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INTERNATIONAL NEWS

World economy to top $100 trn, India may overtake France in 2022: CEBR

The world economic output will exceed $100 trillion for the first time in 2022 and it will take China a little longer than previously thought to overtake the United States as the topmost economy, according to a report by British consultancy Centre for Economics and Business Research (CEBR), which predicted India is likely to overtake France next year and then the United Kingdom in 2023 to regain its place as the world's sixth biggest economy.

China will become the world's top economy in dollar terms in 2030, two years later than forecast in last year's World Economic League Table report. It expects China's economy to grow 5.7 per cent annually from 2020 to 2025, then by 4.7 per cent per year between 2025 and 2030 and 3.8 per cent annually in the 2030-2035 period.

The pace of the recovery is much stronger and there is 'substantially more momentum' going into 2022 than CEBR had previously envisaged, it said.

The report showed Germany was on track to overtake Japan in terms of economic output in 2033. Russia could become part of the top 10 economy list by 2036 and Indonesia looks on track for ninth place in 2034.

"The key question is whether inflation will largely subside of its own accord, with a modest degree of policy tightening and possibly a medium-sized fall in asset prices (of about 10 per cent to 15 per cent) but little impact on GDP, or whether bringing it down it will require something close to austerity," CEBR was quoted as saying by global newswires.

The consultancy expects the push for greener economy and renewable and cleaner energy capacity boost to shrink consumer spending by about $2tn a year on average through 2036, as companies pass on the cost of decarbonising investments to consumers.

"It is probably prudent to conclude that the drive for net zero will at least initially add to consumers' costs," the CEBR said.

"If we assume that roughly half of the total cost of decarbonising investment is passed on to consumers, this would suggest that real consumer expenditure will be reduced by about $2tn per annum on average over the next 20 years," it added.

Source: fibre2fashion.com– Dec 28, 2021

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China's cotton yield rises in 2021 reveals latest survey

Average cotton yield per unit area in China in 2021 is up three per cent reveals the latest cotton yield survey by the National Cotton Market Monitoring System.

But the total output of new cotton in China is expected to be down 2.5 per cent. The meteorological conditions in Xinjiang cotton region were generally suitable, and cotton grew well in the later period, making up for the influence brought by the early extreme weather, and the cotton output was stable while rising. Heavy rains and floods occur frequently in the Yellow River basin, cotton bolls fall off or rot, cotton bolls are affected to a certain extent, cotton quality and yield are decreased.

The weather in the Yangtze River basin is suitable, with sufficient sunshine and rain. Considering the low base effect caused by the disaster weather last year, the cotton yield per unit area has increased. Due to the decrease of cotton planting area, the total cotton output is still declining. Total output of cotton is estimated to be 1,66,000 tons, down 11 per cent.

China's cotton output in 2019 fell three per cent from 2018. Xinjiang's cotton production fell two per cent from the previous year. Cotton production in Xinjiang accounts for 84 per cent of the country's total. The cotton target price subsidy policy for Xinjiang has aroused the enthusiasm of cotton farmers for planting and has steadily increased the area of cotton planted in Xinjiang.

Source: fashionatingworld.com– Dec 28, 2021

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Xinjiang bill may end up harming American interests warn China's textile associations

A group of textile industry and trade associations in China have condemned the US' 'Xinjiang bill' saying, it endangers the security of the global textile industry. The bill was signed by the US President Joe Biden this month as a part of the US initiative to curb forced labor. It aims to curb US funding amongst ethnic minorities in the Xinjiang Uyghur Autonomous Region.

The law instructs the US Customs and Border Protection (CBP) under Section 3 of the Act to adopt a rebuttable presumption that goods mined, produced, or manufactured in the Xinjiang Uyghur Autonomous Region (XUAR) or by certain entities are prohibited from being imported into the US.

Moreover, the bill instructs the government to guide importers on best practices/due diligence and on the type of evidence to demonstrate that goods are not made with forced labor. It also directs the government to develop a comprehensive enforcement strategy and a diplomatic strategy. However, the bill has been opposed by all leading Chinese textile industry and trade associations.

Suppresses domestic industry and violates WTO rules

The China Cotton Association says, the bill suppresses China's cotton textile industry in the name of human rights while the China National Textile and Apparel Council and 12 industry associations accuse it of setting a dangerous precedent to international economic and trade by presumption of guilt with regards to forced labor covering all Xinjiang products. It says, Xinjiang cotton is globally recognized as a high-quality natural raw material for fiber, and is vital to the sound and sustainable development of the Chinese and global textile industry.

The US suppression of Xinjiang cotton and related products is bound to severely endanger the security of the global textile supply chain. The China Chamber of Commerce for Import and Export of Textiles (CCCT) accuses the US of completely violating market principles and WTO rules. The bill severely harms the interests of both, the Chinese and the American textile and apparel companies and consumers and also

An important part of the global textile supply chain, Xinjiang cotton amounted to 5.13 million tons in 2021. It accounted for about 20 per cent of global cotton output, adds CCCT. However, since 2020, the US government has issued import bans on Xinjiang cotton restricting the import of cotton-related products from the region. This has damaged the reputation of the China's cotton textile industry across the world.

A move doomed to fail

Through its crackdown, the US aims to curtail the development of new industries in Xinjiang, thus slowing its economic growth. However, such a move is doomed to fail, says Huo Jianguo, Vice Chairman, China Society for World Trade Organization Studies. The US imports of textiles and apparels from China grew 23.9 per cent year-on-year to $25.79 billion in the first ten months of 2021. This was a growth of 58.9 percentage points from the same period last year, accounting for 27.6 percent of the US' total textile and apparel imports during the same period, according to industry data.

Bill to aggravate US' economic predicament

Thus, the suppression of imports from China by the US' will not only harm millions of cotton farmers and textile workers in Xinjiang, but also the interests of American textile and apparel consumers, retailers, distributors and importers, adds CCCT. The restrictions will end up harming American interest and aggravate its economic predicament, adds Jianguo.

Source: fashionatingworld.com– Dec 28, 2021

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Scope for Australian investment in Vietnam to increase, workshop told

Australia's investment, which is now modest in Vietnam, would grow further, thanks to free trade agreements (FTAs), a virtual workshop in Hanoi was told recently. By November this year, Australia had 545 projects worth $1.94 million in Vietnam, according to Nguyen Thi Thu Trang, director of the Vietnam Chamber of Commerce and Industry's (VCCI) Centre for WTO and Economic Integration.

Citing statistics by the ministry of planning and investment's foreign investment agency, Trang said the capital accounts for only 0.5 per cent of the total FDI poured into Vietnam, ranking Australia 19th among countries and territories investing in the country.

However, Trang said, as the two countries share three FTAs, including two new-generation ones—the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP)--the three together with 12 others to which Vietnam is a signatory, would help to unlock opportunities to attract more Australian investors.

Australian ambassador to Vietnam Charles Thursby-Pelham said both sides have officially announced their enhanced economic engagement strategy, with the aim of doubling investment and becoming top ten trading partners, according to Vietnamese media reports.

To make use of the opportunities, Vietnam should study and address problems hindering Australian businesses to land their investments in the country, he said.

He also suggested Vietnam to comprehensively reform the public sector, regularly review local legal regulations, and fulfil international commitments to investment and creating a fair, transparent business environment for foreign investors, including those from Australia.

Source: fibre2fashion.com– Dec 28, 2021

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US holiday retail sales grew 8.5% YoY: Mastercard SpendingPulse

Holiday retail sales excluding automotive increased 8.5 per cent year-over-year this holiday season, running from November 1 through December 24. Notably, online sales grew 11 per cent compared to the same period last year, according to a recent report by Mastercard SpendingPulse that measures in-store and online retail sales across all forms of payment.

Findings from Mastercard SpendingPulse underscore the strength of the holiday shopper across channels, with consumers returning to stores (8.1 per cent YOY), and e-commerce continuing to expand, up 11 per cent compared to 2020. “Shoppers were eager to secure their gifts ahead of the retail rush, with conversations surrounding supply chain and labour supply issues sending consumers online and to stores in droves,” Steve Sadove, senior advisor for Mastercard and former CEO and chairman of Saks Incorporated, said in a press release. “Consumers splurged throughout the season, with apparel and department stores experiencing strong growth as shoppers sought to put their best dressed foot forward.”

Continuing a key trend from 2020, US consumers shopped earlier than in years past, as retailers offered special promotions early and then again later in the season as shoppers raced to secure ‘guaranteed by Christmas’ shipping offers. Looking at Mastercard’s expanded holiday season, total retail sales were up 8.6 per cent YOY for the 75 days between October 11 and December 24.

Black Friday marked the top spending day of the 2021 holiday season yet again. For the Thanksgiving weekend running Friday, November 26 through Sunday, November 28, shoppers drove US retail sales up 14.1 per cent YOY. In-store sales also rebounded, increasing 16.5 per cent YOY while e-commerce sales experienced sustained growth, up 4.9 per cent YOY.

This holiday season, e-commerce made up 20.9 per cent of total retail sales, up from 20.6 per cent in 2020 and 14.6 per cent in 2019. The channel continues to experience elevated growth as consumers enjoy the ease of holiday browsing and buying in the comfort of their own homes.

Source: fibre2fashion.com– Dec 28, 2021

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Expect more shipping chaos as Omicron forces transport workers to quit

From seafarers refusing to get back on ships to truck drivers whose concern over Covid-related border closures trumps the lure of higher pay, the transport industry is bracing for another roller coaster year of supply-chain disruptions.

As Omicron infections surge and governments tighten restrictions, logistics companies around the world, from global giants to small businesses, can't find enough staff. According to the International Road Transport Union, around one-fifth of all professional truck driving jobs are unfilled, despite many employers offering increased wages. Some pockets of shipping are also sounding the warning bell about future hiring prospects.

"2022 is shaping up to be another year of severe disruption, under supply and extreme cost for cargo owners," said Simon Heaney, an analyst at maritime research consultancy Drewry. "The virus is once again showing it's in charge," he said, predicting another 12 months of stretched labor and healthcare-related red tape.

As the mutated Omicron variant takes hold, workers who deliver goods on ships and trucks are shouldering the brunt of a supply chain infrastructure still mired in chaos. Faced with long weeks of quarantine combined with the precarious nature of crossing borders and fears of getting sick, some people are refusing contracts while others are looking for work elsewhere, companies say.

In Romania, many truck drivers don't want to accept long-haul jobs into other parts of Europe, stung by last year's 30 mile (48 kilometer) traffic jams and waits of up to 18 hours at EU borders.

Countries where infections are surging are particularly problematic, according to Alex Constantinescu, CEO of Alex International Transport 94 SRL, which operates 130 trucks that deliver pharmaceutical and food products throughout the continent.

Already faced with a driver shortage before the pandemic, the trucking industry's labor crisis has become more acute, he said. The company has had to raise wages by about 30% over the past three years.

Quarantine Concerns

“Long hours on the road, sleeping in the cab and now not knowing if the people you interact with have the virus -- truck driving isn’t very attractive anymore,” said Constantinescu, who founded the company 27 years ago. “I look behind me and I can’t see any new generation of drivers. The pandemic has made this work very unattractive.”

In the U.K., the ranks of heavy goods vehicle drivers slumped by 23%, or around 72,000 people, in the second quarter compared to 2019, data from Logistics UK show. In China, it’s the fear of draconian quarantines due to the government’s Covid-zero strategy keeping drivers away. Just last week the entire western city of Xi’an, population 13 million, went into a snap lockdown after 127 cases.

“China has very strict policy measures to control flare ups and that’s making truck drivers unwilling to go to some areas where they might be quarantined,” said Salmon Aidan Lee, head of polyesters at energy consultancy Wood Mackenzie. “These harsh measures have further contributed to supply chain issues, and some polyester factories have had to shut.”

While the crew-change crisis that prevented seafarers from getting home and being replaced with fresh mariners has mostly eased -- fewer than 5% of seafarers were onboard ships beyond the expiry of their contracts in mid-November, a drop from 9% in mid-July, according to The Neptune Declaration Crew Change Indicator -- now companies can’t entice them back.

Pipeline Disruption

Western Shipping Pte Ltd., a Singapore-based tanker operator, said about 20% of its some 1,000 mariners don’t want to get back onto ships. Around 5% of Anglo-Eastern Univan Group’s 30,000 mariners had indicated as of last month they aren’t interested in a new contract.

Western Shipping is having to hire seafarers from other companies and offer them good bonuses to boot, according to Managing Director Belal Ahmed, who also chairs the International Maritime Employers’ Council.

Some of those delaying going back to sea are senior crew members, such as officers with experience and tenure, said Bjorn Hojgaard, chief executive officer of ship manager Anglo-Eastern Univan.

“Even before Covid it was hard to get the right person with the right experience and training on a ship,” said Hojgaard, who is also chairman of the Hong Kong Shipowners Association. “Today, we have to compromise. That worries me we’re not doing anything good for the safety of ships.”

The shortage may worsen as shipowners and charterers request only vaccinated crew be hired. And with omicron requiring more booster shots, the dearth is intensifying. Less than 30% of seafarers from India and the Philippines, among the top countries providing mariners, were fully inoculated as of mid-November, according to the Neptune Declaration indicator.

“We can’t dictate that seafarers take the vaccination but customers are stating they’ll only use fully vaccinated crew,” Columbia Shipmanagement Ltd. Chief Executive Officer Mark O’Neil said. “It’s been a challenge keeping these huge cargo ships moving.”

Wilhelmsen Ship Management, which manages a pool of around 10,000 mariners, is troubled by the trend of junior officers refusing contracts, even though it hasn’t affected the company’s overall crew-retention rate yet, CEO Carl Schou said. Still, the pipeline of future officers, who require years of training, could be disrupted.

“What happens then is you bring in people who aren’t qualified, you get them through a shorter training and promote them to roles that require more experience,” Ahmed said. “That could lead to more serious incidents and accidents on ships, groundings, even pollution. I‘m afraid we’re heading toward a disaster.”

Source: economictimes.com- Dec 28, 2021

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Sweden's H&M and Fotografiska join hands for textile sustainability

With the power of visual communication, Sweden’s non-profit H&M Foundation and prominent photography museum Fotografiska, have joined forces to inspire action connected to the UN's Sustainable Development Goals. It will explore what a planet positive fashion industry can look like and how to accelerate the development of inclusive societies.

The two-year collaboration begins with Fotografiska Stockholms exhibition The Changing Room by visual artist and multimedia pioneer Tobias Gremmler. In a scenographic media exhibition, the artist takes Fotografiska's visitors on a journey to picture a world where garments can grow directly on human skin through an array of imaginative notions.

To further raise awareness about how innovation can drive transformation, seven examples of planet positive solutions that can shift the fashion industry are introduced in the 3D inspiration room The Future is Here. This online tour makes it possible for anyone to learn more about these ideas in the comfort of their own home, according to a press release by H&M.

“We want to create awareness of the powerful impact sustainable fashion innovation can achieve if given the opportunity to scale.

In the innovation space you can experience a t-shirt made of trapped carbon dioxide from the air, shoes crafted from wine-making leftovers and lab-grown cotton.

These solutions exist and are giving back instead of taking from the planet, which is one of the keys to turning the fashion industry planet positive,” Diana Amini, global manager at H&M Foundation, said.

The seven solutions come from across the globe and represent different parts of the fashion industry's value chain. They are examples of H&M Foundation’s open-source collaboration with The Hong Kong Research Institute of Textiles and Apparel as well as former winners of the annual innovation challenge Global Change Award.

In addition, Accenture has estimated the positive impact each of the innovations can have on the planet in 2030, if given adequate support and opportunity to scale.

One of the innovations could save 80,000 million litres of water, which is the same amount 115 million people drink during a year.

Another solution could reduce 720,000 metric tons of CO_2 emissions annually, comparable to the total life-cycle emissions of 120 million polyester T-shirts.

Source: fibre2fashion.com– Dec 28, 2021

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Retailers to centralise omnichannel operations in 2022: Global study

Close to 96 per cent of retailers surveyed agreed that the pandemic accelerated their company's adoption of new sales channels and 92 per cent agreed investing in omnichannel capabilities is a top budgetary priority for their company in 2022, as per a new international study. The study surveyed retailers on how prepared they are to accommodate new consumer expectations about how people want to shop -- at any location, through any channel, on any device, at any time.

For retailers, the past year was one of expansion as 52 per cent of respondents reported adopting an online marketplace. Unsurprisingly, Amazon was at the top of the list with 79 per cent of retailers reporting they began selling on the major marketplace, followed by Facebook and Ebay. Despite adding new selling channels, only 14 per cent of retailers said they can manage them from a single platform - most retailers reported using 4 or more tools to manage all their sales channels, according to the report 'The Great Ecommerce Acceleration' by Linnworks.

Retailers said they have limited real-time visibility into inventory levels, delivery tracking, and sales metrics across shipping channels. About 77 per cent of respondents agreed that having a centralised platform for managing all channels would improve their business performance.

"The COVID-19 pandemic has heightened the urgency for retailers to focus on the customer experience as a key part of their brand," said Callum Campbell, CEO at Linnworks. "This study shows that many companies didn't have the infrastructure in place to operate in a true multichannel and omnichannel capacity. Only 14 percent of respondents have a single platform for managing fulfilment, inventory, and all sales channels in one place."

To support the pivot to e-commerce at the start of the pandemic, 83 per cent of respondents said that their company repurposed their physical storefront(s)/retail space to serve as e-commerce fulfilment and distribution facilities. And for many, the pandemic changed how they use physical space permanently – only 32 per cent have turned the converted space back into storefronts. Now 46 per cent are using their physical sites as showrooms, with a small marketing/customer display space in the front

with most space serving as a fulfilment warehouse for e-commerce purchases.

The shift to e-commerce was not the only disruption to retailers last year; 39 per cent of retailers said that their supply chain was disrupted by isolated catastrophes in the last 12 months (i.e. the Suez Canal blockage, winter storms, wildfires, etc), in addition to being disrupted by the pandemic. For those who experienced the disruptions, the impact was damaging with 88 per cent of retailers reporting a negative impact to customer service and 76 per cent having lost company revenue. Almost as many have reported increasing prices as a result.

Of those who are still experiencing continued supply chain issues due to the pandemic, 42 per cent said the impact is due to labour shortages, followed by supply and demand shocks, reliance on international suppliers, and a nationwide failure to invest in domestic manufacturers. Because of this, 95 per cent of retailers said that improving supply chain resiliency is a primary operational objective for their company in 2022. Over half of retailers surveyed reported they intend to improve resiliency by focusing on diversifying the location of suppliers and 53 per cent plan to establish inventory buffers with overstock.

Along with supply chain disruptions, retailers' role in climate change has been an issue that has gained attention with 89 per cent reporting to have seen a dramatic increase in consumers' interest in corporate sustainability practices. Interest goes beyond consumers, however, as 83 per cent of retailers reported releasing a public sustainability strategy or brand promise in response to employee demand.

Just under half (44 per cent) of retailers said they already run sustainable operations, while 53 per cent do not yet but said it is on their one-to-five-year roadmap. Of those who said that their company includes sustainability in its branding, half of retail managers believe that their company is truly making significant changes. Those who already run sustainable operations said they prioritised ethically sourced product ingredients/materials, working with sustainability-focused vendors/partners/suppliers, or increasing the share of electric vehicles in the supply chain.

Source: fibre2fashion.com– Dec 29, 2021

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Sri Lanka's JAAFSL, Union Collective sign 2 MoUs

The Joint Apparel Association Forum Sri Lanka (JAAFSL) and the Union Collective, a body of key industry trade unions, recently signed a memorandum of understanding (MoU) to ensure that business owners and employees work together to maintain continued vigilance on pandemic prevention, discuss issues of mutual interest and jointly participate in addressing grievances.

Both organisations signed a second agreement laying out how employers and the unions will collaborate to assess and coordinate their efforts to manage the negative impact of the pandemic on all stakeholders, co-operating as partners to address identified issues and challenges the pandemic may create.

JAAF is the apex body of Sri Lanka's apparel industry while the Union Collective comprises three of the sector's most prominent trade unions: the General Services Employees Union, the Sri Lanka Nidahas Sewaka Sangamaya and the National Union of Seafarers.

According to the MoU, trade unions will be represented in the bipartite health committees established in each apparel factory. These committees ensure that guidelines issued by the ministry of health are strictly adhered to at each production plant.

JAAF and the unions will also set up a bipartite dispute resolution mechanism to collaboratively address worker grievances in a transparent manner. Any grievance raised by the unions will be forwarded to the executive committee of JAAF and the Trade Union Collective for review, according to Sri Lankna media reports.

JAAF and the respective union will discuss every valid complaint and resolve the issue in a period of one month, unless it is mutually agreed to extend that timeline.

The first MoU also recognises employees' freedom of association and their rights to collective bargaining. The second partnership compliments the 'Better Work' programme, of which JAAFSL is a partner. The programme is a collaborative effort between the International Labour Organisation (ILO) and the International Finance Corporation (IFC), with support from Government partners, employers and trade unions.

The second initiative contributes to addressing issues related to the improvement of economic performance and competitiveness of enterprises, covering gender dynamics, workplace cooperation through Occupational Safety and Health (OSH) and advancing common interests, especially the emerging challenges stemming from the pandemic.

Source: fibre2fashion.com– Dec 29, 2021

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NATIONAL NEWS

Operational Guidelines For Production Linked Incentive (PLI) Scheme For Textiles Finalized

Government approved the Production Linked Incentive (PLI) Scheme for Textiles, with an approved outlay of Rs. 10683 crore over a five year period, to promote production of MMF Apparel, MMF Fabrics and Products of Technical Textiles in the country.

In this regard, the Operational Guidelines has been finalised and uploaded at http://texmin.nic.in/services/operational-guidelines-production-linked-incentive-pli-scheme-textiles-promoting-mmf-and

Ministry of Textiles will accept online applications under the PLI Scheme for Textiles w.e.f. 01st January, 2022, through PLI portal https://pli.texmin.gov.in/mainapp/Default.

The application window will remain open from 01-01-2022 to 31-01-2022.

Source: pib.gov.in– Dec 28, 2021

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Textile Ministry to accept applications under PLI scheme from January 1

The Textile Ministry will accept online applications under the production-linked incentive (PLI) scheme for textiles, which was approved earlier this year with an outlay of ₹10,683 crore, from January 1.

"The application window will remain open from January 1 to January 31 2022," according to an official release issued by the Textile Ministry on Tuesday.

Operational guidelines

The operational guidelines of the scheme, which is aimed at promoting the production of MMF (man made fibre) apparel, MMF fabrics and technical textiles in the country, have also been finalised.

The scheme covers 40 MMF garments, 14 MMF fabric items and 10 technical textiles items. Benefits are to be provided for five years from 2025-26 to 2029-30 on incremental turnover achieved during 2024-25 to 2028-29.

"After having due consultations with all stakeholders including DPIIT, NITI Aayog, Department of Commerce, Department of Expenditure, Department of Revenue, Export Promotion Councils and trade bodies, these scheme guidelines are being issued for effective operation and smooth implementation...," per the operational guidelines.

The Empowered Group of Secretaries (EGoS), headed by the Cabinet Secretary, will monitor the progress of this PLI scheme, undertake periodic review of the outgo under the scheme, ensure uniformity with other PLIs and take appropriate action to ensure that the expenditure is within the prescribed outlay, the guidelines said.

Most importantly, the EGoS is also empowered to make any changes in the modalities of the scheme, and address any issue related to genuine hardship that may arise during the course of implementation, within the overall financial outlay of ₹10,683 crore.

Per part one of the scheme, beneficiaries need to invest a minimum of ₹300 crore in plant, machinery and equipment. They will earn an incentive of 15 per cent of turnover the first year and thereafter, one per cent lower every year for the next four years on achieving minimum turnover of ₹600 crore in the first year and incremental turnover of 25 per cent in the subsequent four years.

Minimum investment limit is lower at ₹100 crore in second part of the scheme. Incentives, too, are lower, starting at 11 per cent in the first year and getting reduced by 1 per cent each year in the four subsequent years. In this category, beneficiaries need to attain a minimum turnover of ₹200 crore in the first year and an incremental turnover of 25 per cent in the following four years.

There will be a provision of cap of 10 per cent over and above the prescribed minimum incremental turnover growth of 25 per cent for the purpose of calculation of incentives from the second year onward. Turnover achieved beyond that cap will not be taken into account for calculation of incentive.

However, for the first year, the cap of 10 per cent will be applied over and above turnover of two times of the investment made under the scheme up to 2024-25.

Source: thehindubusinessline.com– Dec 28, 2021

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Indian economy likely to maintain 9% GDP growth this fiscal and in FY23: ICRA

The rating agency estimates net loss to the economy from the pandemic at ₹39.30 lakh crore during FY2021-23.

The Indian economy is expected to maintain real GDP growth of 9 per cent each in FY2022 and FY2023, amidst the uncertainty ignited by the Omicron variant of Covid-19, according to ICRA.

The credit rating agency has estimated the net loss to the Indian economy from the pandemic at ₹39.30 lakh crore during FY2021-23.

ICRA noted that the available data (high frequency indicators) for Q3 (October-December) FY2022 does not offer convincing evidence that the Monetary Policy Committee's (MPC's) criteria of a durable and sustainable growth recovery has been met, to confirm a change in the Monetary Policy stance to neutral in February 2022.

Aditi Nayar, Chief Economist, ICRA Ltd, said: "The data for October-November 2021 does not point to a broad-basing of the growth recovery in India.

"After the higher-than-expected net cash outgo sought under the second supplementary demand for grants, the pace of actual Government spending is likely to determine whether the pace of GDP growth meaningfully exceeds 6.0-6.5 per cent in Q3 FY2022."

Double-vaccinated adults to rise

Nayar expects the percentage of double-vaccinated adults to rise to 85-90 per cent by March 2022.

She observed that while the announcement of booster doses and vaccines for the 15-18 age group is welcome, it remains to be seen whether all the existing vaccines would offer adequate protection against the new Omicron variant to avert a third wave in India.

"In any case, fresh restrictions being introduced by several states to curb the spread of Covid-19 may temporarily interrupt the economic recovery, especially in the contact-intensive sectors in Q4 (January-March) FY2022.

"We are maintaining our forecast of a 9 per cent GDP expansion in FY2022, with a clear K-shaped divergence amongst the formal and informal parts of the economy, and the large gaining at the cost of the small," Nayar said.

Looking ahead, ICRA expects the economy to maintain a similar 9 per cent growth in FY2023. However, the expansion in FY2023 is expected to be more meaningful and tangible than the base effect-led rise in FY2022.

"Based on our assumptions of the GDP growth if the Covid-19 pandemic had not emerged vs. the actual shrinkage that occurred in FY2021 and the expected recovery in the next two years, the net loss to the Indian economy from the pandemic during FY2021-23 is estimated at Rs. 39.3 lakh crore, in real terms," Nayar said.

In ICRA's view, rising consumption will push capacity utilisation above the crucial threshold of 75 per cent by the end of 2022, which should then trigger a broad-based pick-up in private sector investment activity in 2023. The rating agency also expects the visibility of tax revenue growth to spur faster Government spending in 2022.

Source: thehindubusinessline.com– Dec 28, 2021

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Environment, labour, data issues to test skills of Indian trade negotiators in 2022: WTC report

Major concern for India is that mega trade pacts being forged by other countries may dent the country's share in world exports

Issues of the 21st Century, such as environment protection, labour, e-commerce and data protection, are set to be major drivers of global supply chain and exports and could test the skill of Indian negotiators in 2022 as they try to arrive at mutually beneficial agreements with major trade partners such as the UK, the EU and the US, according to a research paper by World Trade Centre, Mumbai.

"As India prepares to negotiate trade pact with the US, the issue of unfettered cross-border movement of data will come into force. India needs a highly nuanced negotiating strategy by striking a right balance between allowing cross-border transfer of data and protecting privacy and data security of Indian citizens," the paper pointed out.

'Restrictive' measures

India's "restrictive" digital trade measures, including data localisation policy, was reportedly one of the major barriers to trade identified by US Trade Representative Katherine Tai during her India visit earlier this year.

"There is all the more reason for India to harmonise its data protection and privacy regime with prominent jurisdictions such as the EU and the US as 66 per cent of our services exports comprise of digitally deliverable services such as ICT services, including BPO, KPO and software services," the paper noted.

Tai also made a strong pitch for including labour issues in the trade talks, that India, for the time being, managed to resist.

India may also have a tough task negotiating with the EU on concession for Indian exporters in complying with their stringent environment protection and labour norms, the paper added.

Although India and the EU have decided to go ahead with the re-launch of the negotiations on a bilateral free trade agreement, the two sides are yet to decide how to deal with issues such as labour and environment. While the

EU holds that its Parliament would not allow a trade deal where these issues are not included, India has been maintaining that environment and labour are not trade-related matters.

The EU also plans to discourage import of products manufactured through environmentally harmful process by imposing carbon tax on such goods. “This move, when it comes to force, will affect India’s export of engineering goods, auto-components and other goods, for which the EU is a major destination,” the paper pointed out.

It is important for India to forge trade deals with its major trading partners as it is not part of any major trade agreement being formalised around the world such as the Comprehensive and

Progressive Agreement for Trans-Pacific Partnership, involving 11 countries such as Canada, Australia and Japan, the revised US-Mexico-Canada trade deal, the African Continental Free Trade Area in 2021 and the RCEP that includes the ASEAN and its FTA partners excluding India.

“A major concern for India is that these mega trade agreements may reduce India’s share in world exports as our competitors integrate more into the global value chains by becoming part of these agreements. Already, there are signs of India losing market share in developing countries,” the paper stated.

Source: thehindubusinessline.com- Dec 28, 2021

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Need to improve women participation in GDP, labour codes implementation soon, says Labour Secretary

Labour Secretary Sunil Barthwal on Tuesday stressed the need to improve women participation and also assured the implementation of labour codes soon.

"Sunil Barthwal, secretary (labour and employment), Ministry of Labour & Employment, Govt of India today (on Tuesday) emphasised that the government has tried to make the new labour codes as much contemporary as possible and tried to ensure the contemporariness of the world we are living," industry body FICCI said in a statement.

The government took various measures to improve women's participation in the workforce, he stated.

He was addressing the virtual '87th Annual General Meeting of AIOE (All India Organization of Employers)' on the theme 'Impact of New Labour Codes on Sustainable and Equitable Growth'.

Barthwal also said, "Unless women participation improves, the contribution to GDP (gross domestic product) from woman workers will not be to the extent, we want this economy to grow. We have looked at the labour codes from various viewpoints, including employers, workers, women and youth, and it is a good amalgamation of different point of views." He added that when "we look at the future of work, then we will have to look at different employment models and how we can do justice to all models".

Barthwal stated that the government is pursuing with the states because this law is the concurrent list of the constitution and rules have to be formed both at the central and state levels.

"We, at the central government level, have pre-published the rules and are ready and as soon as the majority of the state government frame their rules then we will be ready to implement the Code," he added.

The labour secretary also said more and more states are coming up in terms of notification and finalisation of rules.

"We have to be fast as everybody is eagerly waiting for these rules to see the light of the day," he said.

Speaking on the new codes, Barthwal stated that the two guiding principles on which the rules have been designed include ease of living for the workers and ease of doing business for employers.

A big inclusion, he highlighted, in the labour code was the inclusion of the gig and platform workers.

“India is among the three largest platform economies,” he added.

Barthwal further stated that these changes are important, and the government wanted the whole labour code to be inclusive.

Highlighting the importance of social security funding, which was available to organised workers, Barthwal said the government is now extending it to unorganised workers as well.

“In the e-Shram portal, we will be registering around 380 million and almost 150 million workers have already registered on the portal. We have also created a fund which will be coming out of the compounding of offences which will be addressing the issues of unorganised workers,” he noted.

Dagmar Walter, Director ILO, DWT for South Asia and country office of India, said the International Labour Organization (ILO) adopted a four-pillar policy in tackling the impact of COVID-19 for its members. “These socio-economic impacts of the crisis include stimulating the economy and employment, supporting the enterprises jobs and income, protecting workers in the workplace and relying on a social dialogue for solutions.

“The future is going to rely on collaborations and social dialogues, and this will lead the way to reach better outcomes,” she added.

All India Organisation of Employers President Shishir Jaipuria said the government’s proactive measures have built trust and transparency and simplified complex and antiquated laws which were detrimental to growth. “We will be actively engaging with the states to come out with rules that are transparent, simple and in the mutual interest of the employers and employees,” he added.

Source: financialexpress.com - Dec 28, 2021

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GST of 12% may increase apparel prices by 6%, lead to job loss: Study

Industry body makes a case for lower GST rate slab to protect MSMEs

Application of a standard goods and services tax (GST) of 12 per cent on textiles, as proposed by the Centre, could increase prices of low-end garments by 6 per cent, dent demand, lead to closure of up to 95,000 small units and result in 7-10 lakh job losses, per a study done by textiles body Clothing Manufacturers Association of India (CMAI).

A 5 per cent standard GST, on the other hand, may increase demand for garments priced over ₹1,000 by about 0.5 per cent, reduce its price by about 5 per cent and create additional jobs of about 30,000 to 40,000, the study further pointed out.

Taking the middle path by applying a standard GST of 7-8 per cent on textiles will result in a minor demand volume drop of about 0.5 per cent, not lead to any major closure of units and result in negligible job loss. The government, however, does not have an existing 8 per cent slab for GST.

"The study has been presented to the Finance Ministry. The textile industry has proposed that a status quo on the present GST rates should be maintained and once new slabs are made effective, the industry may be shifted to the 7-8 per cent slab," said Sanjay Jain, a Delhi-based textile producer.

Inverted duty structure

To correct the existing inverted duty structure, the Central Board of Indirect Taxes and Customs (CBIC) notified an increase in GST rate of various kinds of textiles, apparel and footwear to 12 per cent from 5 per cent earlier (for items priced less than ₹1,000), which will be effective from January 1, 2022. GST rates for man made fibre has been lowered to 12 per cent from 18 per cent while those on apparel priced over ₹1,000 have been maintained at 12 per cent.

While the move is aimed at bringing in uniformity of rates for the entire textiles sector and removing inverted duty distortions (where inputs are taxed at a higher rate than finished products), textile bodies have said that

this would deal a sharp blow to small scale manufacturers of garments already grappling with rising prices of raw materials.

"The Finance Minister listened to the grievances of the textile industry very patiently. But a final decision rests on the GST council," another textile industry source who attended the meeting with the FM earlier this month said.

West Bengal's former Finance Minister Amit Mitra, at a recent press briefing, reportedly said that the need to correct the inverted duty structure put forward by the Centre as a pressing reason to justify the rate hike doesn't hold much merit as only 15 per cent of the textile industry suffers from the anomaly.

Mitra, in a tweet on Sunday, asked Prime Minister Narendra Modi to call an urgent meeting of the GST Council to reverse the decision.

Impact on tax collection

According to the CMAI study, potential tax collection is likely to increase by ₹7,000–8,000 crore if a uniform GST of 12 per cent is adopted for the entire textile chain. Tax collection may fall by about ₹1,500 crore if GST of 5 per cent is adopted instead. In case of a 8 per cent GST on textiles, tax collection can increase by up to ₹2,000 crore.

The study was carried out by holding interviews of multiple stakeholders including large players and MSMEs across the value chain from fiber to retail, according to CMAI.

Source: thehindubusinessline.com– Dec 27, 2021

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Gujarat inks 16 MoUs as part of Vibrant Gujarat summit

The Gujarat government on Monday inked 16 more memoranda of understanding (MoUs) as part of the upcoming 10th edition of Vibrant Gujarat Global Investments Summit (VGGIS).The MoUs were done in the areas of waste-to-energy, hospitality and defence accessories. Since last five Mondays, the state government is signing MoUs with investors and total as many as 96 MoUs have been signed worth over Rs 55,000 crore.

Though details of the MoUs haven't been disclose related to 16 fresh MoUs inked in presence of senior minister Rajendra Trivedi and Minister of State for industries Jagdish Panchal, but the state government in its official press communique claimed that Taj Group of Hotels has zeroed in to develop a five-star category hotel near Statue of Unity in Kevadia. "The upcoming five-star hotel project would generate huge employment opportunity for people staying in and around Kevadia area, especially members of tribal community.

Such project would bring a large number of high-end tourists with immense purchasing power and hence it would boost cottage and handicraft sector in which generally tribal people are actively involved," said the state government.

Sources in the state industries department said that among the other important MoUs were a waste-to-energy plant as well as waste-to-oil plant in Gujarat to encourage clean environment movement. Such projects would help to reduce air-pollution in highly urban areas, said the sources without divulging details about the locations of these plants.

The state government claimed that an MoU was signed for 70 MW hybrid renewable energy park. Besides, investments commitments for insecticides formulations plant and specially chemicals plants were also done during the fifth tranche of MoUs ahead of the VGGIS 2022.

The government also said that MoUs to manufacture radar equipment, thermal camera and other accessories for defence sector also signed by investors. Sources in the state government said that some more MoUs would be done on 3rd January, 2022. "We are expecting, new investments commitment at the VGGIS 2022 venue during the event scheduled from 10th to 12th January.

The 10th edition would be inaugurated in presence of Prime Minister Narendra Modi and other luminaries across the globe," said a senior official with the state industries department.

He said that till now as many as 96 MoUs have been inked and the state government is expecting to generate over 90,000 new employment opportunity in Gujarat once the MoUs would be translated into actual projects.

Source: financialexpress.com- Dec 28, 2021

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Surat: Textile markets to observe bandh on December 30

Surat's textile markets will observe bandh on Thursday to register to protest against the hike in GST on textile goods from 5% to 12%. The bandh call was given by the Federation of Surat Textile Traders' Association (FOSTTA) on Tuesday. The new tax rate will be effective from January 1.

Earlier, FOSTTA and other associations related to the textile industry had held a series of meetings and made representations to the central government and elected representatives. In absence of any assurance to reduce the GST rate, the protest is being launched at a larger scale.

Recently, groups of textile traders held protests by tying black straps on hand and writing postcards.

Around 70,000 textile traders in 175 textile markets will be joining the strike. A massive protest was carried out in the city's textile markets in 2017 after 5% GST was imposed. For the first time, GST was imposed on textile products.

Source: timesofindia.com- Dec 29, 2021

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Gokaldas Exports surges 9% as ICRA revises outlook to positive from stable

Shares of Gokaldas Exports rallied 9 per cent to Rs 338.10, hitting a multi-year high on the BSE in Tuesday's intra-day trade after rating agency ICRA upgraded the company's long-term rating for Line of Credit (LOC) amounting to Rs 425 crore to [ICRA] A- (positive) from [ICRA]BBB (stable).

The outlook has been revised to positive from stable. Further, ICRA has upgraded the short-term rating for the LOC to [ICRA] A2+ from [ICRA] A3+.

The stock of the textiles company was trading at its highest level since September, 2006. It had hit an all-time high of Rs 405 in May 2006. In the past three months, it has zoomed 78 per cent, as compared to a 3 per cent decline in the S&P BSE Sensex. In October, Gokaldas Exports had raised Rs 300 crore by issuing shares at a price of Rs 194.50 per share.

ICRA said that the ratings upgrade and revision in outlook to positive reflect the expected strong performance of Gokaldas Exports in the coming quarters on the back of its established market position and strong relationship enjoyed with large international customers, as illustrated by its order book position, and the healthy improvement in capital structure and liquidity position witnessed post the equity infusion in October 2021.

Gokdaldas Exports's credit metrics and liquidity position witnessed a healthy improvement, primarily on the back of the Rs 300-crore equity infusion made in October 2021 (through the Qualified Institutional Placement route).

A portion of the funds have been utilized towards reducing debt levels, with the surplus to be used to meet incremental working capital and capacity expansion requirements. Reduction in net debt levels, coupled with the growth in operating profits is expected to result in key credit metrics including net debt to operating profits, and PBDITA to interest and finance charges to be at around 1 times and 4.5 times, respectively, in FY2022, as per ICRA's estimates.

Meanwhile, for July-September quarter (Q2FY22), the company had reported a robust set of numbers, with consolidated net profit up 3-fold at Rs 28.61 crore, against Rs 8.66 crore in the year ago quarter (Q2FY21). It posted a net loss of Rs 2.55 crore in preceding quarter (Q1FY22).

The company's consolidated revenue from operations during the September quarter grew 30 per cent to Rs 444 crore from Rs 342 crore a year ago. Earnings before interest, tax, depreciation and amortization (ebitda) jumped 63 per cent year on year at Rs 53.93 crore, margins improved 250 basis points to 12.1 per cent from 9.6 per cent in the year ago period.

The company said that a strong order book, increased focus on augmenting capacity (up by around 30 per cent) while containing costs has helped deliver this growth.

With a strong order book, the company ensured a rapid expansion of its production capacity. It managed the production value chain well by increasing manpower availability, improving productivity and on-time shipments. The management continues to focus strengthening the order book position for the coming quarters as well, it said.

Source: business-standard.com- Dec 28, 2021

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