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INTERNATIONAL NEWS

Global smart textiles market to grow at a CAGR of 23.2 per cent till 2026: Report

A new market research report 'Smart Textiles Market' estimates, the market will grow at a CAGR of 23.2 per cent from $2.3 billion in 2021 to $6.6 billion by 2026. Growth will be mainly driven by adoption of advanced technologies, miniaturization of electronic components, expansion of wearable industry, etc.

The sudden outbreak of COVID-19 impacted global demand for smart textiles with many companies being forced to adopt remote working practices. Lockdowns in almost all major countries disrupted supply chains, halting manufacturing activities and delaying production.

As a large share of the global population is working from home, there is growing preference for indoor fitness activities, leading to a surge in demand for apparels and accessories integrated with smart applications and sensors that can monitor heart rate and oxygen levels. Some countries like the US are also using smart textiles in other forms like heated blankets and socks in some countries like the US.

Passive smart textiles used in military and protection

The first generation of smart textiles is known as passive smart textiles. These can only sense environmental conditions or stimuli but cannot adjust according to external changes. Some passive smart textiles include optical fiber-embedded fabrics, conductive fabrics UV protective clothing, antibacterial fabric textiles, multilayer composite fibers and textiles, plasma-treated fabrics, ceramic-coated fabrics, conductive fibers, and fabrics with optical sensors. These are majorly used in the military and protection vertical due to their ruggedness.

Companies offering passive smart textiles across the world include DuPont, which provides fibers, industrial fabrics, and covers used in the medical, military, and aerospace verticals, and Outlast Technologies, which provides acrylic, viscose, and polyester fabrics used in bedding, apparel, and footwear applications.

Sensitive to external stimuli

Smart textiles are sensitive to environmental conditions or stimuli generated through mechanical, thermal, chemical, electrical, magnetic, or any other sources. They can monitor body heat, heart rate, respiration rate, motion and speed through various sensors. On being used in gloves, shirts, and pants, these smart textiles can also sense different health parameters of a wearer. They can also track the wearer's psychological movements such as bending, location, movement, and pressure.

In terms of growth, North America holds the largest share in the smart textiles market due to its technological innovations and advancements. The country is witnessing a demand boom from the electronics and medical industries. Some key players are: DuPont, Alphabet , Jabil, AIQ Sensoria and Gentherm from the US; Interactive Wear and Adidas from Germany, Hexoskin from Canada and TenCate from the Netherlands.

Source: fashionatingworld.com– Dec 22, 2021

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Chinese spandex prices fall

Spandex prices are falling in China. As per CCF Group, there has been a 17 per cent fall in spandex prices from August-September 2021 to mid-December 2021. The price spread between spandex and its major feedstock has been close to the level it was in early 2021.

In addition, spandex stocks increased to above 20 days and will tend to rise further. Downstream plants will observe the spring festival holidays from January. Spandex companies are estimated to have higher stocks with modest demand. Spandex enterprises are likely to control production amid weaker demand, mounting stocks and high costs.

Some plants have already started scaling down operations. Some plants may even start reducing output before the spring festival holidays when price is close to the cost line, inventories are piling up and the feedstock market is stable and firm. Meanwhile, the launch of new units which are scheduled to start operation in the first quarter of 2021 may be postponed.

Spandex exports from China were up 32 per cent from January 2021 to September 2021. Compared to 2019 exports were up by 29 per cent. Zhejiang, Jiangsu, Guangdong, Chongqing, Henan and Shandong are the major export suppliers of Chinese spandex.

Source: fashionatingworld.com– Dec 22, 2021

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$66 Billion in Retail Returns Expected Post Holiday

The National Retail Federation (NRF) predicted a 13-percent year-over-year jump in online sales this November and December, reaching a whopping $222.3 billion. While confident consumer spending spells good news for brands' bottom lines, the influx of orders stands to strain the retail supply chain to its breaking point.

Between persistent shipping delays, ballooning transportation costs and labor shortages, retailers have multiple hurdles to jump in pursuit of a successful holiday season. And according to a recently released report from commercial real estate group CBRE and logistics provider Optoro, a wave of post-holiday returns stands to see at least $66.7 billion worth of product pushed back into the reverse logistics system. Two out of three shoppers plan to return at least one gift during the holiday season, including apparel, toys and electronics—amounting to about 30 percent of all online purchases, the groups' research showed.

While shoppers have come to expect free returns, managing those unwanted gifts will cost retailers dearly. Optoro's reverse logistics research estimated that the average return cost for a $50 item will total $33, or 66 percent, of its original MSRP, taking into account transportation, processing, and discounting or liquidation. These costs have skyrocketed by 59 percent from the same period in 2020.

"The return process for an online order includes item pickup, handling and the many 'touches' needed to move the item back into inventory," Optoro analysts wrote. Returns are typically sent to a store's distribution facility, to a centralized returns center or to a manufacturer, where they may be repaired or refurbished. While some items in new condition may be put back in stock online or in stores, excess inventory and out-of-season products might be sold through discount channels or liquidators, sold in bulk to resellers, donated, or even destroyed.

More than 40 percent of shoppers surveyed by Optoro said they planned to begin their holiday shopping earlier this year, out of concerns about inventory availability and supply chain disruptions. The fact that consumers began checking loved ones off their lists as early as October could be a boon to retailers, as they're likely to see some returns flow in earlier in the season than in years past. "Earlier holiday returns of top-quality merchandise could be put back on the shelf or made available online before Christmas, thereby giving retailers an opportunity to make more sales at full margin and reduce returns," Optoro analysts wrote.

Savvy retailers are becoming more adept at managing the returns process in order to recoup losses. Querying shoppers online or by phone about the condition of an item they plan to return can help retailers assess whether the item needs to be shipped back to a distribution center or a manufacturer, bypassing unnecessary touch points. Some retailers have given consumers the option to keep or donate unwanted items, rather than incur costs on processing. They can also drive efficiency by implementing tech-driven automated decision-making processes, which route returns to the next most profitable channel.

Returns at physical retail locations are beneficial to brands, analysts wrote, as they allow associates to assess an item's condition on-site to determine whether it can be re-shelved and sold. Giving shoppers the option to return their e-commerce purchases in-store cuts costs on call center labor, transportation, processing and discounts, ultimately getting goods back on shelves quicker to preserve their seasonality. "Maximizing opportunities to resell returned items is key to avoiding losses on liquidated returns," they added.

Unfortunately for retailers, they're unlikely to see an increase in brick-and-mortar returns this year. Optoro surveys found that consumer appetite for in-store returns dropped to 40 percent in 2020 and 39 percent in 2021, down from 67 percent in 2019, likely due to pandemic-related fears. With the spread of the Omicron variant this December, shoppers' anxieties about visiting brick-and-mortar retail are apt to increase.

Most online purchases will instead be returned to reverse logistics facilities, which cost on average 20 percent more in space and labor capacity per item than forward logistics facilities, which are responsible for getting goods into shoppers' hands. Retailers with reverse logistics facilities located closest to their consumers are better positioned to manage the rising carrier and trucking costs, Optoro analysts said.

According to CBRE's data, warehouse space in the U.S. is extremely limited, with 23 industrial markets across the country having vacancy rates below the national average of 3.6 percent. A greater volume of retail sales this season will lead to more returns and a heightened demand for warehouse and distribution space. E-commerce growth alone is slated to result in more than 1.5 billion square feet of new construction over the next five years, the group wrote. Regardless of warehouse capacity and location, though, retailers are likely to have trouble keeping pace with a steady stream of returns this season due to labor shortages.

While they might be scrambling behind the scenes, retailers must present a polished front to shoppers in order to retain their business through the holidays and beyond, analysts wrote. “Effective real estate and supply chain management can only partially address” the challenges they’re feeling this season. Retailers also need to be laser-focused on implementing more sophisticated, automated processes to manage the flow of returns, as well as revamping point-of-sale processes so that shoppers can make more informed decisions. More in-depth sizing information and tools like virtual try-ons can help reduce the need for returns, they said.

“The solution starts with consumer-use data, product and packaging design and operational data,” analysts wrote. In order to keep up with the unbridled growth of e-commerce, retailers must “better understand why an item was returned, and how that should effectively influence [their] product offerings.”

Source: sourcingjournal.com– Dec 21, 2021

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Egypt has export potential in the medical apparel sector: ITC

Egypt is in a position to become a regional player in the medical apparel sector. However, the International Trade Center (ITC) states that some restrictions and challenges need to be relaxed first. If a country can organize its domestic market, it can unleash important domestic demand and take advantage of its large export market. This is potentially worth $ 18.6 billion. In 2020, the ITC's SME Competitiveness Outlook report recognized Egypt's potential for regional leadership in the export of synthetic non-woven fabrics, an essential material for the production of filtered masks.

2020 was a crucial year for medical apparel due to the prevalence of COVID-19. The pandemic has had a significant impact on the sector, with several changes, including a surge in demand for medical clothing, among others. Due to supply chain policy regulations that require the public to wear facial protection, and increasing demand for hospitals.

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As a result, the medical apparel sector market has grown tremendously by 46%, with consumption expected to grow by approximately 5.4% by 2027 in North America, Europe, the Middle East and Africa. These markets occupy about 75% of the world's sector and are valued at about $ 47.3 billion in 2019. Due to its proximity and duty-free access, Egypt has priority access to most of them, the ITC said in a report.

Therefore, ITC's Global Textiles and Clothing Project (GTEX / MENATEX) in Egypt has the potential for Egypt to play a more important role in the supply of medical clothing such as drapes, scrubs, gowns, gloves, facial protection and sterilization. Technical Textiles to Analyze – Outsourced Medtech Study. We provide wraps, protective clothing and more to the domestic and international markets. While the global healthcare apparel sector was valued at nearly $ 63 billion in 2019, the study also found that Egypt has a total accessible market for healthcare and hygiene textiles and healthcare apparel of approximately $ 18.6 billion. rice field.

Matthias Nappe, Head of Textiles, Textiles and Clothing Program at ITC"To grow this sector in Egypt, innovation, the sensitization of relevant authorities on the importance of protective clothing and the ability to produce them locally, and the business that enables local industries to identify identified opportunities. It is necessary to create an environment. The GTEX / MENATEX project is helping beneficiaries relocate part of their production to medical apparel, which will seize new opportunities in Egypt and abroad. It's an important action. "

Hany Sallam, a board member of the Egyptian Textiles & Home Textiles Export Council (THTEC) and a manufacturer of technical textiles.Is one of the enthusiastic stakeholders looking forward to a survey of the domestic medical apparel sector. "COVID-19 monitors the crisis and invests in Egypt's MedTech sector, which focuses for the first time on a very specific sub-sector, the medical apparel, with insights on how to overcome the weaknesses and challenges of the domestic sector. A unique study that provides access to information and guidelines, as well as access recommendations. Unexplored opportunities. "

Egypt's medical apparel sector is not yet significantly underdeveloped. Overall, the market is characterized by the lack of enforceable standards and reliable testing equipment. In addition, relatively low quality medical garments and textiles manufactured and sold in Egypt due to lack of proper monitoring and limited awareness of the importance of medical apparel.

To overcome these challenges and take advantage of current opportunities, Egypt needs to take some action at different levels to reach the desired results. To start with the government, you need to set up qualified laboratories and testing facilities. The study recommends that the Ministry of Health should consider removing regulations requiring in-house laundry in hospitals and encourage the establishment of qualified industrial laundry for medical clothing in Egypt. The book added.

For private sector companies, it is necessary to understand the opportunities to supply to the healthcare industry and identify higher value products. Achieving this requires technical support from local manufacturers to improve quality, efficiency and add value to the production of medical apparel. In parallel, it is important to establish a medical apparel board, advisory board, or lobby group of medical fabric and apparel manufacturers to represent the interests of the industry and take the lead in driving change. It will be in the development stage.

Source: eminetra.com– Dec 22, 2021

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UK retail jobs fall reflects drop in staffing at large retailers: BRC

The fall in UK retail jobs reflects the decline in staffing at large city centre retailers, that cut back in response to less shoppers during the pandemic, according to the British Retail Consortium (BRC), whose chief executive Helen Dickinson recently said there are, however, new retail roles being created in areas like logistics and online fulfilment, not all of which are captured under the government retail job figures.

The UK retail industry saw a decline in the retail workforce in the third quarter (Q3) this year, with 22,000 fewer jobs than the same time in 2020, according to the Office of National Statistics (ONS). This figure also includes around 97,000 workers who were still on furlough at the time.

“There were 91,000 retail vacancies in October, and nearly 1.2 million across the whole economy. Given the large number of people employed in retail, this has contributed to pay in retail rising 5.5 per cent in 2021, double the national average across all industries. This has created additional costs for retailers, which on top of the rising transport costs and higher energy and commodity prices, are filtering through to higher prices for consumers,” Dickinson said in a press release.

“The retail industry has been ramping up operations ahead of Christmas, which should mean a rise in the number of jobs in Q4 2021 compared to today’s Q3 figures. However, these efforts are being challenged by labour shortages in HGV drivers and warehouse workers. Only the gargantuan effort being made by people working in retail and its supply chains is ensuring a successful and festive Christmas for families all over the UK,” he added.

Source: fibre2fashion.com– Dec 23, 2021

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Bangladesh: Need for sustainable trading system due to COVID-19: BGMEA

There is a need for sustainable trading system and buyers-suppliers relationship to perform well in the 'new normal' situation that has emerged as a result of the COVID-19, as per the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). The pandemic has created opportunities like virtual marketplace and expansion of online-based sales.

It is high time Bangladesh made investments in the backward linkage industry to develop own capacity and capability, said BGMEA president Faruque Hassan at an event where leading regional economists and business executives discussed prospects of expected growth business sectors in 2022.

"Deeper partnership that brings greater agility and accountability will help us to mitigate future ruptures. The uncertainty and vulnerability created due to that overconcentration has been greatly exposed during the COVID-19. Since we have proudly graduated from LDC status, a strong and self-sufficient backward linkage industry will also help us to comply with double transformation rules of origin," said Hassan in a press release.

"Virtual marketplace can be a big source of our growth, as well as to move from OEM (Original Equipment Manufacturer) to be design and brand manufacturers. But we cannot do it alone. It can only be done through the regional collaboration and cooperation of the brands and other stakeholders," added Hassan.

The BGMEA president also laid emphasis on more focus on capacity building re-skilling and up-skilling of workforce to cope up with the technological changes due to the 4th Industrial Revolution.

Source: fibre2fashion.com– Dec 22, 2021

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Bangladesh finance minister hopeful of 7.2% GDP growth in FY22

Bangladesh finance minister AHM Mustafa Kamal is optimistic about achieving the target of 7.2 per cent gross domestic product (GDP) growth in the current fiscal (FY22). Export earnings are likely to fetch $47-$48 billion by the year end, a new milestone, and though the inward remittance flow is a bit less now, it is likely to reach $21 billion by year end, he said.

The minister said this while virtually replying to questions after chairing the 41st meeting of the Cabinet Committee on Government Purchase (CCGP), according to Bangla media reports.

The International Monetary Fund recently enhanced growth projection for Bangladesh to 6.6 per cent for this fiscal from its earlier projection of 6.5 per cent.

Source: fibre2fashion.com– Dec 23, 2021

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Pakistan: Textile units that run only on gas to get supply

The government has reportedly agreed, in principle, to supply gas to those textile units, which cannot operate without gas, well-informed sources told **Business Recorder.**

The decision was taken at an internal meeting presided over by Advisor to Prime Minister on Finance and Revenue, Shaukat Tarin.

Minister for Energy Hammad Azhar, Minister for Industries and Production Khusro Bakhtyar, and Advisor to the Prime Minister on Commerce and Investment Abdul Razak Dawood also attended the meeting.

The sources said it was decided in the meeting that a list of those textile units be sought from the All Pakistan Textile Mills Association (Aptma), which cannot operate without gas.

The sources said, presently, there are 126 textile units, which are neither being supplied full electricity for operation nor gas for processing.

Insiders claim that the gas companies were supplying gas to about 1,800 units, which does not fall in the category of export-oriented units.

Now, gas to some of them will be curtailed or disconnected to accommodate eligible textile units.

The SNGPL is currently supplying up to 70 Mmcfd to the non-export processing industry including steel, ceramics, and glass.

This is not comprehensible as all along the export sectors were to be given priority given the extreme economic urgency of supporting the Balance of Payments.

The total consumption of captive and co-generation was 180 to 200 mmcfd and 160 mmcfd just before 15th December 2021.

The SNGPL and the Aptma agreed that 75 mmcfd gas will be provided for the winter months, which is about 35 percent of gas load, which is absolutely essential to maintain production without any thought of viability.

Those factories who in the past (prior to 2015) had generated steam from coal or fuel oil have restarted these boilers in order to keep production going and not default on export orders.

Factories that do not have full grid load and are waiting for extension of load. These total 129 cases where the main impediment is load beyond 5 MW. Despite the Nepra having allowed 7.5 MW, not a single load has been extended so far. Electronic sensitive machines that cannot run on grid power.

Factories that rely on steam made from generator waste heat recovery boilers (cogeneration) for their dyeing plants/weaving and knitting machines.

Source: brecorder.com– Dec 23, 2021

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Economic cooperation between Bangladesh and Thailand can unlock new potential

The bilateral trade between these countries has grown in recent years, especially in the commodity market. In 2018 and 2019, Thailand held a four-day long trade fair at Dhaka. It was extremely fruitful as many Thai businesses, along with top Thai brands participated in it.

As a result, according to the Bangkok Post, Bangladesh has become the third largest trade partner of Thailand in south Asia. In 2018, the annual bilateral trade was worth $1.25 billion. That figure actually declined by almost 17% in 2019.

Both countries are now working on a free trade agreement to bolster trade. To address bilateral concerns, a joint trade commission (JTC) has been set up.

In its meetings, Bangladesh has been asked to increase its investments in Thailand. On the other hand, Thailand has agreed to increase Bangladeshi exports into the country.

This figure includes the importation of electrical equipment, electronics, iron and steel, organic chemical products, cement, cereals, plastics and articles thereof, man-made staple fibres, sugar and sugar confectionery, machinery and mechanical appliances, cotton and cotton fabrics, synthetic fibre and cotton.

Meanwhile, Bangladesh mainly exports leather and leather products, medicines, marine fish and other animal products, paper and paper pulp, soap, articles of apparel, plastic products and rubber products, electrical & electronic equipment, made textile articles, products of animal origin, vegetable textile fibres, fish and crustaceans, etc.

Even though the country has sought Bangladeshi investment, there are not significant Thai investments in Bangladesh either. According to BEPZA and BEZA of Bangladesh, Bangladesh is building 100 free economic zones for foreign investors. It is also providing "one stop service" for foreign investors.

With the vast amount of economic and infrastructural development in the last decade, Bangladesh should now be a prime target for Thai investors.

To make our country more lucrative, the government is considering allocating land to establish a Special Economic Zone (SEZ) for Thailand.

Potential investors can also invest in energy production, regional connectivity and in the services sector of Bangladesh. Tourism is also suited for Thai investments, especially considering the expertise Thai investors would bring to Bangladesh's market.

Mutually beneficial terms must be included in the probable free trade agreement. Bangladesh has sought duty-free facilities for medicines, leather goods, jute and jute textile fabrics, textiles made of jute yarn, knitted and woven shirts, T-shirts, knitted garments, women's towels, cotton shirts from the Thai government.

China, India, Vietnam and Indonesia export huge quantities of garments to Thailand every year with duty-free facilities. As one of its most significant trade partners, Bangladesh should also get this benefit. It will also go a long way to reduce trade inequality between both countries.

Bangladesh is a rising economic powerhouse. It can serve as a potential hub for Thai trade with the larger south Asia region. The Matarbari deep seaport and Cox's Bazar airport will be crucial for increasing the connectivity between these two nations.

A mutually beneficial free trade agreement will not only galvanise both economies, it can also open doors previously unseen. Both countries must earnestly pursue economic cooperation to maintain the prosperity of both nations.

Source: tbsnews.net– Dec 22, 2021

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NATIONAL NEWS

Finance Minister Smt. Nirmala Sitharaman concludes pre-Budget meetings for forthcoming Union Budget 2022-23

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman chaired the pre-budget consultation meetings for Budget 2022-23 held in virtual mode from 15th to 22nd December, 2021.

More than 120 invitees representing 7 stakeholder groups participated in 8 meetings scheduled during this period. The stakeholder groups include representatives and experts from Agriculture and Agro Processing Industry; Industry, Infrastructure and Climate Change; Financial Sector and Capital Markets; Services and Trade; Social Sector; Trade Union & Labour Organization and Economists.

Union Ministers of State for Finance Shri Pankaj Chaudhary and Dr. Bhagwat Kishanrao Karad, Finance Secretary Shri T.V. Somanathan; Secretary, DEA, Shri Ajay Seth; Secretary, DIPAM, Shri Tuhin Kanta Pandey; Secretary, Financial Services, Shri Debashish Panda; Secretary, Corporate Affairs, Shri Rajesh Verma; Secretary, Revenue Shri Tarun Bajaj and senior officers from Ministry of Finance were also present during the meetings. Secretaries of other Ministries/Departments concerned participated through online mode.

The stakeholder groups made several suggestions on various issues that included increased R&D spending, infrastructure status for digital services, incentives to hydrogen storage and fuel cell development, rationalisation of income tax slabs, investments in online safety measures etc., among others.

The participants lauded government’s efforts in efficient handling of the economy during the pandemic and retaining India’s status as the fastest growing major economy.

Finance Minister Smt. Sitharaman thanked the participants for sharing their valuable suggestions and assured that suggestions will be carefully considered while preparing the Budget 2022-23.

Source: pib.gov.in– Dec 22, 2021

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With FTA between India and UK on the horizon, 2021 winds up on a promising note

A comprehensive strategic partnership backed up by an ambitious Roadmap 2030 for closer cooperation over the next 10 years were the highlights for India-UK relations this year, which closes with the promise of free trade agreement (FTA) talks scheduled to kick-start in January 2022.

The comprehensive aspect of the partnership was on display at the COP26 climate conference in Glasgow hosted by Britain, where Prime Ministers Narendra Modi and Boris Johnson enhanced their International Solar Alliance (ISA) collaboration with the launch of a pioneering Green Grids Initiative.

However, the year started with pandemic-induced travel disruption as Johnson cancelled his India visit – where he was to be the Chief Guest at the Republic Day celebrations.There were further cancelled travel plans as the Delta variant took hold around the world and took the proposed Johnson-Modi meeting virtual in May, when they launched the Enhanced Trade Partnership (ETP). It set the clock ticking on a full-fledged FTA as part of Roadmap 2030, with the intention to at least double bilateral trade from the current GBP 24 billion a year in 10 years' time.

"India is, of course, one of our most significant export markets, and I look forward to launching our trade talks soon with them," UK International Trade Secretary Anne Marie-Trevelyan said recently, as the minister set to lead the FTA charge.

The Department for International Trade (DIT) has confirmed that talks are set to kick-start early in 2022, with plans for early harvest agreements also in play.

"We look forward to launching negotiations early next year. India is projected to become the world's third largest economy by 2050, and a trade deal will open huge opportunities for UK businesses to trade with India's GBP 2 trillion economy," a UK government spokesperson said.

The India-UK FTA marks a significant goal for the Johnson-led British government, which assumed power in December 2019 with a very defined mission to "get Brexit done" and then open up Global Britain for trade with allies in the strategically important Indo-Pacific region.

The UK used its presidency of the Group of Seven (G7) countries – Canada, France, Germany, Italy, Japan, US and UK as well as the European Union (EU) – to send out a clear message by inviting India to the Leaders' Summit held in Cornwall in June.

Once again COVID played havoc with travel plans, this time for Modi's proposed G7 visit to the UK – which was to materialise only later in the year for COP26, when India set out an ambitious renewable energy agenda. At the G7, Foreign Secretary S. Jaishankar stepped in to attend the Foreign Ministers' segment of the multilateral forum and also used his UK visit to formalise an "unprecedented" India-UK Migration and Mobility Partnership with UK Home Secretary Priti Patel.

The bespoke plan, which envisages around 3,000 young students and professionals a year access new work experience benefits in either country, is expected to be up and running by April 2022.It marked another post-Brexit pledge – to open up Britain to talent with a fairer visa and migration regime – with extradition also within the ambit.

Patel reiterated her goal to facilitate the return of economic offenders wanted in India, even as businessman Vijay Mallya's case continues to remain shrouded in an asylum application protocol secrecy and diamond merchant Nirav Modi's High Court appeal expected to conclude in the New Year.This sits alongside Patel's another flagship mission, to have the Graduate Route visas allowing post-study work up and running for international students. The scheme has already resulted in a staggering jump in Indian student visa grants, a figure expected to keep its upward trend in 2022.

While Brexit had technically been done last year, it was only in January this year that the Brexit transition period came to an official end – paving the way for the UK to start delivering on its Global Britain agenda.However, the pressure on the UK prime minister remains at its peak, with the birth of a daughter overshadowed by a major rebellion with nearly 100 of his parliamentarians voting against the government's COVID restrictions in Parliament. This was also a protest vote against reports of lockdown-breaching parties within Downing Street from last year.

The high drama in the corridors of political power went hand in hand with some royal drama as Prince Harry and wife Meghan Markle gave an explosive television interview with American talk show host Oprah Winfrey, implying racism within the ranks of Britain's royals. It came in a year of great mourning for Queen Elizabeth II as she lost her husband of 73 years, Prince Philip – the Duke of Edinburgh, who passed away peacefully at his residence in Windsor Castle on April 9.

The Queen has since maintained a pretty busy schedule but was forced to rest on the advice of her medics after spending a night in hospital back in October. The 95-year-old monarch is all set for a bumper year in 2022 – which marks the Platinum Jubilee of her 70-year reign with a series of celebrations and special events.

The year 2021 is bowing out on a disturbingly similar note of uncertainty as 2020, with the new Omicron variant of COVID-19 taking the UK's daily infection rates to their highest levels since the very start of the pandemic. The focus remains on a boosted booster vaccine campaign for all adults before the New Year.

Source: financialexpress.com- Dec 22, 2021

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'Policy support key to sustain recovery'

Reserve Bank of India (RBI) Governor Shaktikanta Das said continued policy support is warranted for a durable, broad-based and self-sustaining rebound in economic activity.

These observations come in the backdrop of uncertainties vis-a-vis evolving global macroeconomic outlook and a slack in key drivers like private consumption on the domestic front. Policy support is needed especially to nurture revival in sectors which are lagging and to safeguard those which are exposed to the evolving headwinds, as per the Governor's observations at the monetary policy committee's (MPC) meeting held between December 6 to 8.

"In this scenario, it would be prudent to watch out for growth signals becoming well entrenched while remaining vigilant on inflation dynamics. There is also a necessity to have a firm understanding of the impact of the Omicron variant," Das said. The central bank released the minutes of the six-member MPC meeting on Wednesday.

The Governor emphasised that the calibration and timing of a monetary policy response and preventing build-up of financial stability risks are very important in such an uncertain environment.

Global spillover

MD Patra, Deputy Governor, RBI, observed that India is being lashed by global spillovers. The main conduit has been financial markets so far but the channels themselves are diversifying.

"The biggest risk of contagion is now from the new variant. Unless a clearer picture emerges on the near-term outlook, we must take guard and resume battle readiness," he said. Mridul K Saggar, Executive Director, underscored that one month's data suggesting strong growth and inflation momentum is not sufficient to change rate cycles or policy stance.

"This guiding rule has helped us avert the mistake of premature tightening on at least two earlier occasions. This, however, does not mean status quo. Central bank has an armoury of tools to calibrate monetary and financial conditions," he said.

Jayanth R Varma, Professor, Indian Institute of Management, Ahmedabad, the only MPC member to vote against continuing with the accommodative stance, observed that economic activity appears to have surpassed pre-pandemic level, continued recovery is likely during the rest of 2021-22, and the prognosis is for healthy growth in 2022- 23 as well.

On the other hand, there is increasing evidence of inflation becoming persistent in the upper region of the tolerance band, though it is projected to remain within the band. “In this environment, it is no longer appropriate to stick to the monetary policy stance...

“Raising effective money market rates quickly towards 4 per cent would demonstrate the MPC’s commitment to the inflation target, help anchor expectations, reduce risk premia, enhance macroeconomic stability, and allow lower long-term interest rates to be sustained for longer thereby aiding the economic recovery,” Varma said.

Pointing out that the repo rate of 4 per cent corresponds to a negative real rate in the range of 1-1.5 per cent based on forward looking inflation forecasts, Varma was of the view that this level of rates is currently appropriate for reviving economic growth without excessive risk of an inflationary spiral.

‘Be steady and watchful’

Ashima Goyal, Emeritus Professor, Indira Gandhi Institute of Development Research, Mumbai, said global risks are rising with the Omicron variant as well as with expectations of an earlier Fed taper. Markets are volatile as are oil prices. “In such circumstances it is better for the MPC to remain steady and watchful through the next couple of months,” she said.

Referring to the Survey of Professional Forecasters’ growth rate projection for Q3 and Q4 of FY22 at 6.6 per cent and 6 per cent, respectively, Shashanka Bhide, Senior Advisor, National Council of Applied Economic Research, Delhi, said achieving these growth projections in the face of concerns over the new variants of coronavirus and the return from accommodative monetary policy in the advanced economies suggest a need for policy measures supportive of growth drivers.

Source: thehindubusinessline.com- Dec 22, 2021

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New GST rates on textile likely from January

Despite concerns expressed by the industry, the government is unlikely to defer implementation of higher Goods and Services Tax (GST) on certain textile products, as the decision was taken by the GST Council.

The new GST rates will kick in from January 1.

The sector had opposed the increase citing higher compliance costs, especially for the unorganised sector and micro, small and medium enterprises (MSMEs), besides making clothing more expensive for the poor.

The finance ministry is expected to take up with the GST Council the concerns raised by the industry over the latter's decision to increase the rates on several textile products to 12%.

The Council had in its previous meeting held in Lucknow on September 17 decided to correct the inverted duty structure on footwear and textiles. After this, the GST on footwear and textiles was raised to 12%, effective January 1.

"The decision to implement from January 1 was taken by the Council after intense deliberations. We will place the representations before the Council whenever it meets next," an official said.

Since the GST was raised by the Council, any decision on the rates or implementation also lay with it, the official added.

Once it kicks in, an apparel will attract 12% GST as against 5% on sale value of up to Rs 1,000 per piece currently. Similarly, the 5% tax on sale value of up to Rs 1,000 per pair of footwear has been increased to 12%.

GST on woven fabric, sewing thread of man-made filaments, synthetic filament yarn other than sewing thread, synthetic monofilament, and artificial filament yarn including artificial monofilament, among others, have also been increased to 12% from 5% earlier. "Inverted duty structure broadly harms the sector as companies are unable to take credit of higher tax paid on inputs. It had to be corrected to help the industry," the official said.

The government has said that uniform GST will aid in the resolution of input tax credit residues that got accumulated due to the inverted tax structure earlier.

It will enable the industry to encash piled-up input tax credit progressively, the textiles ministry said last month.

The Confederation of All India Traders said that any hike in GST rates on textiles will adversely affect consumers and block capital for small traders.

Sources said the textiles ministry had not taken up the issue with the finance ministry or the GST Council Secretariat yet.

"Industry has made a representation to the finance ministry and taken up the issues with them," said another official.

Source: economictimes.com- Dec 23, 2021

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Aadhaar mandatory for filing GST refund claim from January 1

From January 1, Aadhaar authentication of registration will be mandatory for being eligible for filing refund claim and application for revocation of cancellation of registration by GST assesses. The Finance Ministry has notified the date.

The GST Council, in its meeting on September 17, decided to make Aadhar authentication mandatory. On September 24, Finance Ministry notified the rules and said these will be applicable from the date to be notified later. Now, this has been done with notification dated December 21.

The rule prescribes the mechanism for authentication. In case of proprietorship firm, authentication will be done with the proprietor's Aadhaar number. It will be of any partner in case of partnership firm, of Karta in the case of a Hindu undivided family, of the managing director or any whole time director in the case of a company, of any of the members of the managing committee of an Association of persons or body of individuals or a Society, or of the Trustee in the Board of Trustees in the case of a Trust. Aadhar authentication will make one eligible for filing of application for revocation of cancellation of registration and for refund including that related with integrated tax (IGST) paid on goods exported out of India.

Aadhaar authentication was introduced vide Finance Act, 2019 and implemented in 2020 to curb the menace of tax evasion in view of easy registration process, which was granted in 3 working days and no field inspection with no check. Aadhaar had been made mandatory like LPG subsidy, scholarship etc. as per Supreme Court Judgement, however, some exceptions are made under GST even for persons without Aadhaar.

If new taxpayers furnish Aadhar details, then the facility of auto-approval of registration is available, else a detailed physical verification process is made operational to confirm their identity using other documents.

According to Aaditya Singhania, Founder at Singhania's GST Consultancy & Co, certainly, Aadhar authentication is a hurdle at the first leg of the registration process for people seeking fake registration. The real challenge, however, is to authenticate Aadhar of more than 1.64 crore promoters, authorised signatory, etc. who are already registered.

"Since it is not pragmatic to undertake Aadhar authentication of all the existing registration at the same period of time, it is significant that necessary checks are placed in grey areas from where the probability of revenue leakage is high.

And it seems that recommendations have been made in this line only to make Aadhar authentication mandatory, where cancelled registrations are to be revoked and in case of refunds of IGST on exports of goods," he said.

Source: thehindubusinessline.com- Dec 22, 2021

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With 54 unicorns, India overtakes UK to third spot: Hurun index

India has a total of 54 unicorns, ranking it third in the world, according to Hurun Global Unicorn Index 2021.

The report said India has more than doubled the number of unicorns from last year and overtook the UK in the tally. "Whilst there are a further 65 unicorns founded by Indians abroad, mainly in Silicon Valley, the percentage of homegrown unicorns has increased from one third to 45 per cent suggesting that the start-up ecosystem in India is maturing," said Anas Rahman Junaid, Managing Director and Chief Researcher, Hurun India.

According to Hurun India, India's list of unicorns is led by edtech platform BYJU's which is valued at $21 billion, followed by mobile ad-tech platform InMobi valued at $12 billion and hospitality major OYO Rooms with a valuation of $9.5 billion.

The report said there are 122 unicorns in e-commerce globally, of which 15 are in India. In the e-commerce sector, India is the third-largest, only behind the US and China.

Further, 39 unicorns in the world have seen their valuation dip below $1billion this year. Among Indian start-ups, Paytm Mall was valued at $3 billion in 2020, the e-commerce company saw its valuation drop below $1 billion this year.

Source: thehindu.com- Dec 21, 2021

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Cargo traffic at ports declines 5% y-o-y in FY21

The disruption caused by the Covid-19 pandemic adversely impacted movement of goods at ports with cargo traffic at the 12 major ports in the country declined by 5 per cent year-on-year in FY21. The total traffic handled at the ports in the last financial year fell to 672.68 million tonnes (MT) as compared to 704.927 MT in FY20.

The pandemic's impact at major ports started from March 2020. During the last financial year (FY21), Kandla handled the highest cargo at 117.56 MT. It was followed by Paradip (114.55 MT), Visakhapatnam (69.84 MT), JNPT (64.81 MT) and the Mumbai port (53.32 MT).

However, the traffic handled during April-October 2021 increased by 15 per cent as compared to the same period over the previous year. During this the major ports handled total traffic of around 406.9 MT against 355.16 MT handled for the same period in 2020, the data from the Ministry of Ports, Shipping & Waterways showed.

The ministry said that it took various efforts and initiatives to mitigate the impact of the pandemic and ensure smooth functioning of supply chains. The ministry and its associated bodies issued various advisories/circulars to provide relief to the trade in terms of non-charging of demurrage and other penalties/charges.

Major ports ensured storage space for cargo and accommodation and food for migrant labourers working in their premises. They also remitted VRC charges for quarantined vessels various technological initiatives were expedited during the pandemic to maintain smooth functioning without human interference such as e-invoice, e-payment, utility for sign-on and sign-off, utility for data verification of seafarers from chartered flights, online ship registrations and online charter licensing.

Source: thehindubusinessline.com - Dec 22, 2021

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DPIIT organizes 'National Workshop on Next Phase of Reforms for reducing compliance burden'

As part of Azadi ka Amrut Mahotsav, Government of India is observing Good Governance Week from 20th to 25th December 2021. In the Good Governance Week, Department for Promotion of Industry and Internal Trade, organized a National Workshop on next Phase of Reforms for Reducing Compliance Burden on 22nd December 2021 at Ambedkar International Centre, New Delhi.

Workshop witnessed wide participation from States, Central Ministries, Industry Associations and Industry Representatives. More than 100 representatives from 27 States/UTs, more than 200 members from Central Ministries, Departments and subordinate organizations and 95 representatives from Industry Associations participated in deliberations of the Workshop.

Context of the workshop was set in the opening session wherein DPIIT made a short presentation on overview of the exercise of reducing compliance burden, status of compliances reduced, initiatives implemented by Ministries and States/UTs to reduce compliance burden on citizens and businesses and next steps of the exercise.

To understand views and seek suggestions from stakeholders, workshop included 3 Breakout Sessions on following themes- Breaking Silos and Enhancing Synergies among Government Departments, Chaired by Shri B.V.R Subrahmanyam, Secretary D/o Commerce. The key points discussed during this session are possibilities of issuance of Master Certificate listing all registrations, merging key business identity numbers into single ID, integration of State Single Window Systems with Central Ministries/Departments, etc.

Single Sign-on for Efficient Delivery of Citizen Services. Chaired by Shri Ajay Prakash Sawhney, Secretary MeitY. The main points discussed during this session are considering integration of all Citizen services at Central and State services on the National Single Sign-On, possibility of UMANG to be the National Single Sign-on (SSO) mobile application along with www.india.gov.in as the National Single Sign-On Webpage

Effective Grievance Redressal, Chaired by Secretary D/o Land Resources. The key points which were deliberated are multiple platforms for raising grievances need to use technology to ensure that the complaints are genuine, use of Artificial Intelligence (AI) for predictive analysis and data filtration

During the concluding session of the workshop, core issues were identified and next steps on respective themes of the Breakout Sessions were presented by respective Chair Secretaries.

Cabinet Secretary acknowledged the efforts put in by Ministries and States/UTs to reduce compliance burden in earlier phase and making life easier for citizens of this country. He added that reducing burdensome compliances is a continuous process. Various policy reforms and programs have been implemented over last few years, however, Ministries and States/UTs need to identify what more can be done. Transformational governance reforms in the 75th year of the country's Independence would go a long way in unshackling businesses and citizens.

Source: pib.gov.in- Dec 22, 2021

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More than 25,000 compliances reduced by centre so far in its bid to promote Ease of Living and Ease of Doing Business

The Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today urged political leadership, bureaucracy and industry leadership to focus their initiatives to reduce compliance burden, on principles of simplicity and timely delivery of services.

He was addressing the valedictory session of the 'National Workshop on the next phase of reforms to reduce Compliance Burden' in New Delhi today. It may be noted that more than 25,000 compliances have been reduced in the previous exercise implemented by the centre to reduce compliance burden and to promote Ease of Living and Ease of Doing Business.

Touching upon the infinite possibilities of technology, Shri Goyal said that technology must aid and abet initiatives to promote the Ease of Living and Ease of doing business and should not further complicate the system of compliances. He spoke of the need to develop indigenous solutions to problems that India faced.

The Minister asked policy makers to consider the wide disparity in income, literacy level and the gaps in infrastructure, especially connectivity, while planning the delivery of services, especially if technology is involved.

Speaking of the need to make monitoring mechanisms more robust, Shri Goyal said that monitoring of policies and programs must not become more cumbersome than the underlying problem that the initiatives were seeking to solve.

Shri Goyal opined that feedback from all stakeholders, especially users, had to be taken into account while designing compliance requirements and that ground realities must always be taken into consideration. He urged policymakers to use crowdsourcing to find out details of the compliances that were proving to be cumbersome and work on rationalizing them.

He spoke of the need to combine various services like the Digi locker and National Single Window System so that repetitive processes are rationalized, gaps are bridged and redundancies are eliminated when it comes to applying for approvals and permissions. He called for the creation of a single identification number for businesses and individuals by merging the several identification numbers that exist presently, such as Adhaar, PAN, TAN etc so that delivery of services becomes smoother and faster.

Speaking of the need to decriminalize Legal Metrology, the Minister urged industry participants to keep seeking reforms and improvements in processes and procedures. He also called for promotion of self- attestation, self- certification and self- regulation. He added that it is high time that compliance systems were built on trusting the integrity of the citizens.

Calling for big ticket reforms, the Minister said that the new structures must not shackle people. Underscoring the need to address information asymmetry among stakeholders, Shri Goyal called for, consolidation of the gains made so far in reducing compliance burden.

The day-long Workshop was divided into three parallel breakout sessions. The theme of the first was “Breaking Silos and Enhancing Synergies among Government Departments”. The second was based on the theme of “National Single Sign-on for Efficient Delivery of Citizen Services” while the third Breakout Session is themed ‘Effective Grievance Redressal’.

Speaking at the inauguration of the Workshop, Shri Anurag Jain, Secretary, Department for Promotion of Industry and Internal Trade (DPIIT) said that grievance redressal mechanisms must be humane and sensitive. He opined that in cases where grievances cannot be fully resolved due to rules and procedural aspects, the same must be conveyed to the complainant sensitively. Government departments could handle the genuine grievances with a human face, he added.

The Workshop witnessed wide participation from across Central Ministries and States/UTs. The ideas that took shape during the deliberations at the conference were presented to Shri Piyush Goyal and Cabinet Secretary, Shri Rajiv Gauba.

Source: pib.gov.in- Dec 22, 2021

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Cotton exports may decline on higher prices

Shipments during October-November are down 42% at 7 lakh bales y-o-y

As Indian cotton prices continue to rule high, the trade fears a decline in exports for the current season to September 2022. Cotton exports have started on a sluggish note and shipments during October-November, the first two months of the season, are down 42 per cent over the same a year ago.

According to Cotton Association of India (CAI) estimates, exports were seven lakh bales (170 kg each) during the first two months of the season compared with 12 lakh bales in the same period a year ago.

“At these high rates, we will be not able to achieve our export target of 48 lakh bales. We may hardly touch 35-40 lakh bales in exports, which will be 50 per cent less compared to last year’s exports of 78 lakh bales,” Atul S Ganatra, President, CAI, said.

Higher prices

Cotton prices are ruling high across the country and growers are seen holding back their produce, anticipating better prices. This is reflected in the market arrivals, which were down 15 per cent till November end.

On the benchmark Intercontinental Exchange or ICE, March futures contract is traded around 106 cents per pound. At the current price levels, the Indian cotton prices are equivalent to around 120 cents per pound on the ICE, making it expensive for the overseas buyers.

Trade sources said there’s not much of buying interest for exports now, in a market where prices are on the higher side even during this peak season. Sources said prices are ruling higher only due to insecurity of low arrival and crop expectations. Unseasonal rains during October-November impacted the harvest, triggering quality concerns.

“Exporters are buying at a very slow pace,” said Ramanuj Das Boob, a sourcing agent for both domestic mills and multinationals in Raichur, Karnataka. At the prevailing prices, exports will definitely be less in the year ahead, he said.

Retaining produce

Ganatra said though arrivals are seen improving in December, farmers are not selling the top-quality cotton and are holding it back. Farmers are bringing to market the cotton harvested in third and fourth picking, while are keeping the first and second pickings at home, expecting higher prices.

Ganatra estimates that farmers across the country are holding around 150 lakh bales of top-quality cotton. The first and second picking of cotton is considered to be the best quality. “It is coming very slowly into the market,” he said.

According to recent estimates for the 2021-22 season, CAI has pegged the crop size at 360.13 lakh bales — higher than the previous year’s 353 lakh bales. The trade body expects the domestic demand to stay flat at last year’s levels of 335 lakh bales.

“While there’s unlikely to be any major change in the crop size, the marketing season may prolong till August-September as farmers may continue to hold on their produce,” Ganatra said.

Source: thehindubusinessline.com- Dec 22, 2021

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Global Shortage of Containers

The Government has adopted a multi-pronged strategy to address the problem of shortage of containers and high freight rates. The efforts are spearheaded by an inter disciplinary task force consisting of representatives from the Ministry of Commerce and Industry, Ministry of Ports Shipping and Waterways, Ministry of Railways, Central Board of Indirect Taxes and Customs (CBIC) and stakeholders like the Federation of Indian Export Organisations (FIEO), Container Shipping Lines Association (CSLA), etc. The task force after considerable stakeholder consultations, has initiated coordinated action on identified tracks.

This includes pressing additional shipping/container capacity into service through measures such as enhanced import of empty containers by shipping lines to the country, improved operational planning by facilitating close coordination between exporters and shipping lines, release of abandoned/detained/seized containers, increasing duty free stay of containers, freight discounts for empty repositioning by Railways, transport and marketing assistance for select commodities, measures to improve the turnaround times of containers through tracking and monitoring of dwell times so as to effectively enhance availability of containers, seeking out possible ways to promote use of bulk/break-bulk movement by exporters as compared to containerised movement wherever feasible, etc.

In line with the ambitious export target set by the government, the total merchandise exports during the period April – November 2021 increased to USD 263.57 Billion registering an increase of about 51% over 2020. Non petroleum exports are also higher by about 42% over last year, and so there is a high demand for additional containers to meet the export target in various sectors.

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 22, 2021

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Union Shipping Minister Shri Sarbananda Sonowal announces the Tariff Guidelines, 2021 for PPP projects in Major Ports

In a major reform for the Port sector, Union Minister for Ports, Shipping & Waterways, Shri Sarbananda Sonowal today announced the Tariff Guidelines, 2021 for the PPP projects in Major Ports.

The need for new guidelines arose consequent upon the new Major Port Authority Act,2021 coming in vogue w.e.f. 3.11.2021. In the new Act, the provision of the erstwhile Tariff Authority for Major Ports (TAMP) stands abolished.

The Guidelines allow the concessionaires at Major Ports to set tariffs as per market dynamics. Currently, Major Port's PPP concessionaires handle around 50% of the total traffic handled by all the Major Ports in India.

The biggest benefit of transition to market linked tariff is that a level playing field will be provided to the PPP concessionaires at Major Ports to compete with private ports. PPP concessionaires at Major Ports were constrained to operate under the stipulations of these guidelines (by TAMP) whereas private operators/PPP concessionaires at non-major ports were free to charge tariff as per market conditions.

These new guidelines will be applicable for future PPP projects including the projects which are currently under the bidding stage.

Making the announcement, Shri Sonowal said that government mandated concessions in tariff for trans-shipment and coastal shipping shall continue to apply to all PPP future Concessionaires. In fact, the government has gone a step further and made further concessions to promote transshipment and coastal shipping.

The royalty payable for trans-shipment cargo will now be 1.0 times (from 1.5 times earlier) the normal container. Similarly, for the coastal cargo, the concessionaire has to pay only 40% of the royalty payable for foreign cargo (from 60% earlier) in accordance with coastal concession policy of the government.

For transparency, the tariffs so fixed are to be hosted on the website of the concessionaire.

The Minister added that these guidelines will usher in an era of market economy for the sector and go a long way in making the Major Ports competitive.

He said, the announcement of the market linked tariff guidelines also comes at a time when the Government is celebrating the current week as the 'Good Governance' week.

Source: pib.gov.in- Dec 22, 2021

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Make In India

'Make in India' is an initiative which was launched on 25th September, 2014 to facilitate investment, foster innovation, build best in class infrastructure, and make India a hub for manufacturing, design, and innovation. It is one of the unique 'Vocal for Local' initiatives that promoted India's manufacturing domain to the world. The 'Make in India' initiative is being implemented all over the country through various measures, the details of which are not centrally maintained.

'Make in India' initiative has significant achievements and presently focuses on 27 sectors under Make in India 2.0. Department for Promotion of Industry and Internal Trade (DPIIT) coordinates action plans for 15 manufacturing sectors, while Department of Commerce coordinates 12 service sector plans.

Investment Outreach activities are done through Ministries, State Governments and Indian Missions abroad for enhancing International co-operation for promoting 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 the 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.

Besides the above, activities under the initiative are also undertaken through schemes/ programmes, by several Central Government Ministries/ Departments and various State Governments from time to time.

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

Source: pib.gov.in- Dec 22, 2021

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Reverse move to increase GST on textile items, AIADMK urges Centre

AIADMK top leader O Panneerselvam on Tuesday urged the Centre to ensure that the GST slab rate is brought down to 5 per cent on textile and apparel items.

In the wake of the twin factors of the COVID-19 pandemic for the last two years and huge rise in the price of cotton yarn, the textile industry in Tamil Nadu is already facing hardship and lot of challenges, Panneerselvam, who is also a former Chief Minister said.

Against such a background, a decision was taken by the GST Council in its last meeting to correct the inverted tax structure by rising GST from 5 per cent to 12 per cent for several textile and apparel items with effect from 1 January 2022, the AIADMK leader said in a letter to Union Minister for Textiles, Piyush Goyal.

“It has come as a blow to micro, small and medium-scale textile and clothing units in Tamil Nadu leading to loss of livelihood for lakhs of workers. This move will push up prices for consumers and spike in inflation,” he said.

The Tamil Nadu Federation of Power Looms Associations is demanding a restoration of GST to its previous slab of 5 per cent, Panneerselvam pointed out.

“I, therefore, request you to kindly take up this matter with the Ministry of Finance and ensure that the GST slab rate is brought down to five per cent on textile and apparel items.”

Source: indianexpress.com- Dec 22, 2021

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Challenges in e-Commerce

e-commerce cuts across various sectors. Therefore the provisions of various laws such as Foreign Exchange Management Act, 1999, Information Technology Act, 2000, Competition Act, 2002, Companies Act, 2013, Consumer Protection Act, 2019 among others are attracted for regulating the sector.

The Ministry of Electronics and Information Technology (MeitY), Government of India has initiated the 'Digital India' program with the vision to transform India into a digitally empowered society and knowledge-based economy by ensuring digital access, digital inclusion, digital empowerment and bridging the digital divide.

The Consumer Protection (e-Commerce) Rules, 2020 contain a number of provisions including those regarding protection against cancellation charges by e-Commerce companies to safeguard the interest of the consumers in e-Commerce platform.

Government of India has taken substantial initiatives for promotion of e-Commerce, including through Digital India program. The programme supplements e-Commerce by way of various initiatives for providing opportunity to small retailers, manufacturers and Self Help Groups for greater outreach. Some of the key initiatives undertaken include Unified Payment Interface, Government E-Marketplace, etc.

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 22, 2021

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Karur textile industries take a hit as international fair suspended

Karur textile manufacturing and export industries are bracing themselves as the textile industry is likely to witness a loss of around `1,000 crore, with the annual international textile expo scheduled to take place in Germany getting cancelled owing to Omicron scare. Karur is one of the largest hubs in the country for manufacturing and exporting household textiles.

It is also famous for kitchen and household textiles, both domestically and internationally. For more than 25 years, manufacturers and exporters from the district have been participating in the annual international textile fair which takes place in Germany.

The fair is one of the major trading spots for the industrialists as Karur industries receive around 60 per cent of their total orders in this expo through international buyers.

The annual international textile fair was set to take place in Frankfurt, Germany, from January 11 to 14. However, owing to the rapid rise in Omicron variant cases in European countries, the fair has been cancelled. One of the leading textile manufacturers and exporters in Karur, Dr Stiffen Babu, told TNIE,

"As buyers and manufacturers from numerous countries take part in the international textile fair, there are high chances for Omicron transmission. As a precautionary measure, the organisers, Messe Frankurt, have suspended the expo. Several orders have been cancelled already by the regular buyers. This fair is very vital for textile industries, not just for the industries in Karur but across the country as majority of our trade happens through this expo.

Around 350 to 365 textile industries from India take part in the fair, out of which 45 are from Karur. We, industrialists, had spent huge sums and already sent samples to Germany.

After suspension of the fair, we had to cancel all our tickets and hotel bookings. This is the second consecutive time the fair has been cancelled due to the pandemic, after it was cancelled in January. The textile industry is likely to witness a loss of around Rs 1,000 crore due to this."

The textile fair, apart from being a platform to receive business orders, has also been serving as an educational expo, where industrialists learn about the current global trends in terms of design, styling, colours and buying capacity among others.

The organisers are also checking on the feasibility to conduct the fair from June 21 to 24 next year, industrialists said.

Source: newindianexpress.com- Dec 23, 2021

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Handloom exhibition showcases textile crafts of India

Eye-catching handloom products are on display at the 'Cottonfab-2021' exhibition and sale.

Over 100 artisans across 15 States have come together for the exhibition, which is being held on Gandhi Museum premises. The exhibition will be held till January 10, 2022. The exhibition is open from 10.30 a.m. to 9 p.m. Traditional Aari and needlework crochet on cotton and georgette fabrics from Lucknow, Kota-Doria dress materials from Rajasthan, Madhya Pradesh's Chanderi and Maheshwari sarees, block print kurtis from Gujarat and Rajasthan, Kalamkari vegetable-dyed sarees, Gadwal, Pochampally and zari border sarees from the neighbouring States of Andhra Pradesh, Telangana and Karnataka are on display.

Apart from these products, Afghani and Patiala salwar, kurtis in tussar, crepe and chiffon, Rajasthani stole, Bagh print from Madhya Pradesh, embroidered stoles from Kashmir, Odisha's Sambalpuri Ikat and Khandua silk sarees and Bengal's Dhakai Jamdani were also on display at the exhibition.

The exhibition aims to provide direct access to handloom weavers to market their products. The price of sarees range from ₹300 to ₹3,000 and the price of dress materials range from ₹400 to ₹4,000. Apart from dress materials, a wide range of mats, rugs, quilts and exotic jewellery are also on sale at the exhibition.

Source: thehindu.com- Dec 22, 2021

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KPR Mill: A Rough-cut Diamond?

Coimbatore in south west Tamil Nadu is known as the Manchester of south India and, no wonder, that in the 1970s and 1980s, it offered a varied palette of companies in the manufacture of textiles and related businesses to the trading floor of the then vibrant Madras Stock Exchange.

Most of those illustrious names have, in some sense, passed into oblivion, though some of them are still traded on the national exchanges, with the regional one having been moth-balled.

Is it any wonder then, if a star sparkles out of the same city in more recent years? KPR Mills Ltd, with a market cap that is almost close to the Rs20,000 crore bracket, has shown a stellar performance on the bourses ever since its public float in 2007 with a small capital raise of under Rs150 crore!

The company is a full-scale textiles manufacturer with an overt thrust on value added garment segment that, in revenue terms, currently towers over the typical commodity business of yarn and fabric that most textile mills account for across the country.

The top-line, that includes an unrelated diversification into sugar and allied products, is an imposing Rs3,550 crore in the last accounting year ended on 31 March 2021. The component of export sale, which is at a flattering 35% of the top-line, signifies the foray the company has made into the highly competitive international market navigating multiple challenges of quotas and tariffs.

But the stark surprise is the operating margins it makes which propels its free cash-flow in the consolidated books for the same period to an astonishing Rs815 crore before coughing up to the exchequer the taxes!

It is no mean a feat in a business, where the competition is from other tigers in Asia like Bangladesh and Vietnam, that enjoy a very supportive regulatory and business climate, which is still an unfulfilled aspiration for us.

Nothing puts the matter in perspective as the fact that a legend in branded textiles business that has been around far longer and with a formidable presence across the value chain right up to retail and proclaims itself as the ‘complete man’ has a market-cap a little less than a quarter of KPR’!!

It is not an accomplishment that can be missed even by the most superficial, for what is essentially a family organisation that has taken listing more for status than to actually access funds from the market and has returned many times over the initial investment in initial public offering (IPO). Yet it remains quite low-profile in a tier-2 city in a state generally considered less entrepreneurial!

Is the case of KPR an unalloyed 24- carat yellow metal? Apparently not! The organisation has not come out of a family-partnership mindset. It can be no one's grievance that the three promoter families own exactly the same amount of stake. A very healthy fact to ensure comity amongst them. But they also take an identical salary, though there may be a justification that the overall number is still reasonable in the context of what is happening elsewhere in corporate India.

Is there an independent assessment of competencies and contribution of the three concerned individuals by the board and the independent directors or is it a case that the families are continuing an historical entitlement? There is every reason to view the board as a crony of the promoters, especially looking to the age of at least two of the independent directors.

A bigger aspect, where the board oversight appears to be failing, is in letting the promoters divert funds for an unrelated diversification, though it is done through a 100% subsidiary. Sugar business has taken away close to Rs600 crore of net capital and its performance may be nothing to feel ashamed about. Yet, it is reflective of many other Indian promoters' way of 'my way or the high way'!

The main business can only get better. The business is very efficiently managed. Cash will keep gushing. If the promoters wish to build a casino, they should. Nothing shall come in their way!

Yet, the method shall be to either take the company private by buying out the minority or take the cash out as dividends and burn it if they wish!

Keep performance roaring and move the needle to get the governance soaring!

Source: moneylife.in - Dec 22, 2021

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