TEXPROCIL NEWS CLIPPINGS

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NEWS CLIPPINGS

INTERNATIONAL NEWS

	NATIONAL NEWS
1	Year End Review – 2021 for Department for Promotion of Industry & Internal Trade, Ministry of Commerce and Industry
2	GST Council meet on December 31, to discuss rate rationalisation
3	Exporters across sectors flushed with orders for next fiscal, trade body says
4	Gujarat: CM Bhupendra Patel will write to Union FM asking not to implement GST duty hike on textiles, says CR Paatil
5	Gujarat has become the best destination for investments: CM Patel
6	A promising 2022 to see more tech-driven disruptions in logistics
7	GST Council may defer hike in rates on textiles; slab recast may be delayed
8	Draft ecommerce policy, rules to be released together soon
9	Retail-led credit growth faces headwinds: RBI's financial stability report
10	Vibrant Gujarat Global Summit proposals touch Rs 1.15L crore, next stop Surat textile summit

INTERNATIONAL NEWS

Texworld NYC, Apparel Sourcing Go Virtual in January

After careful consideration regarding the increased concerns surrounding Covid-19, as well as New York State regulations, organizers of the Winter 2022 edition in-person segment of Texworld New York City and Apparel Sourcing New York City have made “the difficult decision” to cancel.

In lieu of the physical event, both shows will continue virtually and can be accessed live during the original show dates, Jan. 25-27. Organizers said their high level of international participation, increasing travel restrictions and rising Covid-19 cases driven by the omicron variant has led to a significant deterioration in the general conditions for holding the in-person shows.

“Our primary concern is always the responsibility we feel toward our exhibitors, partners, attendees and staff,” Jennifer Bacon, show director for fashion and apparel, Messe Frankfurt Inc., said. “While this is disappointing for all involved, we hope there is a level of understanding that this was a necessary step to help keep each other safe in these unprecedented times.”

The virtual platform will open with similar features found on the trade show floor. Attendees will be able to take advantage of such areas as AI-powered matchmaking capabilities of recommended textile suppliers and video meetings.

In addition, the educational program both led by a group of speakers covering trend forecasts, industry insights, supply chain policy and transparency, circularity and market intelligence, scheduled for January’s in-person show will also continue virtually, with dates and times unchanged.

The full schedule for Textile Talks and the Lenzing Seminar Series can be found at TexworldNewYorkCity.com and ApparelSourcingNewYorkCity.com.

Members of the Texworld and Apparel Sourcing New York City team said they remain hopeful and focused on delivering a successful Summer 2022 edition with plans to take place in-person on July 19-21 in New York City.

Texworld NYC is produced by Messe Frankfurt North America, a subsidiary of Messe Frankfurt Gmbh. Apparel Sourcing New York City is a joint venture partnership between Messe Frankfurt and CCPIT-Tex

Source: sourcingjournal.com– Dec 29, 2021

HOME

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This Continent Could Be Retail's Next Gold Rush

Growth in Asia is slowing, and Africa is emerging as the next big retail hotspot.

Kearney's Global Retail Development Index (GRDI) tracks selected emerging retail markets around the world. The consulting firm queried retailers to find out what they're thinking in terms of entering new markets, and expanding in emerging markets even if their investments aren't yet yielding returns.

It also asked how retailers evaluate the potential of to succeed with modern retail concepts in nations still dominated by informal or traditional vendors.

China and India are still ranked No. 1 and No. 2, respectively, for market attractiveness, country risk, market saturation and time pressure. Malaysia ranked third, with Indonesia, Bangladesh, Morocco, Egypt, Ghana, Vietnam and the Dominican Republic rounding out the top ten. Other nations in the group of 35 include Serbia, Saudi Arabia, United Arab Emirates, Jordan, Bulgaria, Guatemala, Sri Lanka, Paraguay, Cameroon and The Philippines, to name a few.

The 2021 GRDI report also presumes that emerging markets experience four stages of retail development: opening, peaking, declining and closing. Opening periods have growing middle classes, while the peaking phase sees consumers actively seeking out modern, organized retail formats that offer access to global brands.

Consumer spending expands significantly during the maturing phase, while the closing phase sees consumers already accustomed to modern retail formats and alternative channels. Discretionary spend is higher and competition from both local and foreign retailers is intense.

Below are the highlights from select emerging markets in the Kearney report.

Africa

The global population is expected to increase by 2 billion by 2050, and growth in several African nations—Ethiopia, Ghana, Cote d'Ivoire, Rwanda, Kenya, Senegal and Morocco—is expected to outpace both the regional expansion and the world average. Separately, sub-Saharan Africa (SSA) is expected to double by 2050, with Nigeria projected to become the third-largest country in the world. The populations of the Democratic Republic of the Congo, Ethiopia, Tanzania and Egypt are also expected to grow rapidly.a

The population growth will result in young, urban and more affluent residents, driving Africa's potential as a key emerging retail market. Moreover, SSA is expected to enjoy the highest global rate of disposable income growth, at about 9 percent CAGR (compound annual growth rate).

While widespread challenges remain—including corruption, rampant poverty, security concerns, supply chain issues, lack of infrastructure, and archaic governmental retail policies and practices—the Kearney report noted that the potential is real as SSA has the planet's lowest rate of intra-regional trade. Modern retailing is currently dominated by regional players, primarily South African operators. The paucity of international players makes the continent one of the least developed, and therefore offers rich investment opportunities for overseas retailers.

Retailers in Africa are supporting local communities and suppliers, while grocery retailing is the category that's witnessing rapid digitization. E-commerce accounts for just 1 percent of the total African retail market, but rising smartphone use by an emerging middle class should fuel digital growth. "South Africa, Nigeria, and Kenya currently dominate the e-commerce landscape, although the digital marketplaces in Ghana and Morocco are rapidly expanding," the Kearney report noted.

China

China has two marketplaces. One is modern, developed, urban and sophisticated. The other is more traditional, and often more rural. While retail in China leads the world in technology, the Kearney study found the country falls short on other indicators, such as per capita income and institutional stability.

China's 8 percent economic growth rate is expected to slow to 5.4 percent in 2022. Crippled by Covid, China's retail market grew only 1.6 percent last year to $4.07 trillion. With of 7.3 percent CAGR, the retail market is expected to reach 5.8 trillion by 2025, with mass merchants and e-commerce among the fastest-growing retail channels.

"Chinese demand for local, healthy, and natural products is increasing, and consumer spending has prioritized fashion items, sportswear, premium cosmetics, and consumer electronics," Kearney said.

New stores and new formats are transforming Chinese retailing. B&M Stores is converting from distribution hubs into experiential centers, while Shanghai's Xintiandi Plaza Shopping Center uses music festivals and social activities to create unique shopping experiences. Nike's new Shanghai concept store—The House of Innovation—has an LED floor and a three-story wall that employees can dynamically update.

Where China excels is in social commerce and live streaming, which has exploded due to mobile connectivity and the rapid growth of influencers, also known as key opinion leaders. Its social commerce market grew by 44.1 percent in 2020, and is expected to grow by another 35.5 percent in 2021, reaching $363.26 billion.

In addition, community group buying is a phenomenon that grew during the pandemic, fueled by residents living in gated communities forming WeChat groups to buy food and essentials. And now that e-commerce is reaching China's lower-tier cities and rural areas, traditional retail continue to decline.

As consumer demand for omnichannel experiences grows, retailers are responding with QR code scanning, self-checkout and speedy home delivery services. E-commerce is growing at a 15.2 percent CAGR, reaching $1.2 trillion last year and projected to reach $2.4 trillion by 2025. Foreign brands often rely on Chinese e-commerce platforms; Prada and Ikea opened flagship stores on Tmall and Marc Jacobs debuted a digital flagship on Tmall's Luxury Pavilion.

Egypt

Egypt is one of the few emerging markets that has maintained three years of positive GDP growth. Analysts believe the economy will grow at a 5 percent rate in the fiscal year ending June 2022 and another 5.5 percent the following year. Through macroeconomic and structural reforms, Egypt's economy is beginning to stabilize.

Egypt's retail market reached an estimated $200 billion in 2020, and is projected to grow at a CAGR of 5 percent from 2020 to 2025, reaching $254 billion. The pandemic has mostly helped grocery retailers as consumers stocked up and stayed home. About 90 percent of consumers are comfortable using digital payments for in-store and on-delivery transactions, contributing to the growth of e-commerce marketplaces such as Souq.com and Jumia. Both are considered Egypt's e-commerce leaders, accounting for over half of the digital marketplace.

An emerging middle class, growing population and rising secondary cities are fueling sales in shopping malls, convenience stores and online retail platforms.

Ghana

Rising income levels—supported by rich natural resources such as gold, diamonds, manganese, and oil—are expected to fuel household spending with an annualized growth rate of 13.3 percent between 2021 and 2025. The retail sector is seen benefitting from an economic recovery, rising disposable income and a broadening middle class.

The Kearney report noted that after decades of being under penetrated and under served, Ghana is emerging as West Africa's up-and-coming retail destination. In fact, the majority of lifestyle retailers are concentrated in the capital's large shopping malls.

Currently, aspirational spending on big brands is restricted to Ghana's upper class, while the bulk of the spending—and the majority of retailers—remain concentrated in the discount and value segments. The country's emerging urban middle class provides opportunities for mass marketers.

In fact, 57 percent of Ghana's total population is living in large towns or cities, making its urbanization rate well above that of most SSA countries. In addition, rising Internet growth and mobile adoption are fueling the growth of Ghana's digital economy.

Right now, it has the highest mobile penetration in West Africa, or 55 percent by the end of 2019 versus the West African average of 44 percent.

In addition, the country in 2020 became the first African country to launch a universal QR code enabling instant merchant payments from mobile wallets, bank accounts and cards, although cash is still a dominant method for payments.

India

India is the world's third-largest retail market and fastest-growing economy, and its economic growth is expected to reach 9.5 percent in fiscal year 2021-2022 and 8.5 percent in fiscal year 2022-2023—despite slowdowns in consumer spending, low manufacturing output and global instability.

The country's retail growth is driven by high disposable incomes, urbanization, middle class lifestyle changes and increased digital connectivity. The retail sector is expected to grow to $1.4 trillion by 2026, and more than $1.8 trillion by 2030. India's e-commerce market is valued at $41 billion, and expected to grow 24 percent to 25 percent until 2025.

"Value e-commerce is emerging as the biggest growth opportunity within lifestyle retail with 10x growth in 10 years," the Kearney report said, adding that retail growth outside traditional metro areas is exploding. While sales in Tier 1 cities have declined to 8 percent, Tiers 2, 3 and 4 cities have seen growth rise to 10 percent. Digital convergence and blended formats have caused a shift in consumer behavior and expectations, while retailers will need to develop a digitally enabled commercial ecosystem.

Meanwhile, technology that enables omnichannel solutions is enjoying rapid adoption by both retailers and consumers. ABFRL, India's top fashion retailer operating in partnership with Flipkar, is strengthening its omnichannel sales. Retailer Shoppers Stop, a leading department store, is embracing new technologies and posted 188 percent growth in fourth quarter omnichannel sales.

Moreover, brick-and-mortar retailers are partnering with online marketplaces, such as Amazon and Flipkart. And once considered nice-to-have features such as augmented reality and virtual dressing rooms have now become need-to-have tools to cater to digitally savvy consumers, according to the Kearney report.

The consulting firm noted the considerable consolidation in India's retail industry, such as Walmart acquiring a 77 percent stake in Flipkart for $16 billion in 2018 and Reliance's acquisition of Future Group's retail, wholesale, logistical and warehousing businesses. But in general, brick-and-mortar sales continue to expand while e-commerce thrives.

And international brands are moving into India, with luxury brands Philipp Plein and Billionaire opening stores in Mumbai and Delhi. Chinese e-commerce app Shein plans to re-enter the market with Amazon, while American denim brand Guess will open 50 stores in India over the next five years, with a base expansion in metro cities followed by doors in Tier 2 and Tier 3 cities.

Source: sourcingjournal.com– Dec 29, 2021

HOME

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Can American firms rid their supply chains of Xinjiang goods?

The law, which goes into effect in June, was a rare victory for human-rights groups and reflects a bipartisan China hawkishness in Washington. It bans imports of products from the region of Xinjiang in China on the presumption they are made with the forced labour of Uyghurs, a mostly Muslim ethnic group enduring horrific repression.

Goods from Xinjiang can be brought to America only if importers can prove that forced labour was not used in their production. That is usually rather difficult, since China (which denies the existence of forced labour) does not allow proper inspection of supply chains in the region. Suppliers outside Xinjiang can also be blacklisted if they are judged to be using forced labour.

Xinjiang does not export all that much directly to America: $596m-worth of goods in 2020, or 0.1% of total American imports from China. But some of the region's more specialist products, such as nitrogen hetero cyclic compounds used in cancer drugs, will be hard to replace quickly. And many regional products make their way into American goods along complex global supply chains. Cotton from the region, an important export, is used in textiles made in other countries, such as Vietnam. Forensic technology exists to identify cotton's origin but it is finicky and not yet widespread. Xinjiang's abundant tomatoes still end up in ketchup around the world.

Now American firms must make a greater effort to rid their supply chains of any hint of Xinjiang. Those trying to do so, owing to existing import restrictions (Xinjiang cotton and tomatoes have been barred from America for the past year) and in anticipation of the new law, have had some success. The value of Xinjiang's direct exports to America sank to less than $8m in September, down by nearly 90% year on year, according to the Observatory of Economic Complexity, a data provider.

A knottier problem for American firms is that they cannot be seen as endorsing their government's tough stance in China, a huge and important market. Those that helped craft the forced-labour law prefer not to be identified, says a former Congressional staffer. Many big American clothing brands that are believed to have stopped bringing in products made with Xinjiang cotton have not been trumpeting this, fearing a backlash and boycotts.

When Intel, a chipmaker, wrote to suppliers in mid-December stating that they must keep products free of goods or labour from Xinjiang, this sparked a nationalist furore in China, fuelled further by state media. Intel deleted the offending phrase from its letter and on December 22nd apologised on Chinese social media, saying it had not been making a political statement. The same week Walmart, a supermarket giant, faced local social-media opprobrium from shoppers unable to find Xinjiang products in its Chinese online store.

The new law will not end all American imports from Xinjiang. Those of the cancer-drug components have actually risen this year. In other cases, for example polysilicon used in solar panels, American firms may simply shift to suppliers in other parts of China—hardly a rebuke to the government in Beijing, which has sent tens of thousands of Uyghurs, if not more, to other regions to work under what are believed to be coercive conditions.

Although other democracies, including France and Germany, have passed laws that force companies to monitor their supply chains for human-rights violations, goods from Xinjiang once destined for the West can still be sold in China or exported to places with laxer rules. In the first nine months of 2021 Xinjiang's global exports added up to $13.5bn, nearly as much as the $13.9bn recorded in all of 2020

Source: economist.com– Dec 29, 2021

HOME

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$100-a-Day Container Dwell Fees Tabled Again

The Ports of Long Beach and Los Angeles put off container dwell fees aimed at expediting cargo flows and relieving ongoing congestion.

On Monday, the two gateways making up the San Pedro Bay port complex said they would delay a decision on whether to enact the fees, first announced on Oct. 25, until Monday. The executive directors of both ports will monitor data this week and reassess if the fines, postponed eight times already, need to take effect in the new year.

In theory, the program incentivizes shippers to quickly clear their cargo from the docks and eliminate the pileups seen in recent months. Ocean carriers would be charged for every container dwelling at the dock for nine days or more that was scheduled to be moved by truck; train-bound container would be charged if idle for more than six days. The fees would begin at $100 per container, and increase by $100 every day that the container lingered in the terminal.

Prior to the surge in imports that began in the summer of 2020, containers averaged of four days or less at the terminals, while train-bound boxes spent less than two days before moving. Those dwell times averaged nine days in November and were weeks-long at points throughout the year.

However, the threat of fines spurred a 41-percent decline in languishing cargo over the past two months.

“We’re satisfied that shipping lines are continuing to make efforts to move aging inbound containers out and creating capacity in the terminals,” Port of Long Beach executive director Mario Cordero told Sourcing Journal Tuesday. “At this point, we are evaluating the situation each Monday and making decisions based on the evolving dwell data we are seeing.”

“We’re thankful for the efforts our terminal operators, railroads and motor carriers are making to clear this backlog,” he added.

The movement toward 24/7 operations is also making an impact. The Port of Long Beach piloted a round-the-clock schedule at the Total Terminals International terminal on Pier T in September, permitting trucks to access the facility during the low-traffic late-night and early-morning hours. The holiday season has slowed progress on this front, according to the ports.

The limited-time dwell fees, should they take effect, will be reinvested into efficiency-enhancing processes. The Biden-Harris Supply Chain Disruptions Task Force and the U.S. Department of Transportation (USDOT), led by Secretary Pete Buttigieg, developed the program to address port congestion.

Last week, the Port of Long Beach received a $52.3 million grant from the USDOT's Maritime Administration (MARAD) to develop the Pier B On-Dock Rail Support Facility geared at transporting more cargo by train, enhancing the facility's productivity and diverting the task from trucks.

Source: sourcingjournal.com– Dec 29, 2021

HOME

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RCEP to boost new development pattern, push China's cross-border e-com

For China, the Regional Comprehensive Economic Partnership (RCEP) agreement will facilitate establishment of the new dual-circulation development pattern, which takes the domestic market as the mainstay while letting domestic and foreign markets reinforce each other, as it contains high-level opening-up commitments by member countries for both trade and investment.

The full implementation of the agreement will bring zero-tariff treatment to nearly 30 per cent of Chinese exports, according to official Chinese media. The agreement will also bring more opportunities for Chinese enterprises to invest in related economies, according to estimates by the ministry of commerce.

In 2020, China's exports to RCEP members exceeded $700 billion, which accounted for 27 per cent of the nation's total exports. China's imports from the RCEP region were worth around $778 billion, or about 38 per cent of the country’s total imports.

The implementation of the RCEP agreement will also reshape the economic relations between China and Japan, thanks to the formation of direct free-trade relations between the two for the first time, Chinese media reported.

Under the agreement, ASEAN member states will significantly expand duty-free treatment to Chinese products as well.

Chinese enterprises will also be able to lower import costs related to advanced technology, key equipment, key components, consumer goods, pharmaceuticals and medical devices, and production services like design, research and development, energy conservation and environmental protection, to better meet the domestic market's needs for consumption updates.

RCEP’s implementation will usher in a new wave of growth for China's cross-border e-commerce sector as well, according to experts.

Source: fibre2fashion.com– Dec 30, 2021

HOME

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China's logistics market rose 9.7% YoY in Jan-Nov period

The logistics market of China expanded by 9.7 per cent year-over-year (YoY) to reach 288.8 trillion yuan (approximately $45.34 trillion) between January 2021 and November 2021, according to the data from the China Federation of Logistics and Purchasing. The market grew despite a sudden increase in COVID-19 cases and global supply chain crisis.

The logistics sector of China collectively made a revenue of 10.8 trillion yuan between January and November, up 15 per cent YoY with a 2-year average growth of 8.2 per cent.

Import logistics had reduced by 0.2 per cent YoY in the 11-month period, but it bounced back in November, growing by 8.9 per cent YoY, according to the federation.

Coal imports of China increased significantly as the growth rate went up to 200 per cent in November and 10.6 per cent YoY between January and November.

Source: fibre2fashion.com– Dec 30, 2021

HOME

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Ethiopia, Mali, Guinea Losing AGOA Trade Benefits on Jan. 1

President Biden will officially terminate the designations of Ethiopia, Guinea and Mali as beneficiary sub-Saharan African countries under the African Growth & Opportunity Act (AGOA) on Jan. 1 following last month's recommendation by the U.S. Trade Representative (USTR).

Biden "determined that Ethiopia, Guinea and Mali do not meet the requirements" laid out in the trade act, the president declared in a proclamation.

When the recommendation was announced in early November, USTR Katherine Tai said the administration was "deeply concerned by the unconstitutional change in governments in both Guinea and Mali, and by the gross violations of internationally recognized human rights being perpetrated by the government of Ethiopia and other parties amid the widening conflict in northern Ethiopia.

"These countries are set to be removed from this program due to actions taken by their governments in violation of the AGOA statute," Tai said. "The United States urges these governments to take necessary actions to meet the statutory criteria so we can resume our valued trading partnerships."

At the time, Biden cited Guinea and Mali "for not having established or not making continual progress toward establishing the protection of the rule of law and of political pluralism."

"Despite intensive engagement between the United States and the governments of Ethiopia, Guinea and Mali, these governments have failed to address United States concerns about their non-compliance with the AGOA eligibility criteria," he said.

AGOA provides eligible sub-Saharan African countries with duty-free access to the U.S. market for over 1,800 products. To meet AGOA's rigorous eligibility requirements, countries must establish or make continual progress toward establishing a market-based economy, the rule of law, political pluralism and the right to due process. Additionally, countries must eliminate barriers to U.S. trade and investment, enact policies to reduce poverty, combat corruption and protect human rights.

In 2015, Congress passed legislation modernizing and extending AGOA through 2025. For the year to date through October, apparel and textile imports from AGOA countries increased 18.9 percent to 325.35 million square meter equivalents (SME) compared to 273.65 million SME in the comparable period in 2020.

Source: sourcingjournal.com– Dec 28, 2021

HOME

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India, Nigerian firm partner to boost retail textile sector

Leoht Africa has partnered with the Indian Chamber of Commerce to boost the retail sector of Nigeria's textile industry and position it as a leading hub in the Central and West African market.

According to the Managing Director, Leoht Africa, Bunmi Aliyu, the partnership aims to build a yearly and sustainable international sourcing platform for organisations to trade and secure orders from corporate buyers and resellers.

Aliyu disclosed this at the 2021 edition of the Source Textile and Apparel and Retail Sourcing Fair West Africa Exhibitions.

She said the past two years have been a challenge with the effects of COVID-19 and its impact on travel as well as the ability to trade, travel and meet new suppliers.
She noted that the Nigerian retail sector has survived, adapted and thrived despite the challenges, just as research by the Global Retail Development Index, showed that Nigeria is the leading retail market in Africa with $295bn of retail sales recorded in 2020.

"We focus solely on showcasing the best textile, home and gift products and brands to local buyers. The concentration of professional visitors from this targeted sector ensures that everyone you meet at the exhibition will be a useful connection," Aliyu added.

On his part, the Regional Director, Indian Chamber of Commerce, Kolkata, Debmalya Banerjee, said the textile sector in Nigeria was one of the largest private employers in the past as it provided employment to over one million Nigerians and had always been a major player in the manufacturing sector of the economy.

He said the large vibrant consumer market, talented and enterprising young population, attractive geographical location and launch of the African Continental Free Trade Area (AfCFTA), provide the right opportunity for Nigeria to become a leading textile hub in the Central and West African market.

Banerjee said India, with its position as one of the largest cotton growers in the world and producers of textiles, is capable of helping Nigeria in reviving its textile and apparel sector.

He revealed that India is working to boost its technical textile industry and would be willing to partner with and support Nigeria in terms of provision of textile machinery, technology, capacity building and training in the entire textile value chain.

Banerjee said, while Nigeria is diversifying its economy to boost non-oil revenue and is focused on strengthening its agricultural and manufacturing capacity, the textile sector offers tremendous opportunities.

The Governor of Lagos State, Babajide Sanwo-Olu, said the India-West Africa trade offers an opportunity to rethink ways in which people do business, trade and investment across countries and continents.

Sanwo-Olu, who was represented by Head, Public Affairs, Office of Sustainable Development Goals and Investment, Sanusi Abdulateef, said people should explore ways of ramping up the use of new and emerging technologies to improve the trade and business environment, and to maximise the benefits of global trade.

He, however, commended the Government of India for its partners with Nigeria, as well as the "Look Africa Policy", which recognises the immense potential of Africa as the home of the world's largest free trade area by number of participating countries and the fastest-growing economies in the world.

Sanwo-Olu said the partnership, which is not just for Nigeria but for the entire West Africa, is very necessary, especially as the countries move into the implementation stage of the African Continental Free Trade Area Agreement (AfCFTA).

Source: guardian.ng - Dec 30, 2021

HOME

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Egypt's export opportunities hit $1.1 billion within a year

The Commercial Representation Authority has provided 1,189 export opportunities with an estimated value of the most important at about $1.086 billion in the sectors of agricultural crops, food products, fertilizers, building materials, furniture, engineering goods, household appliances, clothing, textiles and packaging requirements, according to the Ministry of Commerce and Industry.

The Ministry explained that the Authority has provided a number of investment opportunities and projects with an estimated value of the most important at about $1.962 billion in the sectors of the food, engineering and medical industries, information and communication technology, tourism, hotels, restaurants and others.

The offices of the Commercial Representation Authority made available 156 international and external tenders that were circulated to the most important business entities and groupings in Egypt.

It pointed out that 2,241 studies, market/sector reports, qualitative reports, Egyptian source guide and information report have been prepared and updated.

The ministry indicated that Egyptian exports were promoted through dealing with about 12,176 requests for promotion and commercial inquiries, and providing data, information and statistics related to foreign markets.
It stated that 381 commercial disputes were resolved amicably, in addition to organizing a workshop to maximize the benefit of Egyptian companies from the Canadian program to enhance the role of women in trade to achieve comprehensive and sustainable development.

The ministry noted that 30 virtual seminars and meetings were held in cooperation with Egyptian commercial offices abroad, export councils, the Industrial Modernization Center, and Egyptian and foreign companies and agencies.

It also pointed out that many foreign buyers' missions were attracted to visit Egyptian exhibitions, the most important of which is Food Africa, where more than 70 foreign buyers from 19 countries were attracted.

The offices contributed to arranging, preparing and coordinating with the concerned authorities for the Egyptian participation in 16 international exhibitions, most notably the Anuga exhibition held in Germany in October 2021, with the participation of 49 companies that were able to conclude initial contracts worth $30 million.

It stated that assistance was provided in arranging and preparing the meetings of several joint Egyptian committees, including the thirteenth session of the Egyptian-Russian Joint Committee, which was held in Moscow during June 2021.

It also dealt with trade obstacles such as customs and non-tariff restrictions, most notably with regard to Egyptian exports of fish to the European Union markets, and agricultural and food crops to the markets of Japan, Saudi Arabia, Germany and others.

“The website for commercial representation, which includes 638 Egyptian companies, has been launched so far, and the website has been provided with all the data and information that the Egyptian exporter needs to access foreign markets,” it noted.

The Commercial Representation Authority also assumed the duties of the General Commissioner for Egyptian participation in the activities of the "Expo Dubai 2020", and took over the activities of the Business Links Initiative between Egypt and West African countries in cooperation with Attijariwafa Bank, within which a number of promotional activities and events are implemented aimed at increasing economic and commercial cooperation and investment between Egypt and West African countries, where the first step of this initiative was the completion of the visit of the Egyptian trade mission headed by the Minister of Trade and Industry at the head of a delegation of representatives of the Egyptian business community to Cameroon and Senegal during the period from 4-10 July 2021.

Source: egypttoday.com– Dec 29, 2021

HOME

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Why Do Pakistani Exports Ebb And Flow So Much?

The global financial crisis of 2008–2009 has considerably affected the world's supply of exports. Due to decreasing demand in the world market, Pakistani exports of textiles and household items also witnessed a negative growth during 2010.

From 2011 onward, oil prices increased, and this affected the balance of trade. Deterioration in terms of trade along with a surge in oil prices had a severe repercussion on the value of exports, particularly cotton and textiles. Due to this, their value remains comparatively lower, although the number of export products has increased.

According to the Economic Survey of Pakistan 2016-17, the reason behind the decline in our sports goods' exports were the non-favorable prices for our exports in the foreign market. Hence sports goods' such as our football decreased during 2015-16.

The main reason behind the decrease in our export of textile and sports goods during 2014, 2015, 2016 and 2017 was the overvaluation of the rupee against the dollar. Exchange rate volatility has negatively affected the volume of Pakistan's exports, especially textile products.

Other regional competitors in these markets depreciated their currencies against the dollar: Sri Lanka (14.4%), India (9%), and Bangladesh (4%). Hence they benefited from the lower value of their exports in the foreign market, while Pakistan maintained its currency and overvalued during this period. As a result, export product prices were higher and hence export growth was negative, particularly in textile and sports products (Ahmed et al. 2017).

Certain measures taken by the government in 2017, such as ensuring supply of Liquefied Natural Gas (LNG) and lowering interest rates, positively impacted export of textiles, sports goods, and household products. These were expected to grow in 2018. But during the last quarter of 2019 and all of 2020, the export sector faced a severe brunt due to lockdowns all over the world. Only exports of the textile sector under division 26 showed positive growth, other goods such as sports goods and engineering goods showed negative growth. Despite COVID-19, positive growth is attributed to its consistent demand in the foreign market.

Another reason behind the stagnant growth in our textile exports during 2015 and 2016 is lower demand from the US, a big market for Pakistan textile products. However, their demand increased during the next years and our export of textiles showed positive growth. Moreover, the unit price of Pakistan is higher as compared to its competitors in the regional market. The unit prices of China, Bangladesh, and Vietnam decreased during 2015, 2016 and 2017, while Pakistan's unit prices have increased during this period (Shahan Arshad 2018).

China, one of the biggest markets for Pakistan's cotton exports, has decreased its imports during 2014, which hurt Pakistan's cotton exports in value terms. Furthermore, the European Union (EU) is also a big market for our exports, particularly of textile products. In 2014, the EU gave Pakistan a GSP+ status due to which our exports to the EU increased. However, because of the crisis in EU countries during 2015 and 2016, our textiles' then decreased.

Another reason our exports to the EU decreased is because the EU currency depreciated against the dollar during 2015 and 2016. However, the overall export volume in 2020 as compared to 2009 increased manifold.

How We Can Stabilize Our Exports

Our exports to other countries are shallow and need product diversification. The quality of our goods for these markets is not consistent. We have a very weak and at times non-existent quality check, and checks & balance system at the local level. The government should focus on this issue to ensure quality.

The government must ensure a consistent power supply to the exporting sector at a lower cost. Our export sector cannot fulfill the timely demand of the foreign markets due to a shortage of power supply. Due to stringent competition in the regional markets, Pakistan is faced with higher costs and an inconsistent supply of power in its export sector.

Installation of advanced technology along with skilled labour is urgently needed for Pakistan's export sector. The government should focus on research and innovation in the export sector.

Source: thefridaytimes.com– Dec 29, 2021

HOME

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NATIONAL NEWS

Year End Review – 2021 for Department for Promotion of Industry & Internal Trade, Ministry of Commerce and Industry

I. Introduction

The year 2020 witnessed turmoil due to COVID-19 pandemic which emerged as the biggest threat to economic growth. Indian economy has witnessed a sharp contraction of 24.4 per cent in Q1 and 7.3 per cent in Q2 of FY 2020-21.

To convert COVID pandemic related challenges into opportunity, a series of measures have been taken by the Government to improve the economic situation including inter-alia announcement of the Atmanirbhar package amounting to Rs.29.87 Lakh Crore. Targeted interventions were made to support the economy and livelihood. Moreover, the pace of structural reforms was expedited.

The major reforms undertaken under Atmanirbhar package include Credit guarantee for MSME loans, sectoral structural reforms, policy on strategic disinvestment of CPSEs, reforms in public procurement, setting up of Empowered Group of Secretaries and Project Development Cells for facilitating investment, reduction in compliance burden and single window system for clearances.

These measures, in addition to structural reforms taken up, have assisted the economy in its early revival. India, which was not producing N-95, PPE Kits, ventilators, etc. prior to Corona pandemic has started producing the same and even catering to world markets and became self-reliant. Government has started vaccination drive in January, 2021 and **indigenously developed Covaxin vaccine in its fight against Covid pandemic. As on date more than 143 crore Covid doses have already been administered in India**. This has not only saved the lives of people but also set momentum for early recovery of the economy.

Economy has started showing sign of recovery with GDP growth rebounding to 20.1 per cent in Q1 and 8.4 percent in Q2 of 2021-22. Several high frequency indicators like E-way bills, rail freight, port traffic, GST collections and power consumption have demonstrated a V-shaped recovery in the economy.

II. Industrial Performance

Industrial sector performance during 2020-21 declined considerably, by -8.4%, mainly due to nationwide closure of industries by the Government to limit the impact caused by Covid-19 pandemic on public health from March 2020 onwards. The Mining & Manufacturing sectors were majorly impacted as they declined by -7.8% & -9.6% respectively, whereas Electricity generation sector declined by -0.5%.

The cumulative Index of Industrial Production for April-October, 2020 declined by 17.3 percent. However, various measures undertaken by the Government including vaccination & the structural reforms and resilience of the Indian industry have helped early revival of the economy, which led to surge in IIP for same period in 2021 by 20.0 per cent. Similarly, the Mining, Manufacturing, and Electricity sector have registered growth of 20.4 percent, 21.2 percent, and 11.4 percent respectively during the same period.

III. Trends in Growth of Eight Core Industries

The Index of Eight Core Industries (ICI) measures the performance of eight core industries i.e. Coal, Crude Oil, Natural Gas, Petroleum Refinery Products, Fertilizers, Steel, Cement and Electricity. The industries included in the ICI comprise 40.27 per cent weight in the Index of Industrial Production (IIP).

During 2020-21, the ICI growth rate was -6.4 per cent compared to average growth rate of 3.0 per cent during last 3 years i.e. 2017-18 to 2019-20. The rate of growth has been robust during the current financial year (April to October, 2021-22) i.e. 15.1%.

Out of Eight Core sectors, six of them have shown double digit growth with Cement and Steel sectors leading the pack with growth rates of 33.6% & 28.6% respectively. Whereas, Crude Oil & Fertilizers sector growth remain muted in the same period i.e. (April to October, 2021-22). These shows the revival of core industries.

IV. DPIIT has been spearheading a number of initiatives in this area, 'To Make in India for the World'. The key steps taken in this regard are as follows:

1. **Production Linked Incentive Scheme:**

Keeping in view India's vision of becoming 'Atmanirbhar' and to enhance India's Manufacturing capabilities and Exports, an outlay of INR 1.97 lakh crore (US$ 26 billion) has been announced in Union Budget 2021-22 for PLI schemes for 14 key sectors of manufacturing starting from fiscal year (FY) 2021-22. These 14 sectors are namely: (i) Automobiles and Auto Components, (ii) Pharmaceuticals Drugs, (iii) Specialty Steel, (iv) Telecom & Networking Products, (v) Electronic/Technology Products, (vi) White Goods (ACs and LED Lights), (vii) Food Products, (viii) Textile Products: MMF segment and technical textiles, (ix) High efficiency solar PV modules, and (x) Advanced Chemistry Cell (ACC) Battery (xi) Medical devices (xii) Large scale electronics manufacturing including mobile phones (xiii) Critical Key Starting materials /Drug intermediaries and API; and (xiv) Drones and Drone Components.

The guidelines for all PLI schemes have already been issued and applications have also been received under a majority of the schemes.
While DPIIT is doing the overall coordination for PLI Schemes, it is the nodal Department for PLI scheme for White Goods (Air Conditioners and LED lights), which has an outlay of an outlay of Rs. 6238 Crore. The Scheme Guidelines was published on 4th June 2021. 42 applicants with committed investment of Rs 4,614 crore have been provisionally selected as beneficiaries under this PLI scheme. The selected applicants include 26 for Air Conditioner manufacturing with committed investments of Rs. 3,898 crore and 16 for LED Lights manufacturing with committed investments of Rs. 716 crore.

2. PM GatiShakti National Master Plan (NMP):

The Prime Minister launched Gati Shakti, a National Master Plan for Infrastructure Development, on 13th October, 2021. Gati Shakti is a digital platform which will bring 16 Ministries including Railways and Roadways together for integrated planning and coordinated implementation of infrastructure connectivity projects.

PM Gati Shakti aims to address the past issues through institutionalizing holistic planning for stakeholders for major infrastructure projects. Instead of planning & designing separately in silos, the projects will be designed and executed with a common vision. It will incorporate the infrastructure schemes of various Ministries and State Governments like Bharatmala, Sagarmala, inland waterways, dry/land ports, UDAN etc. Economic Zones like textile clusters, pharmaceutical clusters, defence corridors, electronic parks, industrial corridors, fishing clusters, agri zones will be covered to improve connectivity & make Indian businesses more competitive. It will also leverage technology extensively including spatial planning tools with ISRO imagery developed by BiSAG-N (Bhaskaracharya National Institute for Space Applications and Geoinformatics).

3. Start-up India Programme:

The Start-up India initiative was launched by the Prime Minister on 16th January 2016 as a flagship initiative of Government of India. The initiative was intended to build a stronger ecosystem for nurturing India's start-up culture that would further drive our economic growth, support entrepreneurship, and enable large-scale employment opportunities. With over 60,000 recognized start-ups, India has transformed into the **third largest start-up ecosystem** supplementing employability as well as enhancing our self-reliance. Start-up India's role has been vital in nurturing entrepreneurship beyond Tier 1 cities. The regional growth through the efforts of States and Union Territories (UTs) has created a national ecosystem to thrust our economic goals. While 55% of the recognised start-ups are from Tier-1 cities and 45% of the start-ups are from Tier-2 and Tier-3 cities respectively, 45% of start-ups are represented by women entrepreneurs. This shows the roots of startups have grown deep in the country.

- Recognized start-ups have made deep inroads into Tier-II and Tier-III cities. Startups are now spread across 633 districts with a total of 30 States and UTs with Startup Policies in place. DPIIT recognised start-ups have reported creation of close to 2 lakh jobs in 2021, the highest in four years. Cumulatively, more than 6.5 lakhs jobs have been generated since the launch of Start-up India initiative.

- Under the Fund of Funds for Start-ups (FFS), Rs. 6,495 crore has been committed to 80 Alternative Investment Funds (AIFs) and Rs. 8,085 crore have been invested by supported AIFs in 540 startups. For Start-up India Seed Fund Scheme (SISFS), 58 incubators have been selected and Rs. 232.75 crore have been approved as grant under the Scheme

4. Investment Promotion

Investment Clearance Cell:
While presenting Budget 2020-21, Union Finance Minister announced plans to set up an Investment Clearance Cell (ICC) that will provide "end to end" facilitation and support to investors, including pre-investment advisory, provide information related to land banks and facilitate clearances at Centre and State level. The cell was proposed to operate through an online digital portal.

Subsequently, DPIIT along with Invest India initiated the process of developing the portal as a National Single Window System (NSWS). Envisioned as a one-stop for taking all the regulatory approvals and services in the country, NSWS [www.nsws.gov.in], was soft-launched on 22nd September 2021 by the Commerce & Industries Minister, Shri Piyush Goyal. This national portal integrates the existing clearance systems of the various Ministries/ Departments of Govt. of India and State Governments without disruption to the existing IT portals of Ministries/ Departments. Approvals of 18 Ministries/ Departments and 10 States Single Window Systems have been on-boarded in Phase I. Complete on-boarding of 32 Central Departments and 14 States would be in next phases, all remaining States will be on-boarded in a phase manner.

Ease of Doing Business:

DPIIT is continuously making efforts to improve ease of doing business in the country through the three major initiatives being pursued, focusing on – **World Bank's Ease of Doing Business, State & District Reform Action Plan and systematic approach to reduce regulatory compliance burden on businesses**. As a result, India's rank as per World Bank's EoDB Report improved from 142 in 2014 to 63 in 2020.

In order to monitor large database of compliances across Central Ministries/Departments and States/UTs, DPIIT has launched the **Regulatory Compliance Portal** on 1st January, 2021 (https://eodbrcp.dpiit.gov.in/). Based on data uploaded on Regulatory Compliance Portal, **more than 25,000 compliances** have been reduced by Central Ministries/Departments and States/UTs combined.

DPIIT had identified 194 compliances for reductions pertaining to PESO, Boiler, IPR, NEIDS, Industrial Licensing. Out of these, 134 compliances have been 'Reduced", 31 are 'under review' and 29 have been

'Retained'. Types of compliance reduced are: (i) Certificate, License and Permission (ii) Filings (iii) Inspection, Examination and Audits (iv) Registers and Records, (v) Display Requirements, (vi) Redundancy (vii) Decriminalization (viii) Technology and (ix) others.

Project Development Cells*:*

Project Development Cells (PDCs) have been **set up in 29 Ministries/Departments** to fast track investment in coordination between the Central Government and State Governments and thereby enhance the pipeline of investible projects in India and in turn increase domestic investment and FDI inflows.

India Industrial Land Bank (IILB)*:*
The IILB is a GIS based portal developed by DPIIT as a one stop repository of all industrial infrastructure related information – connectivity, infra, natural resources & terrain, plot level information on vacant plots, line of activity and contact details. Currently, the IILB has approximately 4500 industrial parks mapped across an area of 5.11 lakh hectare of land serving as a decision support system for investors scouting for land remotely. The system has been integrated with industry-based GIS systems of 24 States/UTs namely Andhra Pradesh, Assam, Bihar, Chhattisgarh, Dadar & Nagar Haveli and Daman & Diu, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Odisha, Punjab, Puducherry, Sikkim, Tamil Nadu, Tripura, Telangana, Uttarakhand, UP and have details of 2113 GIS enabled parks on a real-time basis. A mobile application (wherein login is not required) of IILB is also available on Android and iOS stores for the ease of investor.

6. Foreign Direct Investment

FDI policy provisions have been progressively liberalized and simplified across various sectors in the recent past to make India an attractive investment destination. Measures taken by the Government on FDI Policy reforms have resulted in increased FDI inflows in the country, which year after year is setting up new records. FDI inflows in India stood at US $ 45.15 billion in 2014-2015 and have continuously increased since then. FDI inflows increased to US $ 55.56 billion in 2015-2016, US $ 60.22 billion in 2016-2017, US $ 60.97 billion in 2017-2018, US $ 62.00 billion in the year 2018-19, US$ 74.39 billion in the year 2019-20 and **India registered its highest ever annual FDI inflow of US$ 81.97 billion (provisional figures) in the financial year 2020-21.** These trends in India's FDI are an endorsement of its status as a preferred investment destination amongst global investors.

FDI policy reforms during 2021:

Insurance Sector: Government issued Press Note 2(2021) dated 14.06.2021 to raise the permissible FDI limit from 49% to 74% in Insurance Companies under the automatic route and allow foreign ownership and control with safeguards. This will facilitate an increased flow of long-term capital, global technology, processes and international best practices, which will support the growth of India's insurance sector.

Petroleum & Natural Gas sector: Press Note 3 (2021) dated 29.07.2021 has been issued to permit foreign investment up to 100% under the automatic route in cases where the Government has accorded an 'in-principle' approval for strategic disinvestment of a Public Sector Undertaking (PSU) engaged in the Petroleum and Natural Gas Sector.

Telecom sector: Press Note 4 (2021) dated 06.10.2021 has been issued to permit foreign investment up to 100% under automatic route in Telecom services sector.

7. Intellectual Property Rights (IPR): Framework to attract foreign investors, disseminate creativity and encourage local innovators

An effective IPR framework is indispensable to attract foreign investors, disseminate creativity and encourage local innovators to invest in their own ideas. In this context, DPIIT is committed towards strengthening of the IP ecosystem in India. Major initiatives and steps taken during 2021 in this regard are given below:

Design (Amendment) Rules, 2021 notified in the Gazette of India on 25.01.2021 incentivize start-ups and small entities to seek protection of their designs and promote design filings, fees have been reduced on similar lines as under Patent and Trademark Rules.

Copyright (Amendment) Rules, 2021 notified on 30.03.2021, with the objective of bringing the existing rules in parity with other relevant legislations. It introduces a mandatory annual transparency report to be issued by Copyright Societies. It aims to ensure smooth and flawless compliance in the light of the technological advancement in digital era by adopting electronic means as primary mode of communication and working in the Copyright Office.

Patent (Amendment) Rules, 2021: Patent fees for educational institutions have been reduced by 80 percent by way of the Patents (Amendment) Rules, 2021, which came into effect on 21st September 2021. The amendment will provide the same level of support to educational institutions as MSMEs and start-ups and further ensure greater participation of the education institutions in IP ecosystem.

Since the adoption of the National IPR Policy, IP filing in India has witnessed a considerable amount of increase in filing. Despite the adverse Covid situation in India, no negative impact has been seen in the filing of the IPs. Further, the filing of application of Trademark and GI have drastically increased over the years.

8. One District One Product (ODOP)

Government of India is working on a transformational initiative to foster balanced regional development across all districts of the country. This is called the One District One Product (ODOP) initiative, with the objective of identifying and promoting the production of unique products in each district in India that can be globally marketed.

This will help realise the true potential of a district, fueling economic growth, generating employment and rural entrepreneurship. ODOP initiative is operationally merged with the 'Districts as Export Hub' initiative being implemented by DGFT, Department of Commerce with DPIIT as a major stakeholder to synergize the work undertaken by DGFT.

The major activities that are being facilitated by DPIIT with Invest India under ODOP initiative are manufacturing, marketing, branding, internal trade and e-commerce.

Ongoing expansion exercise entailing expansion of list from Phase-1 that consisted of 106 products from 103 districts to current Phase-2 that would consist of 739+ products covering 739 districts. Considerable success has been achieved for boosting exports under ODOP initiative.

11. Swachhata Campaign

During this special campaign, 49,686 files have been reviewed in DPIIT and its sub-organizations. Out of the reviewed files, **49,449 files have been weeded out**. **Due to weeding of files, 2222 sq ft area has been vacated/freed in** DPIIT and its sub organizations. **Due to disposal of redundant/obsolete items, 3277 sq feet of area has been vacated**, which has improved cleanliness and hygiene conditions. Besides, revenue of Rs 5,60,000 has been generated.

The Department achieved 100% target in respect of public grievances by disposing of all 31 public grievances and 3 public grievances appeals. Further, out of 48 VIP reference, 29 cases have been disposed off. The Department had identified 194 rules/regulation for simplification under "Ease of Doing Business". Out of these, 134 rules have been simplified.

Digitization of old files/records: Even before the special campaign, as per directions of the CIM digitization of old files/ records was undertaken on a priority basis. During the period, scanning/digitization of 12,387 files containing 19,53,666 pages have been completed and all the scanned files have been migrated to e-office for future reference.

Increasing Efficiency decision making in the Government on direction of Cabinet Secretary and advice of DARPG, with the approval of the Competent Authority, DPIIT has revised the Channel of Submission & Level of disposal, for increasing efficiency in decision making and reducing the level up to 4 (maximum). This will speed up the disposal of cases and improve decision making.

Review by CIM: CIM has reviewed the special drive continuously during the campaign period. After completion of the Special Drive on 31.10.2021, CIM is reviewing progress of the Cleanliness Campaign on weekly basis. CIM is also undertaking frequent rounds of Udyog Bhawan to review the cleanliness of the premises.

12. Events organised by DPIIT during India's presidency of BRICS in 2021:

The 13th BRICS Summit was held under India's Chairship in 2021. It was the third time that India hosted the BRICS Summit after 2012 and 2016. The theme for India's Chairship was **'BRICS @ 15: Intra-BRICS**

Cooperation for Continuity, Consolidation and Consensus'. During India's presidency of **BRICS, 4** events were organized by DPIIT on industry related issues namely- **Industry Ministers Meeting, PartNIR Meeting** (Partnership on New Industrial Revolution) to promote investment, industrialization, innovation, inclusiveness and digitization, **13th HIPO** (Head of Intellectual Property Offices) meeting and **Round Table of an interaction among the Trade and Investment agencies of BRICS.**

13 DPIIT has organised following events under Azadi ka Amrit Mahotsav (AKAM):

Ministry of Commerce and Industry was allocated the week from 20.09.2021 to 26.09.2021. **Accordingly, DPIIT has held various events during the 'Udyog Saptah' i.e. from 20th -26th September, 2021** which was widely published by different platforms. Some of the events organized by DPIIT were:

Press Briefing addressed by Additional Secretary, DPIIT held on 21st September, 2021 on measures to ensure industrial safety in petroleum and explosives Sector as well as reducing cost of doing business and creating an enabling ecosystem for domestic as well as international investors.

Soft launch of National Single Window System on 22nd September, 2021 by Shri Piyush Goyal, for providing end-to-end facilitation, support, including pre-investment advisory, information related to land banks and facilitating clearances at Central and State levels and bring Transparency, Accountability & Responsiveness in the ecosystem and all information will be available on a single dashboard.

Startup India had coordinated with various States/UTs to organize/participate in startup events consisting of diverse programs, launch of key initiatives, inaugural of startup summits, and launch of startup policies, etc during 21.09.2021 to 26.09.2021 with the aim to foster entrepreneurship on the ground.

Northeast Business Roundtable held on 23th September, 2021 in the presence of Minister of State Shri Som Parkash to showcase the business and investment opportunities and deliberations on the reforms implemented in the region.

National Workshop on Reducing Compliance Burden held on 28th September, 2021 in the presence of Hon'ble Union Minister Shri Piyush

Goyal, Minister of State Shri Som Parkash and Smt. Anupriya Patel. More than 25,000 compliances have been reduced by Union Ministries, States & UTs so far.

Industrial Park Rating System Report 2.0 was launched by MoS (Commerce and Industry), Shri Som Parkash on 5th October, 2021.

PM Gati Shaki launched by Prime Minister Shri Narendra Modi on 13th October, 2021 for multi-modal connectivity.

Good Governance Week during 20-25th December, 2021: DPIIT has organized a National Workshop on the "Next Phase of Reforms for Reducing Compliance Burden" **on 22nd December, 2021** to realize the nation's goals of improving "Ease of living" and "Ease of doing business". Hon'ble Commerce and Industry Minister Shri Piyush Goyal addressed the workshop.

DPIIT will also be organising Innovation Ecosystem week (10th – 16th January, 2022): In the proposed event DPIIT will showcase efforts taken up for promotion of Unicorns and Start-ups. Event will be led by M/o Education.

Source: pib.gov.in– Dec 29, 2021

HOME

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GST Council meet on December 31, to discuss rate rationalisation

The GST Council, chaired by Finance Minister Nirmala Sitharaman, will meet on December 31 and discuss, among other things, report of the panel of state ministers on rate rationalisation.

This will be a physical meeting, which will also discuss correction in duty inversion in certain goods. The 46th GST Council meeting will be held on December 31 in Delhi, an official said, adding that it will be an extension to the pre-budget meeting with state finance ministers on December 30.

The Group of Ministers (GoM) on rate rationalisation will submit report to the Council. The panel has reviewed items under an inverted duty structure to help minimise refund payout. Besides, the Fitment committee, comprising tax officers from states and the Centre, has made many "sweeping" recommendations to the GoM regarding slab and rate changes and taking items out of the exemption list.

Currently, GST is a four-tier slab structure of 5, 12, 18 and 28 per cent. Essential items are either exempted or taxed at the lowest slab, while luxury and demerit items attract the highest slab. On the top of the highest slab, a cess is levied on luxury and demerit goods.

There have been demands for merging the 12 and 18 per cent slabs as also taking out certain items from the exempt category to balance the impact of slab rationalisation on revenue.

West Bengal's former finance minister Amit Mitra has urged the Union finance minister to roll back a proposed hike in textile from 5 per cent to 12 per cent saying this would lead to closure of around one lakh textile units and 15 lakh job losses. Telangana Industries Minister K T Rama Rao has also urged the Centre to withdraw its proposed plan to increase GST rates.

Industry has also opposed the rise in tax from five per cent, citing higher compliance cost especially for the unorganised sector and MSMEs besides making the poor man's clothing expensive.

Source: financialexpress.com– Dec 29, 2021

HOME

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Exporters across sectors flushed with orders for next fiscal, trade body says

The country's exports are expected to register healthy growth rate in the financial year 2022-23 and might touch USD 530 billion as exporters are "flushed" with orders, the Federation of Indian Export Organisations (FIEO) said on Wednesday.

It added that additional exports will come from some of the PLI (production-linked incentive) sectors in the next fiscal.

"Since India will be adding over USD 130 billion or so in the current fiscal, we should aim to build on the same and thus aim much higher.

"Since we are likely to cross USD 400 billion in 2021-22, we should focus and aim for exports in the vicinity of USD 525-530 billion in 2022-23," FIEO President A Sakthivel said in a statement.

He said exporters across sectors are flushed with orders for the next fiscal , which will push the growth prospects in the next fiscal.

Source: financialexpress.com– Dec 29, 2021

HOME

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Gujarat: CM Bhupendra Patel will write to Union FM asking not to implement GST duty hike on textiles, says CR Paatil

Gujarat Chief Minister Bhupendra Patel Wednesday inaugurated 'Growth for Textiles', a single-day textile summit ahead of the Vibrant Gujarat Global Summit.

The tagline of the 10th edition of Vibrant Gujarat Global Summit 2022 is 'Atma Nirbhar Gujarat and Atma Nirbhar Bharat'. The summit will commence at Gandhinagar on January 10

Addressing the gathering at International Exhibition cum Convention hall at Surat, BJP state president CR Paatil said, "Presently, the burning issue in Surat and other parts of the country is the hike of GST duty on textile goods by seven percentage points to 12 percent. Some people are taking advantage of this issue and are protesting.

We believe that there might be some shadow power supporting them from behind who sees it to get benefit. I and Darshana Jardosh (Union minister of state for Textiles and Railways) and several other textile association leaders of the country made representations to the union finance minister and strongly requested her not to implement the GST duty hike. If it happens, the industry will bear more burden, production will go down and employment will be directly affected."

He added, "We spoke to CM Bhupendra Patel on this issue and convinced him. The state government delegates were present in the GST council meeting, but when the decision of hike of 12 percent GST duty on textile was taken, nobody opposed. The chief minister will write a letter to union finance minister today and request her not to revise the GST duty on textiles."

Earlier, the youth brigade of textile trading sector of Surat had sent over 5000 post cards to Nirmala Sitharaman requesting her not to hike the GST duty, which would be effective from January 1, 2022.

Federation of Surat Textile Traders Association (FOSTTA) General Secretary Champalal Bothra said all textile trading markets in Surat city will remain closed on Thursday in protest against the GST hike.

Surat has 165 textile trading markets which encompass over 65000 textile trading shops.

Federation of Indian Art Silk Weaving Industry (FIASWI) national chairman Bharat Gandhi said, “We have got representations from over 100 textile associations and they are unhappy with the hike in GST duty on textiles. They have claimed that the small players will have to shut their business or switch over to other business, if the hike is implemented.’

Source: indianexpress.com– Dec 29, 2021

HOME

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Gujarat has become the best destination for investments: CM Patel

Gujarat has become the best destination for investments due to industry-friendly policies implemented by the state government, Chief Minister Bhupenmdra Patel said here on Wednesday.

He said the state government has provided several incentives for "technology up-gradation, skill enhancement-development, and promoting textile parks-clusters in its textile policy." He was speaking at an event on 'Weaving Growth for Textiles', organized as part of the Vibrant Gujarat Global Summit (VGGS) 2022.

"Gujarat has a conducive environment for all industries, including textiles. The state has made significant contribution to the textile industry through Prime Minister Narendra Modi's 5-F formula, that is farm to fiber, fiber to fabric, fabric to fashion, fashion to foreign," he said.

He further added that with the help of new technology, patterns, skill up-gradation, the state's textile industry is growing fast, with Surat's contribution being very significant.

"Gujarat produces 37 per cent of the country's total yarn and is known as the country's textile capital. This industry accounts for 13 per cent of India's total exports. Gujarat has also added a textile course to its 25 ITIs, with arrangements made not only for large-scale industries but also for developing small and medium scale industries," he said.

On the occasion, Union Minister of State for Textiles Dharshana Jardosh said, under the leadership of PM Modi, the Centre has implemented a number of schemes for the development of the textile sector to make the country a global leader.

The PM has announced the construction of seven textile parks in India at a cost of Rs 4,500 crore, she said. The PLI scheme will provide a huge benefit to ready-made garments, man-made fibers and technical fiber sectors, she added.

Source: business-standard.com– Dec 30, 2021

HOME

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A promising 2022 to see more tech-driven disruptions in logistics

The logistics sector is set to grow at over 10 per cent CAGR in the next five years to reach $370 billion

India's logistics sector is entering the 2022 on a high note given the large investments that flowed into it in 2021. The trend is likely to continue next year as well. The flow of private equity and venture capital (PE-VC) investment in logistics companies, including large, medium, small and tech-driven firms, jumped by 50 per cent in 2021. The Indian logistics sector plays an important role in the economy, contributing nearly 15 per cent to the country's GDP and employing over eight million people.

Fund flow

PE-VC investment in 2021 found its way into large logistics companies such as Delhivery, Shiprocket, TVS Supply Chain Solutions and Adani Ports. Large ticket funding went to asset light technology-led startups such as RAAHO, RaRa Delivery, Shiprocket, ElasticRun and FarEye, and intra-city truck marketplace Porter.

The 50 per cent increase in funding value y-o-y speaks of the rising growth opportunities for established companies. The continued rise of e-commerce attracts investors to specialist firms like the IPO-bound Delhivery and also to other technology-led startups that help improve efficiencies for the various stakeholders, said Arun Natarajan, Founder, Venture Intelligence.

Ramesh Venkat, Head – Industry Partnerships, Logistics Sector Skill Council, said investors were attracted to the multi-modal logistics sub-sectors, especially post pandemic.

Logistics and transportation, including e-commerce, have been the champion sectors enabling consumption, levelling up technology, bridging supply with demands. Thrust on cost competitiveness with quality, speed of service with innovations and investments helped the sector tremendously.

Year of collaborations

2022 seems promising. It is bound to witness a great deal of transformation and disruption in the logistics sector. It will be an era of PPP collaborations between Industry-Academia-Governments breathing technologies (Industry / Logistics 4.0) optimising the demographic dividends thereby leading values to valuations, added Venkat.

Anjani Mandal, CEO, Fortigo Logistics, said a combination of external factors have built up over the last five years to create the perfect environment for a technology-leveraged disruption and reconstitution of the logistics industry. The pandemic has accelerated the pace of change over the last two years and has brought into focus every aspect of the supply chain — warehousing, medium and long-distance primary movement as well as last-mile logistics. The last-mile and warehousing sector has gained substantial importance in the logistics sector due to the rapid growth of e-commerce and a strong move towards direct-to-consumer (D2C). Even large consumer companies have started joining the e-commerce wave with their own D2C initiatives, said Mandal.

The logistics sector is set to grow at over 10 per cent CAGR in the next five years to reach $370 billion. Of this, the road transport segment is valued at $250 billion. With 80 per cent of overall logistics spend going to the unorganised sector, the scale of opportunity is huge, said Nilesh Ghule, Co-founder and CEO, TruckBhejo.

Need for quality

For a growing economy like India, the need for quality logistics for goods to be delivered to various locations speedily and in a good manner is only increasing. This is because on the demand side, several industry stakeholders that traditionally operated offline went online and there has been a huge explosion of D2C brands seeking to bring the very best of 'Made in India' products directly to the customers' doorstep.

The logistics sector is set to witness a transformation led by reforms like GST and e-way; development of supporting infrastructure; change in the perception of logistics being more than just transportation and warehousing but as a specialised function; evolving consumer demands; and emergence of tech-driven operators in this space, who are fast capturing market share, stated a research report prepared by Motilal Oswal.

Source: thehindubusinessline.com- Dec 28, 2021

HOME

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GST Council may defer hike in rates on textiles; slab recast may be delayed

The Council will also likely extend the time given to the seven-member group of ministers led by Karnataka chief minister Basavaraj S Bommai to suggest measures to rationalise GST rates as the two month time given to it has ended on November 27.

The Goods and Service Tax (GST) Council, which will meet in New Delhi on Friday, may discuss deferment of hike on GST rates on textiles and footwear from 5% to 12% and give more time to the group of ministers on rationalisation of tax rates and slabs to submit its report.

Textile and footwear industries have been up in arms against the GST Council's decision in September to correct the inverted duty structure by increasing the GST rates on textiles and footwear with effect from January 1.

At present, tax rate on manmade fibre, yarn and fabrics is 18%, 12% and 5%, respectively. Apparel and clothing up to Rs 1,000 per piece currently attracts 5% GST. Synthetic and artificial yarn have been changed to 12% but natural yarn like cotton, silk, wool yarn are still in 5% slab.

For footwear also, the price differential has been done away with with a uniform 12% GST rate. At present, footwear up to Rs 1,000 a pair attracts 5% GST.

The Council could also look at giving more time to e-commerce operators (ECOs) such as Zomato and Swiggy, to comply with the requirement for them to pay the 5% GST on restaurant services supplied through them from January 1, to modify their software as the invoicing responsibility has also shifted from restaurants to them.

In September 2021 it was announced that tax liability will be on ECOs for restaurant services provided through them. However procedural aspects like invoicing and other compliances were only clarified by a circular issued by the revenue department on December 17, giving them less than two weeks time to change software.

The Council will also likely extend the time given to the seven-member group of ministers led by Karnataka chief minister Basavaraj S Bommai to suggest measures to rationalise GST rates as the two month time given to it has ended on November 27.

The GoM will review the current tax slab rates and recommend changes as needed to garner more resources as well as review special rates and recommend rationalisation measures, including merger of tax rate slabs, required for a simpler rate structure in GST.

Its terms of reference also include review of the supply of goods and services exempt under GST with an objective to expand the tax base and eliminate breaking of input tax credit (ITC) chain. It would also review the instances of inverted duty structure other than where GST Council has already taken a decision to correct the inverted structure and recommend suitable rates to eliminate inverted duty structure as far as possible so as to minimize instances of a refund due to inverted duty structure.

Source: financialexpress.com - Dec 30, 2021

HOME

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Draft ecommerce policy, rules to be released together soon

The government will soon circulate revised versions of the ecommerce policy and ecommerce rules to spell out comprehensive guidelines for all online transactions, covering all digital commerce and service providers, including marketplaces, ride-hailing companies, ticketing and payment companies, said people aware of the development. The idea is that the two drafts will be released at the same time and be in sync with each other, reducing the scope for misunderstanding.

The Department for Promotion of Industry and Internal Trade (DPIIT) under the ministry of commerce will release the draft ecommerce policy, which will lay down the ground rules for online trade and address gaps in overall digital commerce policy. The ministry of consumer affairs, food and public distribution will release the draft ecommerce rules aimed at ensuring consumer interest is protected.

"Bringing out both (policy and rules) at the same time will ensure greater synergy and more clarity for the industry," said one of the people cited.

'Ecommerce Sector may Grow to $188 b by 2025'

Both departments have released drafts in the past that were not in tandem with each other and had created confusion for businesses.

The latest draft of the policy by the DPIIT is expected to focus on setting up a regulator, framing an ecommerce law, and penalties for violations. It will cover all ecommerce companies - Indian as well as foreign-funded ones.

"This will be a comprehensive policy for all ecommerce companies operating in India," said one of the persons cited above.

The earlier draft of the ecommerce policy had mainly laid down principles for usage of data for development of the industry by Indian and foreign-funded companies to prevent misuse and access of such information.

In June, the Ministry of Consumer Affairs released draft ecommerce rules for public consultation. They sought to bar affiliated entities from selling on ecommerce platforms, as well as restrict flash sales. That was opposed by top industry groups and didn't find favour with the finance and corporate affairs ministries, as well as the government's public policy think tank, Niti Aayog.

However, the latest version is expected to cover all ecommerce firms - Indian and foreign-funded - and focus more on safeguarding consumers.

The ecommerce sector is expected to grow to $188 billion by 2025 from $64 billion in 2020, according to estimates by accounting and advisory firm Grant Thornton.

The online retail sector - one of the country's biggest job creators - has faced flak from small traders and offline retailers for alleged predatory pricing, preferential treatment for related parties and flouting of several regulations.

Source: economictimes.com - Dec 30, 2021

HOME

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Retail-led credit growth faces headwinds: RBI's financial stability report

Lenders turned big time to the retail segment — individuals, households, and small businesses — to expand loan books as wholesale demand dried up due to sluggish investment and excess capacity.

But, the retail-led credit growth model in India is beginning to face headwinds due to two factors, according to the Financial Stability Report (FSR).

The first is an increase in delinquencies in the consumer finance portfolio. The second factor is a slowdown in the new credit segment, a key driver of consumer credit growth in the pre-pandemic period.

According to historical data, non-performing assets in emerging markets typically peak six to eight quarters after the onset of a severe recession.

Impairment in consumer credit, measured in terms of the proportion of the portfolio at 90 days past due or beyond, shows signs of stabilisation after the pandemic. But this stabilisation is at a fairly higher level for public sector banks, relative to other lender categories.

Delinquency levels in terms of product types point to a general deterioration across product category levels in September 2021 relative to September 2020, with the credit card segment being the only exception.

General lending standards in the industry have been tightened across lender category levels, leading to a drop in approval rates as also moderation in the growth of balances, it added.

Source: business-standard.com– Dec 30, 2021

HOME

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Vibrant Gujarat Global Summit proposals touch Rs 1.15L crore, next stop Surat textile summit

With investment proposals worth about Rs 1,14,484 crore signed in the last five weeks, the state government is now set to hold a textile summit in Surat on Wednesday, in the run up to the Vibrant Gujarat Global Summit (VGGS) 2022.

SUMMIT BUILD-UP

Sr No.	Number of MoUs signed	Proposed Investment (₹ crore)	Proposed Jobs	Date of MoUs
1	19	2,4185.22	36,925	Nov 22
2	12	1,4003.1	28,585	Nov 29
3	12	1,4165	24,530	Dec 6
4	37	48,520.05	41,985	Dec 20
5	16	13,610.84	14,374	Dec 27
Total	96	1,14,484.21	1,46,399	

"A total of 96 MoUs have been signed so far over the last few weeks. Every week the state government announces MoUs signed with entities aiming to make investments in the state. Proposed investments so far have reached about Rs 1,14,484 crore with potential employment to 1,46,399 people," said a senior state government official privy to the developments.

The event on Wednesday titled 'Weaving Growth For Textiles' will see deliberations on how to give impetus to the textiles and apparel sector, said sources. The one-day event will be held at the Surat International Exhibition and Convention Centre.

The seminar will provide a platform for textile manufacturers, suppliers, and innovators to exchange ideas and identify global best practices, which will help create better avenues for collaboration.

It will also see discussions on schemes such as the PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks and the production-linked incentive (PLI) scheme for textiles, focusing on man-made fibres, garments and technical textiles.

Technical textiles refer to a new materials with specific applications in infrastructure, defence, security, automobiles, and aviation.

Those at the event will include Gujarat CM Bhupendra Patel; Darshana Jardosh, minister of state for textiles, government of India; C R Paatil, member of Parliament and state BJP chief and Purnesh Modi, cabinet minister, government of Gujarat, among others.

The sessions at the event will cover policy initiatives to redefine the textile sector, the Indian textile industry as a global sourcing hub, and the future of value addition in the textile sector.

Gujarat Industrial Development Corporation (GIDC) is the nodal agency for the event, while the business organization ASSOCHAM is the national partner.

The event will have moderated panel discussions with India's policymakers, key decision-makers and representatives from industries and associations.

Source: timesofindia.com- Dec 29, 2021

HOME

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