of the State.

Source: thehindubusinessline.com- Dec 09, 2021

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Centre clears over half of pending GST dues to states

GST collections, which have been steady in recent months, came in at Rs 1,31,526 crore in November (October sales) 2021, the second-highest mop-up in the history of the comprehensive indirect tax that was launched in July 2017.

Aided by the robust goods and service tax (GST) receipts over the last few months, the Centre has recently transferred about Rs 44,000 crore to states towards their pending GST compensation dues for FY21, sources told FE.

The finance ministry told Parliament on Wednesday that the unpaid GST compensation to states for the year 2020-21 stood at Rs 37,134 crore, 54% lower than what was reported in September 2021.

The ministry had earlier estimated that if monthly GST collections average at Rs 1.15 lakh crore, the deficit in the designated cess kitty to compensate states for the current financial year would be about Rs 1.25 lakh crore against the provision of Rs 1.59 lakh crore back-to-back loan mechanism to cover the deficit.

The average monthly GST collection in the first eight months of the current financial year has been Rs 1.17 lakh crore.

On October 28, the Union government released Rs 44,000 crore to states to bridge their GST revenue shortfall, fully achieving the target to release Rs 1.59 lakh crore under the special back-to-back loan mechanism for the current fiscal.

While the amount borrowed under the RBI-enabled mechanism last year was Rs 1.1 lakh crore, the Centre acknowledged in Parliament in September that an amount of Rs 81,179 crore was yet to be released to the states then, towards fully compensating them for their GST revenue shortfall for FY21.

GST collections, which have been steady in recent months, came in at Rs 1,31,526 crore in November (October sales) 2021, the second-highest mop-up in the history of the comprehensive indirect tax that was launched in July 2017.

The GST cess proceeds fell short of the states' compensation requirement for the first time in FY21, thanks largely to the pandemic but also because of the series of rate cuts that brought down the weighted average GST rate to around 11%, as against a revenue-neutral rate of around 15% seen before the July 2017 launch of the destination-based consumption tax.

Source: financialexpress.com- Dec 09, 2021

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RBI keeps key policy rates steady amid Omicron fears

Slack in the economy and uncertainty over the impact of Omicron prompted all six members of the Monetary Policy Committee (MPC) to vote unanimously to leave the policy repo rate unchanged at 4 per cent.

Further, the members voted by a majority of 5 to 1 to retain the accommodative policy stance. Though many experts were expecting the Reserve Bank of India to take the next step towards monetary policy normalisation — that is upping the reverse repo rate by 15/20 basis points, this rate was left unchanged at 3.35 per cent. The financial markets gave a thumbs up to the dovish monetary policy stance.

The bellwether BSE Sensex jumped 1,016.03 points over the previous close. Price of the benchmark 10-year Government Security (coupon rate: 6.10 per cent) rose 31 paise, with its yield declining about 4 basis points. RBI Governor Shaktikanta Das said: “The MPC regarded the accentuation of headwinds emanating from global developments as the main risk to the domestic outlook, which is now somewhat clouded by the Omicron variant of Covid-19.

“Moreover, given the slack in the economy and the ongoing catching-up of activity, especially of private consumption, which is still below its pre-pandemic levels, continued policy support is warranted for a durable and broad-based recovery.” Das observed that, overall, the recovery that had been interrupted by the second wave of the pandemic is regaining traction, but is not yet strong enough to be self-sustaining and durable. This underscores the vital importance of continued policy support.

The Governor emphasised that in the current situation, it is important to keep inflation aligned with the target (4 per cent) while focussing on a robust growth recovery.

Das said price stability remains the cardinal principle for monetary policy as it fosters growth and stability, adding that MPC’s motto is to ensure a soft landing that is well timed. “The Indian economy is relatively well-positioned on the path of recovery, but it cannot be immune to global spillovers or to possible surges of infections from new mutations including the Omicron variant.

"Hence, fortifying our macroeconomic fundamentals, making our financial markets and institutions resilient and sound, and putting in place credible and consistent policies will assume the highest priority in these uncertain times," the Governor said.

Rebalancing liquidity

In continuation of its liquidity rebalancing exercise, the central bank will enhance the 14-day variable rate reverse repo (VRRR) auction amounts on a fortnightly basis — ₹6.5-lakh crore on December 17, and further to ₹7.5-lakh crore on December 31. The central bank said the liquidity rebalancing will be in a non-disruptive manner while maintaining adequate liquidity to meet the needs of the productive sectors of the economy.

From January 2022 onwards, liquidity absorption will be undertaken mainly through the auction route. Dinesh Kumar Khara, Chairman, State Bank of India, observed that the RBI policy announcement addresses monetary policy and money separately, with the rate-setting divorced from calibrated liquidity management. The growth and inflation outlook look delicately poised even as the omicron virus threat has put an element of uncertainty all around, he added.

GDP & inflation

Das observed that the inflation trajectory is likely to be in line with its earlier projection of 5.3 per cent for FY22 but price pressures may persist in the immediate term. RBI has revised the third quarter retail inflation forecast upwards to 5.1 per cent from 4.5 per cent earlier. The central bank, however, lowered the fourth quarter retail inflation projection a tad to 5.7 per cent from 5.8 per cent earlier.

Overall, RBI has retained its FY22 retail inflation projection at 5.3 per cent. It also retained the projection for real GDP growth at 9.5 per cent in FY22. However, it lowered the third and fourth quarter GDP projection to 6.6 per cent (earlier projection: 6.8 per cent) and and 6 per cent (6.1 per cent), respectively.

Source: thehindubusinessline.com- Dec 08, 2021

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India Inc allowed to hold virtual AGMs till June 30 next year

Call this pandemic effect and ongoing fears and uncertainty over the impact of new Covid variant Omicron. The Ministry of Corporate Affairs has now allowed companies whose annual general meetings (AGMs) are due to be held in 2021 to hold them via video conference till end June next year.

It has also clarified that companies can hold their extraordinary general meetings (EGMs) via video conference and transact items through postal ballot till end June next year. Both these clarifications have come through separate circulars issued by the MCA. These will prove handy for corporates that are faced with several challenges due to the ongoing pandemic, said corporate observers.

Ruby Singh Ahuja, senior partner, Karanjawala and co, a law firm, said the MCA circular, which allows the EGMs to be held through video conferencing, is keeping in view the need of the hour, since due to pandemic there is reluctance to meet physically. “Work from home is a preferred mode worldwide and having an online meeting is certainly cost and time efficient,” she said.

Aseem Chawla, Managing Partner, ASC Legal, said the two clarifications issued do suggest in unanimity for the time —being, June 30, 2022 as the cut-off date to conduct the business of AGM and EGM via video conference or other audio visual means. So till June 30, 2022 the companies can make good of virtual means of conducting such meetings.

“Also it is further stated that no extension of holding of AGM to beyond June 30, 2022 would be granted. The same is in recognition of the fact that it will take some time before physical meetings could be facilitated and the said clarifications do enable the same,” he said.

Mathew Chacko, Partner, Spice Route Legal, said:“This move by the government is progressive and much needed. Expecting people to meet at times like these for matters which can be resolved through Video conference is unreasonable. The relevant question to ask is — now that we know it can be done efficiently, why aren’t we extending this facility to a post pandemic world?”

Source: thehindubusinessline.com- Dec 09, 2021

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Fitch Ratings cuts India's GDP forecast for FY22 to 8.4%, RBI retains 9.5%

Fitch Ratings on Wednesday announced a cut to India's economic growth forecast by 30 basis points (100 basis points mean 1 percentage point) to 8.4 per cent. Earlier, the Ratings Agency had forecasted the economic growth at 8.7 per cent. However, it has upped the growth rate projection by 20 basis points for FY 2022-23.

"We have cut our FY22 (financial year ending March 2022) GDP (gross domestic product) growth forecast, to 8.4 per cent (-0.3pp). GDP growth momentum should peak in FY23, at 10.3 per cent (+0.2pp), boosted by a consumer-led recovery and the easing of supply disruptions," the agency said in its latest 'Global Economic Outlook' report.

This statement has come on a day when the Monetary Policy Committee (MPC) retained its projection for the current fiscal at 9.5 per cent. It said that the expanding vaccination coverage, the slump in fresh Covid-19 cases and the rapid normalisation of mobility is fuelling domestic recovery.

On the one hand, rural demand is expected to remain resilient while on the other hand, the spurt in contact-intensive activities and pent-up demand will continue to bolster urban demand. Still, there are some risks such as volatile commodity prices, persisting global supply disruptions, new mutations of the virus and financial market volatility pose, RBI said after the meeting of the MPC.

Meanwhile, Fitch said that an increasing share of the population being fully vaccinated has reduced the risk of future disruptive outbreaks and will support consumer confidence. "Nevertheless, risks to the recovery remain, especially in the near term, given that less than one-third of the population is fully vaccinated. The newly discovered Omicron variant has added to the risks," it mentioned.

The agency mentioned that India's economy staged a strong rebound in 3Q21 (July-September) from the Delta variant-induced sharp contraction. "According to our estimate, GDP rose a sharp +11.4 per cent q-o-q in seasonally adjusted terms (calendar year), after slumping -12.4 per cent in 2Q21. However, the bounce was more subdued than we expected in September," it said.

It highlighted that the rebound in the services sector was weaker than hoped for. Nevertheless, business surveys and mobility data point to activity growing robustly in 4Q21 (October-December).

“Growth in the manufacturing sector is constrained by ongoing supply shortages, but we expect these supply bottlenecks to ease in the coming months. Carmakers are signalling a ramp-up of production while domestic coal production is increasing to make up for shortages. We expect the services sector to show a strong reading amid the lifting of most restrictions,” it said.

Talking about inflation, the agency expects headline inflation to average 4.9 per cent in 2022 and 4.2 per cent in 2023, from 5 per cent in 2021, amid moderate food inflation. “We still expect the RBI to start raising interest rates in 2022 by 75bp, beginning in 2Q22,” it said.

It also mentioned that still large negative output gap and inflation close to the midpoint target should allow the RBI to lag many other EM peers in the interest rate-normalisation process. However, the Central bank will continue to roll out liquidity withdrawal auctions to reduce excess liquidity in the banking system, it said.

Source: thehindubusinessline.com- Dec 08, 2021

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How will Indo Count benefit by acquiring the Home Textile business of GHCL?

Indo Count Industries was founded in the early 1990s and is one of India's largest home textiles manufacturers. It is one of India's leading manufacturers and exporters of bed sheets, bed linen, and quilts, as well as one of the top three bed sheet suppliers to the US.

The company has a diverse product portfolio in the premium segment, including sheet sets, fashion bedding, utility bedding, and institutional bedding.

In Kolhapur, the company operates a cutting-edge manufacturing facility with an annual bed linen processing capacity of 90 million metres. It sells its products through well-known retailers and currently exports to over 54 countries on five continents.

Indo Count Industries acquires GHCL's home textile division

GHCL Ltd., a textile-to-chemicals major company, announced on Monday(6th Dec 2021) the sale of its home textiles business to lndo Count Industries Ltd. for an amount of Rs.596 crore.

The news came after the company's Board of Directors approved the sale of its home textiles business, as well as the identified assets of its wholly owned subsidiary in the United States, Grace Home Fashions LLC.

The decision to divest the textiles division follows GHCL's ongoing process of demerger of the textiles business into GHCL Textiles Limited.

The company has been in the textile segment for the past 15 years, but it has not been a strategic fit for the company's growth.

The home textiles business will be transferred for a consideration of 539 crore, including 340 crore as fixed consideration and 199 crore towards net realizable current assets to be paid by lndo Count to GHCL, as part of the consolidated transaction worth 596 crore.

In addition, the GHF will transfer identified assets to lndo Count Global Inc., USA, an lndo Count subsidiary in the United States, for an agreed-upon consideration of 37 crore. Furthermore, the company expects to make a profit of 20 crore on its own account.

New demerger plans for GHCL

There are times when a diversified company chooses to focus on its core businesses while transferring its other business operations to a different company. This is the simple concept underlying a popular corporate restructuring activity known as demerger.

GHCL was no exception to this. Despite having different plans post demerger initially, where GHCL would demerge the business verticals but keep them under its control, they have changed this ongoing plan to selling the verticals to a different company in totality. The GHCL Board of Directors has approved the changes to demerge the entire textile business. They have proposed that the current scheme of demerger should be withdrawn for NCLT approval, and that the remaining textiles business, the spinning division, be demerged to GHCL Textiles Limited.

According to the company, this will have the same shareholding as GHCL Limited.

Companies' Managing Director Mr. RS Jalan said “GHCL intends to use the cash flow from the slump sale of Home Textile Business to focus on its core business, namely, chemical and spinning.”

The company expects to complete the slump-sale of Home Textile business by the end of March 2022, subject to regulatory, shareholder, and other approvals.

Why is Indo Count acquiring the textile business of GHCL?
According to CRISIL's analysis of 50 companies that account for more than 60% of such revenue, exporters of home textiles are on track to grow their revenue by 20% this fiscal year and thus gain a larger global market share.

The expansion will be fueled by three tailwinds: strong retail sales in the United States and a better outlook for the upcoming holiday season in export markets; a continued focus on health and hygiene; and large customers' use of the 'China plus one' sourcing strategy.

Exports account for 60% of the Indian home textiles industry's Rs.55,000 crore revenue per year, which includes terry towels, bed sheets/spreads, pillow covers, curtains, rugs, and carpets. The remainder is accounted for by domestic sales.

Home furnishing retail sales in the United States – a key export market that accounts for 55% of the Indian home textile sector's export revenue pie – increased 42% year on year in the first half of calendar 2021, compared to 15% growth in the corresponding pre-pandemic period of calendar 2019.

In addition, the 'China plus one' strategy is clearly in play. This is evident in a significant increase in India's share of US imports of cotton bed sheets and terry towels to 51% in the first eight months of calendar 2021, up from 46% in calendar 2020, while China's share has decreased to 16% from 20%.

How Indo Count will benefit by this acquisition?

Indo Count will be able to nearly double its capacity, making it the largest Home Textile Bedding company in the world, with an annual capacity of approximately 153 million meters.

Aside from that, Indo Count's joint capabilities such as Design, Innovation, and Products will help to reach a previously untapped range of customers, resulting in a gain in global market share. The topline of Indo Count could increase by Rs.1,300 – 1,500 crores per year.

Another advantage that comes to our mind is the export advantage that GHCL has because it serves the United Kingdom and Canada, two countries where Indo Count does not have a presence.

Keeping in mind the above key points, there is only one question that remains! Will the above mentioned acquisition help the company's stock reach new heights? Well, that is something we will have to wait and see.

Until then stay tuned for the next blog and keep watching this space for our midweek and weekend editions of 'Trending Stocks".

Source: blog.stockedge.com- Dec 08, 2021

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SIMA seeks free trade agreements to promote textile exports

Chairman of Southern India Mills' Association Ravi Sam met Minister for Commerce and Industry and Textiles Piyush Goyal in New Delhi on Tuesday and sought measures to improve textile exports.

Mr. Ravi Sam said he discussed in detail with the Minister the need for free trade agreements, reduction of hank yarn obligation, and the need to remove import duty on cotton.

The need to renegotiate bilateral agreements with neighbouring countries, electricity related matters, and revamping the Handloom Reservation Act were also discussed.

The Minister heard about the issues that were posing challenges to the industry and has promised required action, he said.

Mr. Ravi Sam appealed to Mr. Goyal, who is also the Minister for Consumer Affairs, Food and Public Distribution, to provide three godowns of Food Corporation of India near Muthanankulam, which are vacant, to Coimbatore Corporation to be converted into a theatre for contemporary arts and performing arts theatre.

Air connectivity

On Wednesday, Mr. Ravi Sam met the Minister for Civil Aviation Jyotiraditya Scindia and sought better air connectivity to Coimbatore. The Minister said that he would immediately look into connecting Coimbatore through Air India and Vistara flights and said that direct international flights would be permitted after runway expansion, he said.

Source: thehindu.com- Dec 09, 2021

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Adani Ports reverses decision to stop handling cargo from Iran, Afghanistan and Pakistan

Adani Ports and Special Economic Zone Ltd (APSEZ) has withdrawn its decision to stop handling export-import (EXIM) containerised cargo originating from Iran, Afghanistan and Pakistan at its ports that took effect from November 15.

The move followed representations from terminal operators, customs broker associations, vessel operators and importers to review the advisory issued on October 11, APSEZ said.

"Upon careful scrutiny, the discussions and the assurances from the concerned stakeholders regarding adherence to due compliances and with a view to ensure seamless trade, the advisory is hereby withdrawn with immediate effect," APSEZ said in a trade advisory issued on December 8.

India's biggest private port operator has come under pressure from government authorities to scrap the advisory that was issued in the wake of a huge heroin haul at Mundra port in Gujarat in September.

On November 10, the Customs Department asked APSEZ to "re-examine" its decision to stop handling export-import (EXIM) containerised cargo originating from Iran, Afghanistan and Pakistan at its ports.

"The advisory (issued by APSEZ) bears adverse impact on EXIM trade of the country and (is) contrary to the policy of the government of India," the Customs Department wrote in a 10 November communication to APSEZ following representations from trade that the decision was taken "unilaterally".

"Such restrictions of port specific import can be imposed only by the competent authority like Directorate General of Foreign Trade," it said while asking APSEZ to "re-examine" the issue to make policy for facilitating EXIM trade and be in consonance with the policies of the government.

"Port operators are supposed to provide their services on non-discriminatory basis. However, port restrictions provision can be exercised (only) by the competent authorities of the government of India, Ministry of Commerce, Directorate General of Foreign Trade," Sarbananda Sonowal, Union Minister of Ports, Shipping and Waterways wrote in a reply to a Parliament question in the Rajya Sabha on December 7.

On September 16, the Directorate of Revenue Intelligence seized 2,988.21 kg of heroin at Mundra Port. The heroin was found in two containers declared as stuffed with 'semi processed talc stones' that originated from Afghanistan and were shipped to Mundra via the Bandar Abbas port in Iran. The case is being pursued by the National Investigation Agency.

Source: fibre2fashion.com- Dec 07, 2021

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KPR Mill rallies 6%, hits record high on robust growth outlook

Shares of KPR Mill were up 6 per cent to Rs 562.40, hitting a record high on the BSE in Thursday's intra-day trade, on expectation of strong earnings growth. The stock of the company engaged in textiles and sugar business was trading higher for the fourth straight day, having rallied 11 per cent during the period. It surpassed its previous high of Rs 548.40 hit on November 9, 2021.

In the past 11 trading days, KPR Mill market price has surged 16 per cent after the company announced successful commissioning of its new 42 million garments production capacity at Chengapally, Tirupur district, Tamil Nadu on November 21, 2021. With this, the total Garment manufacturing capacity has increased to 157 million garments per annum, KPR Mill said.

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"Strategic plans have always been driving the growth of KPR and we hope that this expansion shall position us to meet the growing market opportunities and strengthen the bright prospects of KPR," the company had said.

For the first half (April-September) of the financial year 2021-22 (H1FY22), KPR Mill posted 137 per cent year on year (YoY) jump in its consolidated net profit at Rs 410 crore on the back of healthy operational performance. Revenue during the period grew 44.5 per cent YoY at Rs 2,166 crore. Earnings before interest, taxes, depreciation, and amortization (ebitda) margin also improved 730 basis point to 29 per cent from 21.7 per cent in H1FY21.

KPR Mill is one of the largest captive power generators in textile industry and 60 per cent of textile power requirement met through wind power. The company has invested in 40 MW co-gen power project. With co-gen power, KPR has attained self sufficiency in meeting its substantial power requirement throughout the year, the company said.

Further, the management indicated that the domestic yarn segment was witnessing strong demand. "Though cotton prices had moved up sharply, yarn prices also moved in tandem. We believe it would be able to pass on the input cost hike and maintain its margins as demand for cotton products continue to stay robust. The company expects to maintain margins in the range of 22-23 per cent in the yarn segment," the management said.

"Q2FY22 margins (~30 per cent) were significantly higher owing to low cost cotton inventory available with the company. The company further indicated it has cotton inventory for one more month. KPR would start buying new cotton soon and is evaluating the market scenario and would stock up cotton in the new cotton season. Normally the company keeps a cotton stock of around four to six months and buys cotton at the start of the season as the quality of the early arrival cotton is quite good," ICICI Securities said in result update.

KPR has two major capex projects in the pipeline worth Rs 750 crore towards garmenting facility (Rs 250 crore) and ethanol facility (Rs 500 crore). The capital deployment towards value accretive projects (targeted RoCE: garmenting: 30 per cent, ethanol: 22 per cent) augurs well for KPR. The robust opportunities in US market give strong visibility for sustained growth in exports (currently Europe is the key market for garment exports), the brokerage firm said and maintained a 'buy' rating on the stock with a target price of Rs 575.

Source: wap.business-standard.com- Dec 09, 2021

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This textiles company stock has zoomed 291% in 6 weeks since split

Shares of Raghuvir Synthetics were locked at the upper circuit for the 29th straight trading day, up 5 per cent at Rs 571.85 on the BSE on Thursday. Since October 28, 2021, in the past six weeks, the stock of the textiles company has zoomed 291 per cent after it turned ex-date for 1:10 stock split.

The company had fixed October 29, 2021 as the “record date” for the split/sub-division of equity shares of the company from face value of Rs 10 into 10 equity shares of Re 1 each (i.e. split of 1 equity share of Rs 10 into 10 equity shares of Re 1 each), which was approved by the board and shareholders in their respective meetings held on 10 August, 2021 and 15th September, 2021, respectively.

A stock split is generally undertaken to make the stock more affordable to small retail investors and increase liquidity. It refers to splitting the face value of shares, in which the number of shares of the company increases but the m-cap remains the same. Existing shares split, but the underlying value remains unchanged. As the number of shares increases, the price per share goes down.

As on September 30, 2021, Raghuvir Synthetics have total 3.87 million outstanding equity shares, shareholding pattern data shows. Of these, the promoters held 74.91 per cent or 29.02 million shares. The individual shareholders held 22.93 per cent stake, while the remaining 2.16 per cent are with bodies corporate (1.65 per cent) and others.

In the past three months, the stock price of Raghuvir Synthetics has surged 720 per cent, as compared to 0.28 per cent rise in the S&P BSE Sensex. Further, in the past six months, it zoomed a whopping 2,623 per cent as against 12.6 per cent gain in the benchmark index.

Currently, the stock is trading under ‘XT’ category on the BSE. XT consists of all those stocks which are only listed on BSE and are settled on a trade-to-trade basis. These stocks are not allowed for intraday trading.

Raghuvir Synthetics is engaged in the business to carry on all or any of the business of bleaching, dyeing, printing and processing work, finishing of cotton and blended of cotton textiles. The company operates as textile processing unit. The business of the company is to offer processing of fabrics.

To address industry challenges, the company has initiated for improvement several measures towards achieving organizational and operating efficiencies, alongside working on improvements in process and controls. The company said it has found export opportunities for the same line of textile products which they were doing Job work. The company has taken the lead towards the export in simultaneous with job work.

The above measure undertaken is expected to yield profits in measurable terms positive results in the coming years. While it is difficult to give precise figures, the above initiatives are expected to improve the financial performance of the Company, Raghuvir Synthetics said in the financial year 2020-21 (FY21) annual report.

Till 11:16 am; around 4,688 shares had changed hands on the BSE, as compared to an average 30,000 shares traded daily in in the past two weeks. There were pending buy orders for 106,202 shares on the BSE, exchange data showed.

Source: business-standard.com- Dec 09, 2021

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