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INTERNATIONAL NEWS

RCEP's impact on international trade will be significant: UNCTAD

A new Asia-Pacific free trade agreement set to enter into force on 1 January 2022 will create the world's largest trading bloc by economic size and significantly impact the international trade, according to a UNCTAD study published today. The economic size of the emerging bloc and its trade dynamism will make it a centre of gravity for global trade.

The Regional Comprehensive Economic Partnership (RCEP) includes 15 East Asian and Pacific nations of different economic sizes and stages of development. They are Australia, Brunei Darussalam, Cambodia, China, Indonesia, Japan, the Republic of Korea, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, Thailand and Vietnam.

The RCEP will become the largest trade agreement in the world as measured by the GDP of its members – almost of one third of the world's GDP. By comparison, other major regional trade agreements by share of global GDP are the South American trade bloc Mercosur (2.4 per cent), Africa's continental free trade area (2.9 per cent), the European Union (17.9 per cent) and the United States-Mexico-Canada agreement (28 per cent).

Amid COVID-19, the entry into force of the RCEP can also promote trade resilience. Recent UNCTAD research shows that trade within such agreements has been relatively more resilient against the pandemic-induced global trade downturn.

The agreement encompasses several areas of cooperation, with tariff concessions a central principle. It will eliminate 90 per cent of tariffs within the bloc, and these concessions are key in understanding the initial impacts of the RCEP on trade, both inside and outside the bloc.

Under the RCEP framework, trade liberalisation will be achieved through gradual tariff reductions. While many tariffs will be abolished immediately, others will be reduced gradually during a 20-year period.

Trade between the bloc's 15 economies was already worth about $2.3 trillion in 2019, and UNCTAD's analysis shows the agreement's tariff concessions could further boost exports within the newly formed alliance by nearly 2 per cent, or approximately $42 billion. This would result from trade creation – as lower tariffs would stimulate trade between members by nearly $17 billion – and trade diversion – as lower tariffs within the RCEP would redirect trade valued at nearly $25 billion away from non-members to members.

Tariff concessions are expected to produce higher trade effects for the largest economies of the bloc, not because of negotiations asymmetries, but largely due to the already low tariffs between many of the other RCEP members.

UNCTAD's analysis shows Japan would benefit the most from RCEP tariff concessions, largely because of trade diversion effects. The country's exports are expected to rise by about $20 billion, an increase equivalent to about 5.5 per cent relative to its exports to RCEP members in 2019.

The report also finds substantial positive effects for the exports of most other economies, including Australia, China, the Republic of Korea and New Zealand. On the other hand, calculations show RCEP tariff concessions may end up lowering exports for Cambodia, Indonesia, the Philippines and Vietnam.

This would stem primarily from the negative trade diversion effects as some exports of these economies are expected to be diverted to the advantage of other RCEP members because of differences in the magnitude of tariff concessions, according to the report.

The report notes, however, that the overall negative effects for some of the RCEP members don't imply that they would have been better off by remaining outside of the RCEP agreement. Trade diversion effects would have accrued, nonetheless.

Source: fibre2fashion.com– Dec 15, 2021

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Asia-Pacific Partnership Creates New Global Trade 'Center of Gravity'

A new Asia-Pacific free trade agreement set to enter into force on Jan. 1 will create the world's largest trading bloc by economic size, according to a United Nations Conference on Trade and Development (UNCTAD) study published on Wednesday.

The Regional Comprehensive Economic Partnership (RCEP) includes 15 East Asian and Pacific nations of different economic sizes and stages of development. They are Australia, Brunei Darussalam, Cambodia, China, Indonesia, Japan, South Korea, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, Thailand and Vietnam.

The RCEP will become the largest trade agreement in the world as measured by the gross domestic product (GDP) of its members and nearly one-third of the world's GDP. By comparison, other major regional trade agreements by share of global GDP are the United States-Mexico-Canada agreement at 28 percent, the European Union at 17.9 percent, Africa's continental free trade area at 2.9 percent and the South American trade bloc Mercosur at 2.4 percent, Africa's continental free trade area at 2.9 percent.

UNCTAD's analysis shows that the RCEP's impact on international trade is likely to be significant.

"The economic size of the emerging bloc and its trade dynamism will make it a center of gravity for global trade," the report said.

Amid Covid-19, the RCEP's entry into force can also promote trade resilience, according to the report. Recent UNCTAD research shows that trade within such agreements has been relatively more resilient against the pandemic-induced global trade downturn.

The agreement encompasses several areas of cooperation, with tariff concessions a central principle. It will eliminate 90 percent of tariffs within the bloc, and these concessions are key in understanding the initial impacts of the RCEP on trade, both inside and outside the bloc, UNCTAD noted.

Under the RCEP framework, trade liberalization will be achieved through gradual tariff reductions. While many tariffs will be abolished immediately, others will be gradually reduced during a 20-year period.

The tariffs that remain in force will be mainly limited to specific products in strategic sectors, such as agriculture and the automotive industry, in which many of the RCEP members have opted out from trade liberalization commitments. Trade between the bloc's 15 economies was already worth about $2.3 trillion in 2019 and UNCTAD's analysis shows the agreement's tariff concessions could further boost exports within the newly formed alliance nearly 2 percent or approximately $42 billion.

This would result from trade creation, as lower tariffs would stimulate trade between members by nearly $17 billion, and trade diversion–as lower tariffs within the RCEP would redirect trade valued at nearly $25 billion away from non-members to members.

The report highlights that the RCEP members are expected to benefit to varying extents from the agreement. Tariff concessions are expected to produce higher trade effects for the largest economies of the bloc, largely due to the already low tariffs between many of the other RCEP members.

UNCTAD's analysis shows Japan would benefit the most from RCEP tariff concessions, largely because of trade diversion effects. The country's exports are expected to rise about $20 billion, an increase equivalent to about 5.5 percent relative to its exports to RCEP members in 2019.

The report also finds substantial positive effects for the exports of most other economies, including Australia, China, South Korea and New Zealand. On the other hand, calculations show RCEP tariff concessions may end up lowering exports for Cambodia, Indonesia, the Philippines and Vietnam.

This would stem primarily from the negative trade diversion effects, the report said, as some exports of these economies are expected to be diverted to the advantage of other RCEP members due to differences in the magnitude of tariff concessions.

For example, some of the imports to China from Vietnam will be replaced by imports from Japan thanks to stronger tariff liberalization between China and Japan. The report notes, however, that the overall negative effects for some of the RCEP members don't imply that they would have been better off by remaining outside of the RCEP agreement. Trade diversion effects would have accrued either way.

"Even without considering the other benefits of the RCEP agreement besides tariff concessions, the trade creation effects associated with participation in RCEP softens the negative trade diversion effects," the report said.

As an example, it cites Thailand, where trade creation effects completely compensate for the negative trade diversion effects.

Overall, the report found that the entire region will benefit from RCEP's tariff concessions, with most of these gains resulting from trade diverted away from non-members.

"As the process of integration of RCEP members goes further, these diversion effects could be magnified, a factor that should not be underestimated by non-RCEP members," the report added.

Source: sourcingjournal.com– Dec 15, 2021

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Global trade growth strong during 2021: UNCTAD Global Trade Outlook

Global trade growth remained strong during 2021 and the value of global trade in goods continued to increase during each quarter this year, according to the Global Trade Outlook released by the United Nations Conference on Trade and Development (UNCTAD). The recovery has been more muted for trade in services, which remains below its 2019 levels.

In 2021, the value of global trade in goods and services is expected to increase by about US$ 5.2 trillion relative to 2020, and by about $2.8 trillion relative to 2019, the equivalent of an increase of about 23 per cent and 11 per cent respectively.

Although global trade is stabilising, quarter-over-quarter trade growth was still positive in the third quarter (Q3). The value of global trade in goods and services added about 1 per cent to the already high level of the previous quarter.

Global trade growth was about 24 per cent in Q3 on a year-over-year (YoY) basis, significantly higher than pre-pandemic levels, with an increase of about 13 per cent relative to Q3 2019.

Valued at about $5.6 trillion, the global trade in goods set a new all-time record in Q3 2021. Trade in services stood at about $ 1.5 trillion. The quarter-over-quarter growth of trade in goods was about 0.7 per cent, while that of services was about 2.5 per cent.

On a YoY basis, the trade growth rate for goods remains substantially higher than for services (22 per cent versus 6 per cent). Both the trend of a slower growth for the trade in goods, as well as a more positive trend for services, will probably continue in Q4.

Trade in goods is expected to remain constant at about $5.6 trillion in Q4 2021, while the trade in services will likely continue to slowly recover. Trade in goods is projected to reach a record level of $22 trillion in 2021. Trade in services should be valued about $6 trillion in 2021, still slightly below its pre-pandemic level, UNCTAD said in its report.

However, the forecast for 2022 remains very uncertain due to several factors, including slowing economic recovery, disruptions of logistic networks and increases in shipping costs, global semiconductor shortage, geopolitical factors and the regionalisation of trade flows, and governmental policies affecting international trade.

Source: fibre2fashion.com– Dec 16, 2021

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World Bank projects 2.2% economic growth for Cambodia in 2021

The World Bank recently projected Cambodia's economic growth at 2.2 per cent for 2021, impeded by slow growth in services. The traditional growth drivers—the garment, travel goods, footwear and bicycle industries, as well as agriculture—are underpinning the economic recovery, according to 'Living with COVID-19', the bank's latest economic update for Cambodia.

Despite recovery in manufacturing exports and expansion of agricultural commodity exports, the trade deficit has significantly widened due to rising imports of a few items, especially gold, used for savings, the report said.

"As we all know, Cambodia is now living with COVID-19 and very large numbers of populations have been vaccinated and the government began reopening the country for business, while continuing to enforce protective health measures," said World Bank country manager for Cambodia Maryam Salim in a press release.

"At the World Bank, we are preparing a Performance and Learning Review that will allow us to further strengthen and align our partnership with Cambodia as the country strives to achieve a resilient recovery from the impact of the COVID-19 pandemic," Salim added.

However, growth is projected to reach 4.5 per cent in 2022, but any renewed spread of the virus could put the recovery at risk, stated the report.

To jump start the economic recovery, the report recommends key reforms areas, including, clear rules and regulations on living with COVID-19 under the 'new normal', regulatory and fiscal measures that support revival in the tourism sector, and prompt introduction of regulations to implement the new investment law.

It also says as the economic recovery takes shape, Cambodia can then start rebuilding its fiscal space and continues to monitor asset quality and improve confidence in the banking system.

Source: fibre2fashion.com– Dec 15, 2021

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China to take necessary steps if US bans imports from Xinjiang: MOC

Opposing the US plan to ban imports of products from the Xinjiang Uygur Autonomous Region (XUAR), China's ministry of commerce (MOC) recently said it will take necessary measures to protect its lawful rights and interests. The US plan to ban such imports through domestic legislation and in the name of human rights is 'an act of unilateralism, protectionism and bullying', MOC spokesperson Gao Feng told a press briefing.

The US decision, which disregards facts, goes entirely against the principles of the World Trade Organisation, seriously undermines international economic and trade order as well as free trade rules, and will gravely hurt the interests of enterprises and consumers from both countries, Gao was quoted as saying by official Chinese media.

The sanction will severely damage the fundamental human rights of all ethnic groups in Xinjiang, such as the right to subsistence and development, Gao said, warning that the decision will also exacerbate the strain on the global supply chain and affect global economic recovery.

Source: fibre2fashion.com– Dec 15, 2021

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China eyes opportunity in Pakistan's textile sector

Vice President of China Chamber of Commerce for Import and Export of Textiles (CCCT), Zhang Xi'an said on Wednesday that both China and Pakistan enjoy their own competitive edge in the textile and garment sector and Chinese businessmen are willing to strengthen trade and investment cooperation with Pakistan in the textile industry.

Bilateral trade has been increased since the second phase of the China-Pakistan Free Trade Agreement came into effect in 2020, and more Pakistani products have been able to enter the Chinese market. Tariffs on some 75 percent of goods from both sides have been gradually reduced to zero since 2020, which has provided access to China for more high-quality products from Pakistan.

"This agreement is not only a turning point for China-Pakistan trade and economic cooperation but also a new opportunity for China-Pakistan textile industry cooperation," Zhang said in an interview with China Economic Net (CEN).

"On the one hand, China's textile industry has accelerated the pace of investment all over the world these years. On the other hand, Pakistan has also provided incentives for Chinese enterprises investing in Pakistan," he explained.

For example, in order to highlight to Chinese investors, the comparative advantage of Pakistan's textile sector, CPEC Authority on December 1, organized a meeting with CCCT and leading Chinese textile companies and investors.

Zhang Xi'an pinpointed the potential for China-Pakistan cooperation in textile. Take home textiles for instance. Pakistan is a major cotton producer in the world with a long history. In 2020, Pakistan exported home textiles worth $3.8 billion, accounting for 28pc of its total textile and garment exports.

Pakistan is the third-largest supplier of home textile products to the United States and the second-largest supplier to the European Union. It occupies an important position in the supply chain of the international home textile industry and has a high share in the international home textile market with strong competitiveness. "China is willing to share advanced technology, and experience in research, design, manufacturing, management, marketing and brand building with our iron-clad brother Pakistan," Zhang Xi'an informed, adding that Pakistan enjoys a cost-effective raw material supply and abundant human resources, therefore both sides can step up cooperation in trade, investment and resource integration, and jointly explore international markets.

Established in October 1988, the China Chamber of Commerce for Import and Export of Textiles (CCCT), as part of the Ministry of Commerce, China, is the largest textile and apparel trade agency both in China and the world.

Its member companies comprise the majority of Chinese textile and apparel enterprises incorporating domestic manufacturers, export and import enterprises as well as jointly-funded operations, the trade volume of which accounts for 70pc of the total export and import volume of the Chinese textile and apparel industry as a whole.

Source: dailytimes.com.pk– Dec 16, 2021

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Vietnam's textile-garment sector may lose out if ignores green rules

Vietnam runs the risk of losing orders from global clothing brands if domestic textile and garment manufacturers do not incorporate changes in line with sustainable and greener production, better energy conservation and higher responsibility for environment, a seminar co-hosted by the Vietnam Textile and Apparel Association (VITAS) and the WWF was told recently.

As global brands now favour 'green businesses' in Vietnam, polluting manufacturers may face the heat.

More than 250 global fashion brands have set standards and codes of conduct responsible to the environment applicable to their suppliers.

Vietnamese garment businesses are therefore expected to comply with green production, which will help them do business more effectively, generate higher profit and sustain growth rates. Garment factories are supposed to save energy and water, use environment-friendly materials and fulfill their corporate social responsibility.

VITAS sustainable development board head Tran Nhu Tung said most of the enterprises involved in the garment supply chain formed by global fashion brands have adopted the green requirements for production, such as assuming their corporate social responsibility, being friendly to the environment and cutting emissions, according to a Vietnamese newspaper report.

For the immediate future, the implementation of sustainable development criteria may be a challenge to domestic garment manufacturers as these criteria require huge investment and personnel. However, in the long run, argued Tung, the credibility and brand value of the business in question will be better.

Source: fibre2fashion.com– Dec 15, 2021

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Pakistan: Exports of value-added textiles post double-digit growth

Eight export-oriented sectors including value-added textiles posted double-digit growth in November compared to the same month a year ago, data compiled by the Ministry of Commerce showed on Wednesday.

Growth in the value-added sectors contributed to an increase in overall exports from the sectors. Highest-ever depreciation of the rupee against the dollar and greater demand from the international market are reasons behind the growth in these export-oriented sectors.

The upward trend in exports of value-added sectors was seen for the past few consecutive months. In November, the total exports' proceeds from the country reached $2.884 billion, up by 32.84 per cent from $2.171bn over the same period last year.

Exports of home textile products were up by 34pc to $465 million in November against $347m over the last year, followed by a 33pc increase in men's garments to $446m against $335m last year. An increase of 68pc in jerseys and cardigans exports to $86m was noted against $52m over the corresponding month last year.

Exports of women's garments posted an increase of 34pc to $83m in November against $62m over the corresponding month of last year, followed by 24pc increase in export of leather apparel to $70m against $56m over the last year. An increase of 127pc was noted in the export of fruits and vegetables to $63m against $28m over the last year. Cement exports were up by 193pc to $53m in November against $18m last year.

Exports of plastics posted a negative growth of 34pc to $46m against $69m from a year ago. A 5pc decline in exports of surgical instruments to $38m against $40m was observed over the corresponding month of last year. A decline of 7pc in meat exports to $30m from $32m a year ago was noted. A drop of 43pc in export of furniture to $2m from $4m was observed from a year ago.

According to the data, the United States of America, China, United Arab Emirates and Netherlands remained the top destinations of Pakistan's exports during the month of November from a year ago.

Pakistan exports to the US posted growth of 48pc to $634m in November against $428m over the corresponding month of last year, followed by 30pc increase to China as it stood at $353m this year against $273m over the last year and 96pc increase to the UAE as it stood at $145m against $74m.

The export value to the Bangladesh increased by 87pc to $90m this year against $48m over last year, followed by an increase of 30pc to Germany as it reached $166m against $128m over the last year. Exports to Sri Lanka increased 185pc to $52m against $18m last year. Exports to Belgium went up 68pc to reach $76m against $45m over last year. Exports to Malaysia increased 220pc to $39m against $12m while exports to Italy went up 40pc to $93m against $66m.

In November, Pakistan's exports declined 11pc to Afghanistan as it stood at $71m against $80m, 12pc to Indonesia to $17m from $19m, a decline of 65pc to Vietnam to $12m from $34m, and 24pc to Ukraine to $4m from $6m.

Source: dawn.com– Dec 16, 2021

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NATIONAL NEWS

REGIONAL TRADE AGREEMENTS

India is actively negotiating Regional Trade Agreements (RTAs)/Free Trade Agreements (FTAs) with the following countries/regions :

Sl.	Countries/Regions	Name of the Agreement
1	UAE	India-UAE CEPA
2	Australia	India - Australia Comprehensive Economic Cooperation Agreement (CECA)
3	Canada	India – Canada Comprehensive Economic Partnership Agreement
4	Israel	India – Israel Free Trade Agreement (FTA)
5	United Kingdom	India-UK Enhanced Trade Partnership (ETP)
6	Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia	India-Eurasian Economic Union (EAEU) Free Trade Agreement (FTA)
7	European Union	India - EU Broad Based Trade and Investment Agreement (BTIA)
8	South Africa, Botswana, Lesotho, Swaziland and Namibia	India - SACU PTA

India has signed 11 RTAs/FTAs with various countries/regions namely, Japan, South Korea, Mauritius, countries of ASEAN region and countries of South Asian Association for Regional Cooperation.

India’s merchandise exports to these countries/regions have registered a growth of 20.75% in the last five years. As regards India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA), as this has been implemented w.e.f. 01-04-2021, it is too early to calculate quantifiable benefits. The following table gives country/region wise merchandise export details:

As per the FDI data maintained by the Department for Promotion of Industry and Internal Trade (DPIIT), the cumulative investment received from the above countries/regions in the last 5 years (between October 2016 and September 2021) is to the tune of US$ 89.46 Billion. However, it is not possible to ascertain if investment from a country has taken place due to signing of an RTA or any other reason(s).

RTA partner countries/Region wise India's exports Values in US$ billion			
India RTA partner Countries/region	**Names of RTAs**	**Export in FY 2016**	**Export in FY 2021**
ASEAN	India-ASEAN FTA India-Singapore CECA India-Malaysia CECA India-Thailand FTA - Early Harvest Scheme (EHS)	25.13	31.49
Japan	India-Japan CEPA	4.66	4.43
South Korea	India-South Korea CEPA	3.52	4.68
SAFTA	Agreement on SAFTA India-Sri Lanka FTA India-Nepal Treaty of Trade India-Bhutan Agreement on Trade, Commerce and Transit	18.60	22.08
Mauritius	India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA)	It is too early to calculate quantifiable benefits for this RTA, as it was implemented only w.e.f. 10.04.2021.	

Source: Directorate General of Commercial Intelligence and Statistics (DGCI&S)

Review of RTAs/FTAs with South Korea, ASEAN and Singapore is under consideration.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Smt. Anupriya Patel, in a written reply in the Lok Sabha today.

Source: pib.gov.in- Dec 15, 2021

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PRESIDENT OF INDIA IN BANGLADESH; ATTENDS BILATERAL MEETINGS

The President of India, Shri Ram Nath Kovind, landed at the Hazrat Shahjalal International Airport in Dhaka this morning (December 15, 2021) where he was received by Mr Mohammad Abdul Hamid, the President of Bangladesh himself. President Kovind is on a three-day state visit to Bangladesh from December 15 to 17, 2021, which is his first state visit since the outbreak of the COVID pandemic.

The President was accorded a ceremonial welcome and given Guard of Honour at the Airport. Thereafter, he visited the National Martyrs' Memorial in Savar and paid tributes to the martyrs of the Liberation War of Bangladesh. Subsequently, he visited Bangabandhu Memorial Museum at 32 Dhanmondi where he paid homage to Bangabandhu Sheikh Mujibur Rahman, the Father of the nation of Bangladesh.

In the afternoon, the President met the political leadership of Bangladesh – President Mohammad Abdul Hamid, Prime Minister Sheikh Hasina and Foreign Minister Dr AK Abdul Momen.

In these meetings, the President congratulated the government and people of Bangladesh on the historic occasion of Mujib Borsho, 50th anniversary of liberation of Bangladesh and 50 years of India-Bangladesh bilateral relations. He said that the Liberation War of Bangladesh was an inspiring episode in recent history and India was honoured to be the part of it. He said that, 50 years ago, India and Bangladesh began a special friendship which was laid in commonalities of language, kinship, religion and cultural ethos as well as mutual respect.

The President reiterated that Bangladesh has a special place in India's 'neighbourhood first' policy. He said that India's development partnership with Bangladesh is one of the most comprehensive and wide-ranging ones. At the same time, our relationship is mature enough to handle most complex of problems.

Speaking about the trade and connectivity, the President said that connectivity forms an important pillar of India-Bangladesh relations. The two countries have much to gain from their geographical proximity. He was happy to note that Bangladesh is one of India's largest trade partners. He said that India looks forward to a more organised and seamless trade between the two countries. He noted that there is a lot of scope in partnering in areas like space, nuclear technology, defence, pharmaceuticals and other advanced science and technology field. He said that a formal 'Comprehensive Economic Partnership Agreement' would give a significant boost to the two-way trade.

Pointing to the cooperation between India and Bangladesh during the Covid pandemic, the President appreciated the support received from Bangladesh during the pandemic. He was happy to note that Bangladesh was one of the first countries to receive vaccines from India and also the largest recipient of made-in-India vaccines.

Speaking about cooperation on multilateral fora, the President said that India and Bangladesh have a broad agenda of issues and common concern, especially pertaining to South Asia which would require closer cooperation.

Later in the evening, the President attended a banquet hosted in his honour by the President of Bangladesh at Bangabhaban.

Tomorrow, the President will witness the Victory Day parade and attend the Victory Day reception hosted by the President of Bangladesh to mark the conclusion of "Mujib Borsho" celebrations.

Source: pib.gov.in- Dec 15, 2021

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Exports up 27% in November but trade deficit hits record

Merchandise exports rose 27.2% in November from a year before but an almost 57% surge in imports inflated trade deficit to a record $22.9 billion last month, according to the provisional estimate released by the commerce ministry on Tuesday.

The November deficit is not just double the level witnessed a year before, but also significantly higher than the November 2019 mark. This is a "cause for concern regarding the implications for the size of the current account deficit (CAD) in the second half of this fiscal", according to ICRA chief economist Aditi Nayar.

She forecast the CAD to widen to $25-30 billion in the third quarter itself, exceeding the full-year deficit recorded in the pre-pandemic year of FY20. Still, it would remain well within control, said a senior government official.

Having hit a monthly record of $35.7 billion in October, merchandise exports dropped to $30 billion in November, as fresh supply bottlenecks across the globe, including a spike in shipping costs and container shortage, hurt exporters' ability to ship out.

Nevertheless, exports registered a 16.6% rise from the pre-pandemic (same month in FY20) level to $30 billion. However, imports shot up by 37.4% from the pre-Covid level to $52.9 billion.

Of course, imports were driven partly by a spill-over of pent-up domestic demand that remained mostly muted in the wake of the pandemic. But import bill was greatly inflated by elevated global crude oil prices and massive purchases of coal, cooking oil and gold.

Importantly, if the emergence of a new Covid variant in South Africa spread rapidly to other countries, especially a key market like Europe, the growth momentum, witnessed in merchandise exports in recent months, could come under pressure.

Exports this fiscal have been supported by strong order flow from key markets such as the US and China, thanks to an industrial resurgence there and elevated global commodity prices.

Imports of coal, coke and briquettes jumped 136%, while those of petroleum products shot up by 132%. Vegetable oil imports rose by 79%, while gold imports continued to rise at a fast pace, by 40%. Of course, base effect, too, remained unfavourable.

A Sakthivel, president of the exporters' body FIEO, said while the government has announced a slew of measures to support exports, "the need of the hour is to soon announce extension of the interest equalisation scheme and allow transfer of MEIS".

He called for necessary support if the new Covid variant spreads. These steps could include augmenting the flow of liquidity and setting up a regulatory authority to seek justification of imposition of various charges by the shipping lines, among others, he said.

Source: financialexpress.com- Dec 15, 2021

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PRIVATE INVESTMENT IN INDUSTRY

Investment Promotion activities are carried out by Government to attract more investments in the country. As a part of steps being taken to improve private interest and investment, 'Make in India' initiative was launched on September 25, 2014, to facilitate investment, foster innovation, building best in class infrastructure, and making India a hub for manufacturing, design, and innovation. Investment outreach is being done through Ministries, State Governments and Indian Missions abroad for enhancing international cooperation for promoting Domestic and Foreign Direct Investment (FDI) in the country.

In addition to ongoing schemes of various Departments and Ministries, Government has taken various other steps to boost domestic and foreign investments in India. These include reduction in Corporate Tax Rates, easing liquidity problems of NBFCs and Banks, improving Ease of Doing Business, FDI Policy reforms, Reduction in Compliance Burden, policy measures to boost domestic manufacturing through Public Procurement Orders, Phased Manufacturing Programme (PMP), Schemes for Production Linked Incentives (PLI) of various Ministries. To facilitate investments, measures such as India Industrial Land Bank (IILB), Industrial Park Rating System (IPRS), soft launch of the National Single Window System (NSWS), National Infrastructure Pipeline (NIP), National Monetisation Pipeline (NMP), etc, have also been put in place.

India registered its highest ever annual FDI inflow of US$ 81.97 billion (provisional figures) in the financial year 2020-21 despite the COVID related disruptions. In the last seven financial years (2014-21), India has received FDI inflow worth US$ 440.27 billion which is nearly 58 percent of the FDI reported in the last 21 years (US$ 763.83 billion). These trends in India's FDI are an endorsement of the country's status as a preferred investment destination amongst global investors.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri Som Parkash, in a written reply in the Lok Sabha today.

Source: pib.gov.in- Dec 15, 2021

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SHARE OF EXPORTS IN GDP

Government has been facilitating, monitoring, assisting and channelizing efforts to increase the exports and thereby its share in GDP through a target-driven approach by engaging all stakeholders, across states and districts.

Despite the pandemic, the share of India's total exports (Good & Services) to GDP was 18.7% in 2020-21, which is already above 15 percent. Exports have performed remarkably well in the current financial year with the share of exports to GDP at 21.7 percent in the first half (April to September) of 2021-22.

The following are some of the steps taken by Department of Commerce to increase exports and thereby its share in GDP:

1. 'Districts as Export Hubs'(DEH) Initiative under which products and services with export potential have been identified in all districts of the country. An institutional mechanism has been set up in each District in the form of District Export Promotion Committees (DEPCs). The primary function of the DEPC is to prepare and act on District Specific Export Action Plans in collaboration with all the relevant stakeholders from the Centre, State and District levels.

2. A Central Sector Scheme 'Transport and Marketing Assistance (TMA) for Specified Agriculture Products' for providing assistance for the international component of freight, to mitigate the freight disadvantage for the export of agriculture products, and marketing of agricultural products, is under implementation.

3. Market Access Initiative (MAI) Scheme is an Export Promotion Scheme envisaged to act as a catalyst to promote India's exports on a sustained basis. The scheme is formulated on focus product-focus country approach to evolve specific market and specific product through market studies/survey. Assistance would be provided to Export Promotion Organizations/Trade Promotion Organizations/National Level Institutions/ Research Institutions/Universities/Laboratories, Exporters etc., for enhancement of exports through accessing new markets or through increasing the share in the existing markets.

4. In addition, assistance to the exporters of agricultural products is also available under the Export Promotion Schemes of Agricultural & Processed Food Products Export Development Authority (APEDA), Marine Products Export Development Authority (MPEDA), Tobacco Board, Tea Board, Coffee Board, Rubber Board and Spices Board.

5. Trade Infrastructure for Export Scheme (TIES) is operational from FY 2017-18 with the objective of assisting Central and State Government agencies for creation of appropriate infrastructure for growth of exports.

6. The Government has introduced the Remission of Duties and Taxes on Exported Products (RoDTEP). This scheme seeks remission of Central, State and Local duties/taxes/levies at different stages at the Central, State and local level, which are incurred in the process of manufacture and distribution of exported products, but are currently not being refunded under any other duty remission scheme.

7. Common Digital Platform for Certificate of Origin to facilitate trade and increase FTA utilization by exporters.

8. EPCs, Commodity Boards and India's mission abroad are actively promoting India's trade, tourism, technology and investment goals.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Smt. Anupriya Patel, in a written reply in the Lok Sabha today.

Source: pib.gov.in- Dec 15, 2021

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MAKING INDIA A PRODUCTION HUB

Various initiatives/schemes have been launched by Government for promoting growth and attracting investment in India. The **Make in India** programme was launched on 25th September, 2014 with aim of facilitating enhanced investment, foster innovation, build best in class infrastructure, and make India a hub for manufacturing, design, and innovation. Continuous efforts are made under Investment Facilitation and Outreach for implementation of Make in India action plans to identify potential investors, support Indian Missions abroad and State Governments for organizing events, summits, road-shows and other promotional activities to attract investments in the country.

Measures have been taken to improve the country's investment climate, as a result of which India jumped to 63rd place in World Bank's **Ease of Doing Business** [EODB] ranking as per World Bank's Doing Business Report (DBR) 2020 from a rank of 142 in 2014. Department for Promotion of Industry and Internal Trade (DPIIT), in consultation with the State Governments, has also started a comprehensive reform exercise in States and UTs in December 2014. Under **Business Reforms Action Plan** (BRAP), all States/UTs in the country are ranked on the basis of reforms implemented by them on designated parameters. This exercise has helped in improving business environment across States.

An **Empowered Group of Secretaries** has been constituted to fast track investments in the country. Similarly **Project Development Cells** (PDCs) have been set up across Central Government Ministries / Departments to handhold investors and spur sectoral and economic growth. Further, a **GIS-enabled India Industrial Land Bank** has been launched to help investors identify their preferred location for investment. National Single Widow System (NSWS) has also been soft launched in September, 2021 to facilitate clearances for investors.

Keeping in view India's vision of becoming 'Atmanirbhar' and to enhance India's manufacturing capabilities and exports, an outlay of INR 1.97 lakh crore (over US$ 26 billion) has been announced in Union Budget 2021-22 for **Production Linked Incentives (PLI) schemes** for 14 key sectors of manufacturing starting from fiscal year (FY) 2021-22. With the announcement of PLI Schemes, significant creation of production, employment, and economic growth is expected over the next 5 years and more.

Measures taken by the Government including on FDI Policy reforms have resulted in **increased FDI inflows** in the country year after year. India registered its highest ever annual FDI inflow of US$ 81.97 billion (provisional figures) in the financial year 2020-21 despite the COVID related disruptions.

These trends in India's FDI are an endorsement of its status as a preferred investment destination amongst global investors. In the last seven financial years (2014-21), India has received FDI inflow worth US$ 440.27 billion which is nearly 58 percent of the FDI reported in the last 21 years (US$ 763.83 billion). This indicates increasing inclination of global companies to set up their business in India.

Government has taken **various other steps** in addition to ongoing schemes to boost domestic and foreign investments in India. These include measures to reduce compliance burden for industry, National Infrastructure Pipeline, Reduction in Corporate Tax, Easing liquidity problems of NBFCs and Banks, Policy measures to boost domestic manufacturing through Public Procurement Orders, Phased Manufacturing Programme (PMP), and Schemes for Production Linked Incentives (PLI) of various Ministries, India Industrial Land Bank, Industrial Park Rating System etc. With the announcement of PLI Schemes, significant creation of production, employment, and economic growth is expected over the next 5 years and more.

Besides the above, activities are also undertaken through schemes/ programmes, by several Central Government Ministries / Departments and various State Governments from time to time. The details of these measures are not centrally maintained by Department for Promotion of Industry and Internal Trade.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri Som Parkash, in a written reply in the Lok Sabha today.

Source: pib.gov.in- Dec 15, 2021

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IMPACT OF COVID-19 ON EXPORTS

India's merchandise exports in April-November 2021 was USD 263.78 billion which is 65.95% of export target of USD 400 billion for 2021-22, while till October 2021, merchandise exports was USD 233.90 billion.

Government has increased the present period of realization and repatriation of the amount representing the full export value of goods or software or services exported from nine months to fifteen months from the date of export, for the exports made up to or on July 31, 2020.

In addition, the Government has taken the following measures to boost exports throughout the country, including Gujarat:

1. The mid-term review (2017) of the Foreign Trade Policy (2015-20) was carried out and corrective measures were undertaken.
2. Foreign Trade Policy (2015-20) extended by one year i.e. upto 31-3-2022 due to the COVID-19 pandemic situation.
3. Assistance provided through several schemes to promote exports, namely, Trade Infrastructure for Export Scheme (TIES) and Market Access Initiatives (MAI) Scheme.
4. A Central Sector Scheme –'Transport and Marketing Assistance for Specified Agriculture Products'–for providing assistance for the international component of freight to mitigate the freight disadvantage for the export of agriculture products.
5. Remission of Duties and Taxes on Exported Products (RoDTEP) scheme and Rebate of State and Central Levies and Taxes (RoSCTL) Scheme have been launched with effect from 01.01.2021.
6. Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase Free Trade Agreement (FTA) utilization by exporters.
7. Promoting and diversifying services exports by pursuing specific action plans for the 12 Champion Services Sectors.
8. Promoting districts as export hubs by identifying products with export potential in each district, addressing bottlenecks for exporting these

products and supporting local exporters/manufacturers to generate employment in the district.

9. Active role of Indian missions abroad towards promoting India's trade, tourism, technology and investment goals has been enhanced.

10. Package announced in light of the COVID pandemic to support domestic industry through various banking and financial sector relief measures, especially for MSMEs, which constitute a major share in exports.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Smt. Anupriya Patel, in a written reply in the Lok Sabha today.

Source: pib.gov.in- Dec 15, 2021

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FOREIGN DIRECT INVESTMENT

During the last seven financial years, Foreign Direct Investment (FDI) inflows worth US$ 440.26 billion have been reported in India. FDI inflow in India stood at US$ 45.15 billion in 2014-2015 and has increased since then. The financial year wise details are as under:

S. No.	Financial Year	Amount of FDI inflows (in US$ billions)
1.	2014-15	**45.15**
2.	2015-16	**55.56**
3.	2016-17	**60.22**
4.	2017-18	**60.97**
5.	2018-19	**62.00**
6.	2019-20	**74.39**
7.	2020-21	**81.97**

To promote Foreign Direct Investment (FDI), the Government has put in place an investor-friendly policy, wherein except for a few sectors, most sectors are open for 100% FDI under the Automatic route.

Further, the policy on FDI is reviewed on an ongoing basis, to ensure that India remains attractive & investor friendly destination. Changes are made in the policy after having consultations with stakeholders including apex industry chambers, Associations, representatives of industries/groups and other organizations.

Government has recently undertaken a number of reforms across sectors. In the last one year alone, reforms in the FDI policy have been undertaken in sectors such as Insurance, Defence, Petroleum & Natural Gas, Telecom, etc.

Foreign Direct Investment inflows serve to augment domestic investments, promotes industrial development and employment generation across sectors and ancillary industries.

Further, such investments bring international best practices and latest technologies which facilitate in skill development, export promotion and improvement of overall competitiveness of economy leading to overall economic growth and development in the country.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri Som Parkash, in a written reply in the Lok Sabha today.

Source: pib.gov.in- Dec 15, 2021

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SAMARTH scheme supports skilled manpower requirement in textile sector

The Government had introduced Textile Workers Rehabilitation Fund Scheme (TWRFS) with effect from 15.09.1986 to provide relief to the workers rendered jobless due to permanent closure of Non-SSI Textile Mills in private sector.

With effect from 01.04.2017, TWRFS has been merged with Rajiv Gandhi Shramik KalyanYojna (RGSKY) under Ministry of Labour and Employment and notified vide Notification No. S.O.1081 (E) dated 06.04.2017. Workers rendered jobless can avail benefits under the said scheme.

With a view to address the skilled manpower requirement in textile sector, Ministry of Textiles is implementing Samarth (Scheme for Capacity Building in Textiles Sector), under the broad policy guidelines of “Skill India” initiative and in alignment with skilling programme of Ministry of Skill Development and Entrepreneurship.

SAMARTH scheme supplements the efforts of creating jobs in the organized textile and related sectors of the entire value chain excluding Spinning and Weaving. SAMARTH scheme also supports skill upgradation in the traditional sectors of handlooms, handicrafts, sericulture and jute.

This information was given by the Minister of State for Textiles Smt. Darshana Jardosh in a written reply in the Lok Sabha today.

Source: pib.gov.in- Dec 15, 2021

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India needs to actively pursue FTAs to push apparel exports, suggests RBI

India needs to actively pursue free-trade agreements (FTAs) with major export destinations like the EU and the US to push apparel shipments amid increasing competition from Bangladesh and Cambodia that enjoy tariff concessions, an RBI article said on Wednesday.

India has traditionally enjoyed a comparative advantage in the textile sector, including apparels, and they constitute a major chunk of India's export basket.

"However, over the past few years, near stagnation in India's textile exports, particularly in apparel exports, has been witnessed," said the article in its analysis of the role of tariff regimes of the destination country in directing the exports of apparels from major suppliers including India.

The article published in the RBI Bulletin said India's apparel exports to the EU, which is the largest market for apparel exports, have stagnated in the last decade while other countries like Bangladesh, Vietnam and Cambodia have witnessed robust growth.

Preferential tariff treatments in the form of EBA (Everything But Arms) have been a major contributory factor for the rapid growth of apparel exports from Bangladesh and Cambodia, especially after the relaxation of input sourcing norms in 2011.

"Robust growth of apparel exports by Vietnam to EU despite facing similar tariff structure reflects some underlying issues being faced by the apparel exporters in India," said the article written by RBI officials.

The RBI, however, added that the views expressed in the article are those of the authors and do not represent the views of the Reserve Bank of India.

The US, the EU, UAE, Canada and Saudi Arabia are among the major markets for Indian apparels.

"India needs to actively pursue free-trade agreements with its major export destinations – EU, US – to prevent competitive disadvantage it currently faces due to tariff-free access to its competitors," the article said.

With Vietnam having signed an FTA with the EU in 2019, the competition is only expected to intensify for India, it added.

According to the authors, the recently introduced production-linked incentive (PLI) scheme for textiles, specifically aimed at boosting the production of man-made fibre (MMF) fabric, MMF apparel and technical textiles is a step in the right direction.

High transportation cost owing to wider geographical spread, high inland transportation cost and major production areas situated inland also contribute to the higher cost of Indian apparel exports vis-à-vis competitors. The PM-MITRA (Mega Integrated Textile Region and Apparel) parks scheme, under which seven integrated textile parks are to be set up in the country, will help develop the integrated textile value chain, the article said.

Source: financialexpress.com- Dec 15, 2021

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India's exports likely to touch record $400 billion this fiscal: Piyush Goyal

Commerce and Industry Minister Piyush Goyal on Tuesday said India's merchandise export is set to touch an all-time high of $400 billion during the current financial year, driven by sharp uptick in shipments. As per a preliminary trade data, India's merchandise exports in April-November 2021 was at $262.46 billion, an increase of 50.71 per cent over $174.15 billion in the same period of the previous financial year.

"Our exports have consistently crossed $30 billion for the last eight months. We are now at about $262 billion of exports versus $290 billion in the 12 months of last year. So, by the ninth month, we would have crossed last year's export, and we hope to do a record export of $400 billion," Goyal said.

Speaking at the CII Partnership Summit 2021, he said India's imports too are growing and thus providing opportunities to other countries to expand business and international trade with India.

Imports during April-November 2021, grew by 75.39 per cent to $384.44 billion.

"India on its part is showing sharp economic recovery and various indicators are pointing to a bounce back in our work in our industry, manufacturing sector, agriculture, technology and also shaping up of preparing a platform for a decade of huge growth," he added.

Referring to COVID-19, Goyal said India tried its best to meet all international commitments and supported countries through supply of vaccines, medical supplies, and masks, among others.

He assured that India will continue to support friendly nations.

"... During the COVID period, we have focused our attention on our neighbourhood on our region to ensure that all our friendly countries get adequate medical supplies," the minister said.

Highlighting that India has already administered about 1.3 billion doses to its citizens so far, Goyal stressed that India is ready to support every friendly country with vaccines, or medical supplies.

He also invited investments from other countries to India.

"India is shaping up for a decade of growth. I would like to invite the world to work with India in a spirit of partnership," he said.

Goyal suggested focusing on six areas to build a sustainable, inclusive and resilient ecosystem to further promote partnership with other countries. The six areas include trade agreements, investments, and promoting ease of doing business.

Source: economictimes.com- Dec 14, 2021

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India-Israel bilateral trade likely to reach $4 bn this year

The trade between India and Israel has been strong and is likely to reach USD 4 billion in 2021, Sagi Itcher Economic Consul, Head of Economic and Trade Mission, Israel, said.

"For 2020, it (bilateral trade between the two countries) was almost USD 3.4 billion. In 2021, I am assuming it will be around USD 4 billion," Itcher said on Wednesday.

He, however, said the exact number will be known once the year ends.

Itcher was speaking on the sidelines of an event organised by the Ministry of Economy and Industry, Foreign Trade Administration and Economic and Trade Mission, Israel and CII.

According to him, both the countries would like to see the trade relationship evolve and grow even bigger, and there is a lot of potential for it.

One of the areas where the two countries can strengthen cooperation is financial technology, Itcher noted.
He said India has a huge number of digital payments and there is an also insurance industry, which is evolving every day.

"Insurance companies need to manage a lot of data and Israel companies can come very handy on that." The traditional sectors where both the countries are working together include cyber security, water, agriculture, medical device and medical care.

Going forward, the two countries can jointly work on cleantech, renewal energy and food tech, he said.

The volume of India's investments into Israel is very low, and there is a lot of scope for improvement, Itcher added.

He said Israel is strong on the technology front and suggested that Indian companies can adopt them.

Source: financialexpress.com- Dec 15, 2021

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GST rate revision for textile sector runs into headwind

Even as the central government aims to correct the inverted duty structure to give relief to the textile industry, manufacturers -- especially those of textile and apparel (other than fibre and yarn) -- have raised red flags on the upcoming Goods and Services Tax (GST) rate hike, which will kick in from January 1, 2022.

Officials in the loop tell CNBC-TV18 that the Union Ministry of Textiles -- after receiving inputs from industry associations -- has now decided to approach the GST secretariat seeking a restoration of the rate to 5%.

“The industry is of the view that textile fabric manufacturers or fabric weavers will see a significant rise in their working capital requirements due to the disparity, as raw material will be taxed at 5% and the finished product will be taxed at 12%. So, they are seeking a restoration of the old rate of 5%,” the source said.

The textiles ministry is opposed to the rate hike and feels that the industry needs relief. Any decision which adds to their troubles needs to be flagged. So, our communication to the GST secretariat is very clear -- maintain status quo on rates and make any change only after a detailed discussion with the ministry and the industry stakeholders,” the source added.

Cotton fabric manufacturers too are opposed to a hike and want GST to remain at 5%

The GST Council, in its last meeting, took the decision to correct the inverted tax structure by raising GST from 5% to 12% for several textiles and apparel (other than fibre and yarn) items from January 1, 2022.

Currently, GST on manmade fibre (MMF) and MMF yarn is at 12%, and MMF fabrics is at 5%. The chemical inputs used to make yarn or fibre are taxed at 18% .

So now, all interested parties have their eye on January 1, 2022, waiting to see whether the plea raise by the textiles ministry gets a timely resolution.

Source: cnbctv18.com- Dec 15, 2021

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Rationalising HSN codes

This is imperative to cut litigation over GST rates

Classification of food products and their taxation have always thrown up interesting discussions in indirect taxes. Service tax laws had concepts such as indoor and outdoor catering and a wholesome meal.

The introduction of GST has seen differences of opinion on the rate of tax on an eclectic variety of food products ranging such as papad, fryums, parathas and more recently, cheese balls.

Different opinions arise because all products are classified under the Harmonised System of Nomenclature (HSN) — a long list that contains Codes and sub-codes for more than 5,000 products.

Since food products would invariably contain different items that have different rates of tax as per the Code, the question arises as to which Code would be the most appropriate one. Classification disputes arise because the Tax Department would choose to tax the item at the highest rate while the tax payer would want to classify the product as per the principal component of the food product.

HSN Codes

HSN, was conceived and developed by the World Customs Organization (WCO) with an aim of classifying goods from all over the world in a systematic and logical manner.

It is a six-digit uniform code that classifies more than 5,000 products and is accepted worldwide. These set of defined rules are used for taxation purposes in identifying the rate of tax applicable to a product in a country.

It is also used to determine the quantum of product exported or imported. It is a crucial feature to analyse the movement of goods across the World. It is a combination of different sections, further drilled down to chapters, which are further classified into headings and sub-headings.

The resultant figure is the six-digit code. HSN is adopted in more than 200 countries, covering a staggering 98 per cent of goods in the world. India has already been using HSN system since 1986 in the Central Excise and Customs regime.

The HSN structure contains 21 sections, with 99 Chapters, about 1,244 headings, and 5,224 sub-headings. With such a vast amount of data, there is bound to be litigation.

Rate wrangle

That HSN Codes are needed for import and export is understandable. But whether the same codes should be used for GST for domestic transactions needs a relook. Tender coconut water is classified under HSN Code 2202 90 90. If the tender coconut water is put up in a unit container and bears a registered brand name, it is taxable at 12 per cent. If not, it is exempted.

The Appellate Authority for Advance Rulings (AAAR), Uttar Pradesh recently ruled that cheese balls are to be classified under Heading 0406 and taxed at 12 per cent instead of Heading 2106 at 18 per cent. Like HSN Codes for goods, we have the Service Authorisation Code (SAC) for services. There is not much litigation on SAC codes since most services fall into the 18 per cent bracket.

The GST Council is due to meet early next year to discuss rationalisation of rates.

They should also commence the task of rationalising the HSN Codes for the purposes of GST while retaining them for the purpose of import and export. Since most of the litigation arises for the sub-headings under each Chapter of the Code, they could look at limiting the Codes to only the Chapter headings. Items that are appearing in the sub-headings should be morphed with the Chapter headings.

This is easier said than done, but there are enough decisions from both the erstwhile and present tax regimes that could serve as a guidance. GST notices are being sent to taxpayers all over the country thick and fast. With only incremental changes being made to GST laws, CBIC should focus on limiting litigation for which both infrastructure and bandwidth are in short supply now.

Source: cnbctv18.com- Dec 15, 2021

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For 50% MSMEs, govt schemes didn't help during Covid: Survey of 150 MSMEs

Ease of Doing Business for MSMEs: A survey of 150 MSMEs in India by consulting firm MSMEx on Tuesday said that more than 70 per cent respondents suffered a 'debilitating' impact of the second Covid wave while 50 per cent claimed that the government schemes and incentives did not help them to sustain through the pandemic. Moreover, close to 43 per cent also noted that they had changed their business model to survive the pandemic. Further, 50 per cent respondents also said they were yet to fully recover from the impact of the first and second waves. Consequent to the impact, 56 per cent were forced to adopt digital marketing and payments while 35 per cent said they had to take external financial support for their ventures.

"There are two aspects to responses on government schemes. First, respondents who didn't find it convenient to identify the right scheme for them and to reach for that particular scheme. Second, it was with respect to the entire process involved in a particular scheme, because the availability of the scheme was let's say for 10 businesses while aspirants were 100s and only eligible ones had accessed it. Also, schemes are a bit confusing and identifying which scheme is right for a small business is a bit complex process," Amit Kumar, CEO and Co-founder, MSMEx told Financial Express Online.

The Emergency Credit Line Guarantee Scheme (ECLGS) was the biggest post-Covid support measure announced by the government for MSMEs and other businesses. Under the scheme, 64.4 per cent of the total limit of Rs 4.5 lakh crore was sanctioned till around mid-November. PM Narendra Modi had said on November 12 at the virtual launch of the RBI Retail Direct Scheme and the Reserve Bank – Integrated Ombudsman Scheme that "Under the credit guarantee scheme (ECLGS), which was announced by the government, over around Rs 2.90 lakh crore loans have been sanctioned. With this support, over 1.25 crore beneficiaries have strengthened their businesses. The majority of them are MSMEs."

Among other schemes launched for MSMEs post-pandemic were Rs 20,000 crores subordinate debt scheme for stressed MSMEs, Self-reliant India Fund for equity infusion of Rs 50,000 crore in MSMEs through Fund of Funds, disallowing global tender enquiry for tenders up to Rs 200 crores with certain conditions, and others.

Other findings from the survey included: 38 per cent focused on improving their customer relations post-pandemic and 34 per cent had moved to a remote working model. Going forward, 42 per cent said they need help to address the delayed payment issue. 35 per cent also wanted government support for lower input costs. However, it was only 11 per cent of MSMEs surveyed who claimed that their business had a positive impact from the pandemic while for 15 per cent, it was performing better than pre-covid times. In terms of government schemes, only 18 per cent found them to be supportive.

"MSMEs declare payments to be delayed if they haven't received the amount within 90 days…These companies may or may not be working with government department only but also with private sector companies. There also payment issues are happening now. This wasn't the case earlier," added Kumar.

The Finance Ministry on Monday had said that more than Rs 75,000 crore worth dues were paid by government departments and central public sector units to MSMEs between June 2020 – October 2021 period. However, this was only 15 per cent of the Rs 5 lakh crore in outstanding dues owed to MSMEs by the central and state departments and private sector as well.

According to a PTI report, former MSME Minister Nitin Gadkari in an online event of Calcutta Chamber of Commerce in May last year had said that state governments, their ministries and public sector undertakings, the government of India, its ministries and undertakings, and major industries combined owe an estimated Rs 5 lakh crore to MSMEs.

Source: financialexpress.com- Dec 15, 2021

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E-way bill generation up ahead of year-end vacations

The daily e-way generation was 20.38 lakh in November, down 14% on month.

Reflecting a recovery in commercial transactions, daily e-way bill generation under the Goods and Services Tax (GST) system came in at 22.28 lakh for the week ended December 12, 5.6% higher than the daily average for the first five days of this month.

The daily e-way generation was 20.38 lakh in November, down 14% on month. The daily e-way bill generation at 21.72 lakh in the first 12 days of December indicates demand pick-up and stocking by traders ahead of year-end vacations.

E-way bill generation was registering a steady rise since June 2021 after falling to below 4 crore in May when the second wave of the Covid-19 pandemic was at its peak. October e-way bills were at a record 7.35 crore, the highest monthly data since the indirect tax regime was rolled out in July 2017, reflecting an upswing in economic activities in the festival season and improved compliance.

E-way bill generation came in at 6.12 crore for November, the lowest in five months, reflecting moderation in goods dispatches post-festivities. E-way bill generation by businesses rose to 6.79 crore for September from 6.59 crore in August, 6.42 crore in July and 5.47 crore in June.

Higher e-way bills generation is reflected in higher GST revenues. Gross goods and services tax (GST) collections 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.

Source: financialexpress.com- Dec 15, 2021

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Cabinet approves an incentive scheme for promotion of RuPay Debit Cards and low-value BHIM-UPI transactions (P2M)

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, today has approved an incentive scheme to promote RuPayDebit cards and low-value [uptoRs. 2,000) BHIM-UPI transactions (Person-to-Merchant (P2M)] in the country.

Under the scheme, the acquiring banks will be incentivised by the Government, by way of paying percentage of value of transactions (P2M) done through RuPay Debit cards and low-value BHIM-UPI modes of payments, at an estimated financial outlay of Rs.1,300 crore for a period of one year w.e.f. April 01, 2021.

This scheme will facilitate acquiring Banks in building robust digital payment ecosystem and promoting RuPay Debit card and BHIM-UPI digital transactions, across all sectors and segments of the population and further deepening of digital payments in the country.

It will also help in making accessible digital modes of payments to unbanked and marginalized populations, who are outside of the formal banking and financial system.

India today is one of the most efficient payments markets in the world. These developments have been the outcome of the initiatives of the initiatives of the Government of India and innovation by various players in the digital payment ecosystem. The scheme will further spur research and development and innovation in fintech space, and will help the Government in further deepening of digital payments in various part of countries.

Background:

The scheme has been formulated in compliance with the Budget announcements (FY 2021-22) by the Governmentto give further boost to digital transactions in the country.

Source: pib.gov.in- Dec 15, 2021

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Drop plans to hike GST on garment products, Tirupur assn tells Centre

Tirupur Exporters and Manufacturers Association (Teama) has urged the Union government to drop the plans to hike Goods and Services Tax (GST) on garment products.

While attending a GST meeting headed by Union finance minister Nirmala Sitharaman in New Delhi on Tuesday evening, Teama president M P Muthurathinam said the Centre's move to increase the GST to 12% from 5% on textile apparels from January would have adverse impact on the industry, which is already reeling under input price rise.

Stating that Tirupur was home to more than 12,500 knitwear, garment and allied units, which employ more than 10 lakh people, he said the pandemic and the lockdown had affected them, especially the Micro, Small and Medium Enterprises. He said the units in Tirupur accounted for exports to the tune of $4 billion . In the domestic market, he said, they do business worth about $2.80 billion.

"The cost of raw materials for apparel manufacturing have increased over the past year. The price of raw cotton alone has shot up by Rs 130 per kg, compared to last year. Labour and container shortage add to their woes."

He said the textile units were facing extreme competition from countries such as China, Bangladesh and Vietnam in the export business front. "Amid these challenges, the entire textile industry is dependent on the domestic market for sustaining the business. If the GST were to be increased to 12%, it will add to the burden of the textile units, many of which may be forced to shut down."

While Sitharaman has promised to look into the issue, Teama members are planning to meet the state finance minister, P T R Palanivel Thiagarajan, and chief minister M K Stalin to put forth a request in this regard at the GST council meeting. They also sought ban or regulation on the export of raw cotton and yarn.

Source: timesofindia.com- Dec 16, 2021

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