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INTERNATIONAL NEWS

Global manufacturing sentiment positive for 2022

Global manufacturing activity as tracked by the Purchasing Manager's Index (PMI) showed positive sentiment to end 2021. Increased rate of change in factors like output, new orders and employment and improvement in overall business sentiment suggested greater momentum going into 2022. Global manufacturing PMI for Dec-21 remained flat at 54.2 from previous months, suggesting strong acceleration in activity however the pace may have been thwarted slightly. PMI indices for all three broad subsectors (investment goods, consumer goods and intermediate goods) showed positive growth, with investment goods growing the strongest.1

Sentiment in China also improved slightly in Dec-21 (50.9 vs 49.9 in Nov-21) however it still suggests weaker expansion in activity. This is not surprising as China remains the economy with the strictest policies on curbing COVID infections. Data suggests that demand from exports weighed overall sales down as shipping challenges impacted global trade. However, increased new business put pressure on the production capacity increasing backlogs of work. This was further aggravated by a rise in labour shortage. Average input costs in Dec-21 rose at the weakest pace in the past 2 years, as the rate of inflation fell from the peak in Oct-21. Overall supply restrictions appear to be easing in China with inflation pressures also relaxing. Global sector demand and employment pressures remain key issues.2

Manufacturing PMI in the Eurozone slipped slightly in Dec-21 to 58.0 compared with 58.4 in Nov-21. This was despite an overall easing in supply chain bottlenecks as lead times increased at the slowest pace since the beginning of 2021. Manufacturing activity was perhaps bogged down by still higher rates of increase in input costs and output prices.

In terms of sub-sectors, consumer goods manufacturing led the growth, while investment and intermediate goods segments saw only marginally quicker growth. As a response to a slower increase in lead times, the purchase of raw materials and semi-finished goods by manufacturers increased tremendously. Still, manufacturing output faced pressured as many faced shortages at their suppliers' end while others saw only subdued demand outlook.3

In the US, manufacturing activity saw a drop in sentiment recording the lowest reading for this year, however the outlook remained expansionary. Manufacturing PMI reached 57.7 in Dec-21 from 58.3 in Nov-21, on the back of heightened pressures from higher input costs, longer lead times and overall weaker demand outlook. Manufacturing output was subdued as shortages with suppliers increased despite muted deterioration in supply chains. On the other hand, demand from clients was also slow to grow reflecting increased reluctance to place new orders before clearing existing inventories. However, even with these challenges, positives at the end of 2021 were that input costs rose at the slowest rate in the last six months, and consequently, firms increased their selling prices at the slowest pace since the last eight months.4

In India, manufacturing activity continued to improve in Dec-21, with sharp growth in new orders and production. Business sentiment remains positive but was slightly dampened by supply chain concerns, COVID-19 restrictions, and inflationary pressures. Manufacturing PMI for India was at 55.5 in Dec-21 compared to 57.6 in Nov-21. Manufacturers saw new orders rising sharply but the rate of increase was slower than observed in the past few months. Cost increases also remained sharp, above the long-run average, however it had slowed to a three-month low. Similarly, a major part of the cost increase was transferred to clients, however output prices grew at the slowest rate since Oct-20. Overall, manufacturers were optimistic about business in 2022 but sentiments remained slightly muted due to pandemic worries, inflationary pressures, and continuing supply chain challenges.5

In nearby Japan also, manufacturing sector reflected expansion, but the momentum weakened as PMI slipped slightly to 54.3 in Dec-21 from 54.5 in Nov-21. External demand was hurt by renewed cases in partner countries, particularly in South Korea, which also disrupted supply of goods. Shipping challenges continued to disrupt activity for manufacturers as lead times deteriorated further in the last quarter of 2021. Businesses are optimistic, however their confidence in economic recovery slipped to the lowest in Dec-21. One of the positives was, that job creation in Japan picked up pace in Dec-21, rising at the fastest rate since Apr-18.

In Australia, manufacturing activity was reported to have been hampered predominantly by supply shortages while external demand provided tremendous push. Manufacturing PMI slipped to 57.7 in Dec-21 from 59.2 in Nov-21. Manufacturers increased their purchases sharply however rate of growth was slower than previously. Increasing demand led to

manufacturers raising operating capacity, further leading to increase in employment levels. However, firms reported increased difficulties in hiring. With supply issues and some concerns related to hiring of labour, backlogs of work increased rapidly, however overall business sentiment continues to remain strongly positive.

More recently, restrictions on movement have varied in all the major economies, as infections have surged again uniformly across with a new variant “Omicron” spreading widely. Global recovery depends largely on sustained demand and consistent growth in supply side activity. While many economies report relaxation in demand, supply side bottlenecks remain a major concern going forward and will likely be a dampener for at least the first half.

Similar sentiments for 2022 were resonated by heads of major international textile and apparel industry associations in the latest edition of our magazine. For further deep dive into what these industry leaders have to say, please click here.

Source: fibre2fashion.com– Jan 10, 2022

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US 2021 textiles & apparel imports set to surpass 2019 figure

The import of textiles and apparel by the US in 2021 is all set to surpass 2019's pre-pandemic figure of $110.033 billion. In the first eleven months of last year, US imports have risen by 26.16 per cent to $103.789 billion, compared to $82.270 billion in January-November 2020, according to latest Major Shippers Report of US department of commerce. With 27.83 per cent share, China continues to be the largest supplier of textiles and clothing to the United States, followed by Vietnam with 13.60 per cent share.

Apparel constituted the bulk of textiles and garments imports made by the US during the initial eleven months of last year, and were valued at $74.289 billion, while non-apparel imports accounted for the remaining $29.500 billion, according to the latest Major Shippers Report, released by the US department of commerce.

Segment-wise, among the top ten apparel suppliers to the US, imports from Pakistan, Honduras and Nicaragua shot up by 59.30 per cent, 47.10 per cent and 42.90 per cent year-on-year respectively. Surprisingly, imports from Vietnam registered a growth of only 12.73 per cent compared to the same period of the previous year.

In the non-apparel category, among the top ten suppliers, imports from Italy, India, and Turkey soared by 55.75 per cent, 51.86 per cent and 40.27 per cent, respectively. The sharp rise in numbers is due to the base effect, as imports were disrupted last year due to the COVID-19 pandemic.

Of the total US textile and apparel imports of $103.789 billion during the period under review, cotton products were worth $44.799 billion, while man-made fibre products accounted for $53.977 billion, followed by $3.144 billion of wool products, and $1.867 billion of products from silk and vegetable fibres.

In 2020, the US textile and apparel imports had decreased sharply, mainly on account of the COVID-19 pandemic induced disruption, to $89.596 billion.

Source: fibre2fashion.com– Jan 11, 2022

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American Appetite for Denim Drives Import Growth

Despite Omicron throwing a wrench into consumers' social plans, a renewed appetite for denim and the new silhouettes dominating the industry seem to have propelled recent growth in jeans imports.

U.S. jeans imports jumped 29.57 percent to a value of $3.32 billion year to date in November compared to a year earlier–outpacing the prior month's 28.07 percent rise–with a diverse range of supplier nations posting substantial increases, according to new data from the Commerce Department's Office of Textiles & Apparel (OTEXA).

Imports from No. 1 blue denim apparel producer Bangladesh rose 34.06 percent in the 11-month period to $699.9 million, while second-place Mexico saw a 41.67 percent increase to $424.74 million, OTEXA reported.

Major gains from other Top 10 suppliers included Pakistan's 56.68 percent rise to $356.92 million, Egypt's 63.93 percent increase to $158.81 million, Nicaragua's 30.78 percent hike to $116.52 million, Sri Lanka's 43.45 percent jump to $65.11 million and Turkey's 61.54 percent surge to $62.37 million.

Key producers with more modest increase were Vietnam, with denim apparel imports up a year-to-date 6.51 percent to $364.34 million; China, with a 16.53 percent gain in the period to $355.22 million, and Cambodia, up 19.05 percent to $155.68 million.

Second tier suppliers with notable increases in the first 11 months of 2021 compared to a year earlier included Madagascar, India, Colombia, Macau, Guatemala, Italy and Japan. Nations with declines or minimal increases in the period were Lesotho, Indonesia, Jordan, Ethiopia and Tanzania.

Ethiopia, once a nascent producer with lots of potential, was among three countries that also included Guinea and Mali that had their designations as beneficiary sub-Saharan African countries under the African Growth & Opportunity Act (AGOA) on Jan. 1 after President Biden "determined that Ethiopia, Guinea and Mali do not meet the requirements" laid out in AGOA.

U.S. Trade Representative 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."

The performance of sub-Saharan African countries in the period improved 3.8 percent to $140.5 million worth of denim apparel imports.

On the other hand, jeans imports from Western Hemisphere countries rose 39.63 percent to $779.85 million in the period. Within that region, shipments from Central American Free Trade Agreement countries increased 30.13 percent to $142.91 million.

Industry forces have been fueling momentum to expand production in Central America, in a bid to strengthen the region itself and boost sourcing from its main source of raw materials–U.S. textile mills, as well as move manufacturing out of Asia, particularly China.

Vice President Kamala Harris announced significant multimillion-dollar investments by Parkdale Mills and six other companies last month, as part of the administration's "Call to Action" to the private sector to promote economic opportunity in the region, as her office works to address the root causes of migration. North Carolina-headquartered Parkdale Mills, a major manufacturer of spun yarn and cotton consumer products, will make a multimillion-dollar investment in a new yarn spinning facility in Honduras and make an additional substantial investment to support existing operations in Hillsville, Va.

At the same time, Gildan Activewear used one of its wholly owned subsidiaries to acquire 100 percent of the equity interests of Phoenix Sanford LLC, the parent company of Frontier Yarns.

Source: sourcingjournal.com– Jan 10, 2022

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Moody's gives stable outlook to Europe as economic recovery strengthens

Credit analysts at Moody's Investors Service have predicted European retail and apparel sector will be stable for the year 2022 as they expect business to return to normal over the next t 12 to 18 months.

Shipping delays and rising costs to impact margins

They believe, vaccine rollout and accumulated savings will help sustain consumption in retail. Supply chain disruptions will be manageable for most retailers. However, global shipping delays and an increase in raw material and transportation costs are likely to impact profit margins in the year.

The sharp rebound in apparel consumption during spring and summer this year led to softening of sales during. Retail sales peaked in April with sales from the region rising 25 per cent over last year. Sales in Spain and France reached 43 per cent of last year. However, they slowed down in September to 6 per cent and 7 per cent respectively. Sales in Italy and the UK also declined to 7 per cent and 1 per cent respectively in September from 39 and 38 per cent in April. In the Netherlands, sales stabilized at 5 per cent in September from 11 per cent in April. Germany's sales declined to 1per cent in September from 9 per cent in April.

Apparel sales to grow

In 2021, apparel sales grew 18.3 per cent and in 2022 they are expected to grow 11.5 per cent. In 2022, online e-tailers, luxury and sportswear firms will outperform their fashion counterparts, predicts Moody's . Analysts predict, adjusted EBITDA for the German footwear brand Birkenstock, Next, Matalan and luxury fashion house Burberry will grow from 0 to 5 per cent in 2022.

For German value chain CBR Fashion, Italian luxury firm Golden Goose, German sportswear brand Adidas, adjusted EBITDA will grow between 5 percent to 10 percent, Spanish premium mass chain Tendam and German off-price e-tailer Schustermann project a 10 percent to 20 percent adjusted EBITDA growth rate, while German value chain Takko and French design house Isabel Marant expect to grow by over 20 percent.

Focus on luxury and casual to continue

In 2022, retailers will continue to focus on luxury, discounts and casual apparels, say Moody's analysts. However, earnings and margins will still lag pre-pandemic levels, they add. Retailers will continue their digital transformation and accelerate investments in artificial intelligence and customer analytics to improve the performance of their online platforms.

However, the outlook for the region is likely to turn negative if annual sales of the European companies dip. These companies face the risk of new shopping restrictions, sustained supply chain disruptions or prolonged inflationary pressures.

To prevent it from moving to negative zone and converting into positivity, retailers need to accelerate economic growth. They also need to ease supply chain disruptions and soften inflationary pressures. The debt levels of these analysts have climbed in 2022. However, lessening of pandemic effects is likely to strengthen their economic recovery, though this recovery will vary according to region.

Source: fashionatingworld.com– Jan 10, 2022

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China Cotton Import Market Report 2022: Overall Demand is Expected to Increase Gradually to 2026 - Forecast to 2031

According to the analyst, from 2022 to 2026, the growth rate of China's cotton spinning industry will continue to slow down. However, the domestic demand for cotton textiles will keep rising, and a large number of cotton textiles will be exported as usual because of the price advantage. Therefore, the overall demand for cotton in China is expected to increase gradually from 2022 to 2026.

In recent years, the growth rate of China's cotton spinning industry is slowing down and labor costs, land rent and the prices of other production factors are rising in China, which increases the costs of cotton planting and decreases the profits and area of cotton planting. Meanwhile, cotton production capacity is being transferred to Xinjiang with lower cost from other parts of China. In 2020, the cotton planting area in China was about 3.168 million hectares, down 5.10% YOY.

China is about to run out of cotton reserves and face a short supply of cotton. However, the growth of cotton planting area is restricted by land policies such as returning farmland to forest. In particular, because of the rising labor costs of cotton planting, cotton fields in some regions have been turned into fields of other crops.

According to the analysis, China's cotton production in 2020 was about 5.9105 million tons, up 0.36% YOY. However, it was still much lower than the production of 7.6 million tons in 2008. In 2020, China imported 2.16 million tons of cotton, up 16.8 % YOY. In the same year, China' s cotton imports increased significantly mainly because imported cotton had a certain price advantage.

In this year, China's cotton imports showed a rising tendency. In the earlier stage, cotton imports continued to decline due to the impact of the COVID-19 epidemic. According to customs statistics, China imported 900,000 tons of cotton from January to June of 2020, down 23.7% YOY.

In the later stage, with the recovery of textile production and consumer demand, imports grew faster. From July to December of 2020, China imported 1.26 million tons of cotton, an increase of 88.1% YOY. For the whole year of 2020, China imported a total of 2.16 million tons of cotton, up 16.8% YOY.

The Chinese government introduces quota administration for cotton import, and the tariff rate on cotton in quota is only 1%. The tariff rates on cotton imports out of the tariff rate quota range from 40% to 125%, depending on the sources and varieties of cotton.

With the escalation of the Sino-U.S. trade war, on Jun. 16, 2018, China's State Council decided to place a 25% tariff on 659 U.S. products worth about USD 50 billion.

The decision applied to USD 34 billion of U.S. exports from Jul. 6, 2018, including agricultural products, automobiles and aquatic products, which involved uncombed cotton and cotton linters. The increase in tariff immediately affected the export of U.S. cotton to China. Since Jun. 2018, Chinese enterprises have significantly reduced U.S. cotton orders, and Brazil have replaced China as the largest destination of U.S. cotton exports.

Overall, China imported about 360,000 tons of cotton from the U.S., while the U.S. exported 3.56 million tons of cotton in 2020. China's cotton imports from the U.S. took up a small proportion of U.S. cotton exports. Therefore, less orders from China had a limited impact on the export of U.S. cotton. However, in 2017, the cotton imported from the U.S. accounted for more than 40% of China's cotton imports. In this context, the Sino-U.S. war had a great impact on cotton imports in China.

Restricted by production factors such as land rent and labor costs, cotton output in China can hardly rise and will even fall from 2022 to 2026. Therefore, the import volume of cotton in China will keep rising during this period.

Topics covered:

Economic and policy environment of China's cotton imports

Status and major sources of cotton in China, 2013-2020

Analysis on China's major cotton importers

Key driving forces and market opportunities for China's cotton imports

Forecast on key driving forces, challenges and opportunities for China's cotton import, 2021-2031

Major participants in China's cotton import market and their competitive benchmarks

Forecast on the revenue of China's cotton import market, 2021-2031

Strategies adopted by the major market participants for increasing their market share in the industry

Forecast on the segment to dominate the cotton import market in 2031

Competitive advantages of the major participants in the cotton import market

Impact of COVID-19 on China's cotton imports

Major restrictions over the growth of China's cotton imports

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1 Overview of Cotton Industry
1.1 Definition of Cotton
1.2 Classification of Cotton
1.3 Analysis on Industry Chain of Cotton

2 Development Environment of China's Cotton Industry, 2021-2030
2.1 Economic Environment of China's Cotton Industry
2.2 Policy Environment of China's Cotton Industry
2.2.1 China's Quotas for Cotton Imports
2.2.2 China's Import Tariffs on Cotton

3 Analysis on Supply of Cotton in China, 2019-2030
3.1 Analysis on Cotton Planting Area in China
3.2 Analysis on Cotton Output Volume in China

4 Analysis on Demand for Cotton in China
4.1 Analysis on Cotton Consumer Groups in China
4.2 Analysis on Consumption Volume of Cotton in China

5 Analysis on Cotton Import in China
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6.5 Xinjiang Yinlong International Agricultural Cooperation Co., Ltd.
6.6 Huai'an Xinguo Textile Co., Ltd.
6.7 Weiqiao Textile Co., Ltd.
6.8 Qingdao Sinotra Supply Chain Management Co., Ltd.
6.9 Sunvim Group Co., Ltd.
6.10 ADG Rubber Transaction Center Co., Ltd.
6.11 Lu Thai Textile Co., Ltd.

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7.1.1 Major Driving Forces and Market Opportunities
7.1.2 Threats and Challenges
7.2 Forecast on Cotton Import in China, 2022-2026
7.3 Forecast on Demand for Cotton Imports in China, 2022-2026

For more information https://www.researchandmarkets.com/r/k0576v

Source: finance.yahoo.com– Jan 10, 2022

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Thailand's textile exports surge and are expected to grow by 15%

Cambodia is a neighborhood because it lacks a textile industry to support the garment sector Thai textile export It has skyrocketed and is expected to grow by 15%. Thai textile exports were also boosted by demand from other apparel producers such as Vietnam, Indonesia, India, Europe and the United States, as well as eco-friendly product trends.

But Thai sewing and textile factory With the return to 100% capacity, a labor shortage occurred as foreign workers returned to their home countries during the COVID-19 crisis. The factory currently lacks 30,000 to 50,000 workers and relies on overtime.

Cambodian newspapers report that this shortage has led to a surge in Cambodian migrant workers returning to Thailand in search of employment as the economy and industry have opened up to meet global demand and are beginning to resume operations. May lead to.

As Cambodia does not have a textile industry to support the garment sector, textile exports from neighboring Thailand are skyrocketing and are expected to grow by 15%. Thai textile exports were also boosted by demand from other apparel producers such as Vietnam, Indonesia, India, Europe and the United States, as well as eco-friendly product trends.

Yuttana Silksarnvitch, chairman of the Thai Garment Manufacturers Association, said major brands are ordering products made from recycled textiles, organic cotton and other eco-friendly materials.

Source: eminetra.com– Jan 10, 2022

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Upgrade Chittagong port for trade expansion: Bangladesh's trade body

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) recently proposed capacity building of the Chittagong seaport and faster cargo transport to cope with potential trade expansion and draw more foreign investors. If production starts in full swing at the Bangabandhu Industrial City and other special economic zones, then the pressure on the prime seaport will increase manifold, it said.

The recommendations were made during the first meeting of the FBCCI standing committee on ports and shipping last week in Dhaka.

"At least 5.0 per cent of cost of doing business could be reduced if the capacity of Chittagong port is enhanced and foreign entrepreneurs would get interest in investing in Bangladesh," the apex trade body said in a standing committee meet.

FBCCI president Mohammad Jashim Uddin called for increasing the capacity of the port and speeding up haulage now as they foresee prospect of trade expansion, according to Bangla media reports.

"At present the speed of cargo vehicles on the Dhaka-Chattogram highway is 40 kilometres per hour. If this speed is doubled, the competitiveness of the export sector will increase by 6 per cent," he said.

He recommended that chemicals imported through Chittagong port be tested separately before unloading.

"Chittagong Customs does not have adequate laboratories. It takes importers 10 to 12 days to get the test done. Steps should be taken immediately to solve these problems related to the port," he added.

Source: fibre2fashion.com– Jan 11, 2022

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Bangladesh's monthly RMG production capacity to reach $8 bn: BGMEA

Bangladesh's readymade garment (RMG) industry is capable of handling monthly orders worth $7 billion to $8 billion soon, according to Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Faruque Hassan, who recently said the country earned $4 billion exporting apparel in December last year, the highest-ever monthly record.

The BGMEA president was addressing a dialogue organised by the Economic Reporters Forum (ERF) in Dhaka.

"We're getting huge orders from our regular buyers and a large number of new buyers rush here with apparel supply orders as production strength of Bangladesh has gained a trust among global buyers to supply products in all weather," he said.

He stressed on the need to sign preferential trade agreements and free trade agreements to face the situation after the country's graduation from the least developed country (LDC) group for better preparation of the sector, according to Bangla media reports.

Regarding repayment stimulus loans, the BGMEA president said the businesses want the duration of loan repayment to be extended so that they can run factory expenditure as well.

Source: fibre2fashion.com– Jan 10, 2022

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Rising Energy Costs Rattle Manufacturers in Turkey, Pakistan

Factories around the Turkish production hubs of Istanbul, Denizli, Izmir and Bursa are reeling after the nation's Energy Market Regulatory Authority hiked electricity prices by 50 percent for households and 125 percent for business. On top of that, state-owned Petroleum Pipeline Corporation (BOTAS) said natural gas prices would jump 25 percent for homes and 50 percent for industrial use.

"We are making every kind of sacrifice to protect our own citizens at a time when energy prices have increased between two and fivefold all over the world, especially in Europe," said Fatih Dönmez, the country's minister for Energy and Natural Resources.

Energy costs are escalating worldwide. Natural gas prices have climbed in the U.S. as well as Europe and Asia, the result of low supply and higher demand in the past year. The focus on renewable energy has shifted some of the burden in the garment sector, but the slow process is especially onerous for Turkey's numerous smaller enterprises, analysts noted.

The energy crisis comes amid a depreciating lira, and inflation that jumped more than 35 percent in December in Turkey.

This onslaught of challenges has put the industry's survival in jeopardy. Analysts believe that while there is a greater need to step up renewable energy sources, the industry has shown an ability to stay buoyant despite the turmoil. Turkey's apparel exports were up in 2021, at $15.11 billion from January to October, ahead 23 percent from the $12.25 billion for the same period in 2020. Knits and crochets in particular have gained ground, up 31.2 percent to $8.85 billion.

Turkey has benefited from sourcing shifts over the past year, driven in part by Covid-19 hitting Asia badly, including Bangladesh, Vietnam and India, with lockdowns as well as persisent delays in container shipments. Despite its troubles, many manufacturers in Turkey report full production schedules until April.

Small business are feeling the impact of the energy crisis in other parts of the world, as well.

In Pakistan, the fallout from the global energy shortage, and the shortfall of liquefied natural gas (LNG), shuttered businesses for more than two weeks in December as mills could not get enough power to continue operating, similar to the problem that roiled China's textile supply chain late last year. "More than $250 million was lost for textile exports after mills in Punjab were forced to shut," said Shahid Sattar, executing director of the All Pakistan Textile Mills Association.

Pubjab, where 70 percent of Pakistan's textile industry is based, faced not only a gas price increase double that of states like Sindh, but disconnected supply lines as well, Sattar added.

Like Turkey, the country is also facing growing inflation and a weakening currency, and manufacturers believe the sector urgently needs more support on the energy front. Pakistan is targeting $20 billion in textile exports in its fiscal year 2022 ending in June, having seen an increase of 26.5 percent year-on-year in the July to October period for 2021, with $6.01 billion in revenue from textile and apparel exports, according to the Pakistan Statistical office.

Source: sourcingjournal.com– Jan 10, 2022

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Pakistan: Textile policy, duty drawback to continue

The Ministry of Commerce has not withdrawn the Textile and Apparel Policy 2020-25 and the Drawback of Local Taxes and Levies (DLTL) scheme will continue in future to enhance export of value-added textile, remarked Adviser to Prime Minister on Commerce Abdul Razak Dawood.

Speaking at a meeting arranged by the Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) on Monday, the adviser assured businessmen that their problems would be taken up with Prime Minister Imran Khan and in the federal cabinet.

“The government will consider and resolve all issues,” he said. “Textile sector is playing a major role in stabilising the national economy, therefore, the government is striving to address its issues on a priority basis.”

Highlighting the positive outcome of the “Make in Pakistan” strategy, the adviser pointed out that investment of billions of rupees was in the pipeline and new textile units were expected to be established.

“Such industrial concerns will help enhance the export capacity and create hundreds of thousands of jobs,” he said.

The government has reversed the de-industrialisation process and “Pakistan is now on the path of industrial growth.” In August 2020, the government had announced the “Make in Pakistan” policy to promote export-oriented industrialisation in the country, Dawood said.

Under the policy, the government has reduced duties on hundreds of tariff lines including the raw material for industries to make their products competitive.

“In the past, there was no focus on diversification of exports, but now it is happening,” he said.

In the past three years, exports of non-traditional products to the traditional markets increased significantly as the government accelerated its endeavours to further push diversification of exports, he pointed out.

The PM aide said that surging imports posed a threat to the trade deficit and to tackle the issue, the government was in the process of identifying and enhancing tariffs on a few items to discourage their import.

He reaffirmed that the government had made all-out efforts to ensure that Pakistan continue to enjoy the GSP Plus facility and voiced hope that the country would secure an extension in the facility from the European Union.

Earlier, PRGMEA Regional Chairman Sheikh Luqman Amin urged the adviser to abolish all duties and taxes and permit duty-free import of cotton yarn, which was the basic raw material for the value-added textile sector.

Participants of the meeting called on the government to ban export of cotton yarn in order to ensure its availability to the export sector and enable it to meet orders timely and without any hassle.

They asked the government to consider allowing import of cotton yarn from India through Wagah border because good quality yarn was not available in Pakistan and its prices were soaring.

They called for fixing special tariffs at 7.5 cents for electricity and $6.5 per mmbtu for gas for at least three years coupled with provision of uninterrupted electricity and gas for delivering export orders.

An industry official said that Prime Minister Imran Khan's plans for industrialisation, increasing exports, creating trade surplus, generating employment opportunities and earning more foreign exchange could only be achieved when cotton yarn availability and uninterrupted supply of utilities were ensured.

Source: tribune.com.pk– Jan 11, 2022

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NATIONAL NEWS

India, Korea to hold discussions on ways to boost trade, investments

Issues such as addressing the large trade deficit, greater market access and non-tariff barriers faced by Indian exporters will figure in the meeting of trade ministers of India and Korea on Tuesday, an official statement said on Monday.

The meeting will be held between Commerce and Industry Minister Piyush Goyal and Korean Trade Minister Han-koo Yeo.

"The discussion will focus on addressing the large trade deficit, market access issues and non-tariff barriers faced by Indian exporters. The discussion will also feature investment related issues," it said.

It added that the meeting is expected to further boost India-Korea trade relations in an equitable and balanced manner.

Both the countries have implemented the Comprehensive Economic Partnership Agreement (CEPA), a kind of free-trade pact, in January 2010.

The bilateral trade between the countries stood at USD 17.5 billion in 2020-21. The trade is in favour of South Korea.

India's imports during the last fiscal was USD 128 billion, while exports were only USD 4.7 billion.

Source: business-standard.com– Jan 10, 2022

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We must aspire to take India to the top 25 positions in the Global Innovation Index – Shri Piyush Goyal

The Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today called upon stakeholders in the innovation ecosystem to strive to take India to the top 25 in the Global Innovation Index. Our startups are the key reason behind India's meteoric rise in Global Innovation Index from 76 in 2014 to 46 in 2021, Shri Goyal said. He was inaugurating the "Startup India Innovation Week Launch" virtually from New Delhi today.

Expressing his delight at being able to participate in the first ever Startup Innovation launch week, Shri Goyal said that 'Celebrating Innovation Ecosystem', as a part of Azadi ka Amrit Mahotsav, was also a call to action for all of us to strengthen our startup ecosystem further.

The Minister spoke of the need for institutionalizing the Startup Week Celebrations as an annual event so that we keep reviewing, reinventiing, rejuvenating and reenergizing our startup ecosystem. He said that there is a need for developing a futuristic outlook to pave the roadmap of the future while we celebrate our entrepreneurs.

This virtual week-long innovation celebration aims to commemorate the 75th year of India's independence 'Azadi Ka Amrit Mahotsav' and is designed to showcase the spread and depth of entrepreneurship across India.

The startup and innovation festival's primary goal is to bring together the country's key startups, entrepreneurs, investors, incubators, funding entities, banks, policymakers, and other national and international stakeholders to celebrate entrepreneurship and promote innovation. Furthermore, to exchange knowledge on nurturing startup ecosystems; to develop entrepreneurial ecosystem capacities; to mobilise global and domestic capital for startup investments; to encourage and inspire the youth for innovation and entrepreneurship; to provide market access opportunities to startups; and to showcase high-quality, high-technology, and frugal innovations from India.

The Minister emphasized that the event has been organized with whole of Government approach and in collaboration of 30 Departments. He also

announced that the Participant registration for the Innovation Week had already crossed 1 lakh.

Shri Goyal noted that this year marked the completion of 6 years of Startup India. The launch of 'Startup India movement' by Hon'ble PM in Jan'16, 2016 stirred the entrepreneurial spirit across India, he said.

Terming the startups as the harbingers of change, the Minister said that our startups have changed the mind-set from "Can do" to "Will do". Startup India, which started as a mission to promote Innovation has today become a revolution of National Participation and National Consciousness, he observed.

Expressing confidence that the Prime Minister's interaction with startups on the completion of 6 years of Startup India will encourage our entrepreneurs to dream big and achieve bigger, Shri Goyal said that our Startups turned COVID-19 crises into an opportunity and made 2021 the Year of unicorns; with 3rd largest number of Unicorns (82) in the world.

Shri Piyush Goyal called upon entrepreneurs to think of building Startups that focus on Healthifying people at a time when the world is facing successive waves of pandemic.

The Minister said that the New in New India symbolized the freshness of perspective and ideas that our startups bring. He added that our Startups were 'Learning Earl, Learning Often, Learning from Experience and Learning from Others'. He asked innovators to celebrate failure, learn from their mistakes and turn them into stepping stones to success.

He outlined 3 goals for Indian entrepreneurs, 'Make in India', 'Innovate in India', and 'Mentor the next generation of entrepreneurs'. He also said that there was a need to make our startups much more resilient so that they are well prepared to mitigate and overcome crisis situations like the pandemic.

The Minister observed that our young entrepreneurs are eager to make extreme impact and are fearless risk takers. He noted that today, almost 4 startups are recognised in India every hour with 45% belonging to Tier II & III cities and said that 46% of Startups are found by Women Entrepreneurs.

Shri Goyal highlighted that the success of IPOs of many startups showcase their power to become the new Multi-National Corporations. He said that

from 2018-21, more than 6 Lakh Jobs have been created by Startups and added that in 2021 alone, more than 2 Lakh jobs have been created.

The Minister said that our Government has been acting as a 'facilitator' by focusing on simplification, facilitation and bringing ease in starting & doing business. Listing some measure taken by the Government to improve Ease of Doing Business, he said that there was an 80% rebate on patent filing and 50% on trademark filing fees, relaxation in public procurement norms, Self-Certification under Labour and Environmental Laws, Funds of Funds for Startups, Income Tax exemption for 3 out of 10 years and Seed Fund Scheme of Rs. 945 Cr. An improved IPR regime has resulted in the registration of 1.16 million trademarks in last 4 years, compared to 1.1 million registrations in last 75 years, he added.

Referring to the proposed Open Network Digital Commerce (ONDC) initiative as a game changer will help our entrepreneurs to save cost as well as build trust, Shri Goyal said that ONDC would help bridge the gap between mighty Corporations and small startups and help bring in equity in the business ecosystem.

He said that the mantra for startups for further growth is SENSE- Share, Explore, Nurture, Serve and Empower.

He called upon entrepreneurs to take initiative to share their knowledge, experience, ideas and mentor others. He asked Startups to explore the unexplored areas like Rural Tourism in terms of agri-stays, hotels and homestays, creating additional income for farmers. He encouraged them to nurture new ideas and constantly try to develop new products.

The Minister also called upon innovators to focus on "Prashasan Gaon Ki Aur", ideas to improve last mile service delivery and empower our weavers, artisans and farmers and bring the market to their doorsteps.

He opined that celebrations like the Startup India Innovation Week will definitely bring the spotlight on our innovators. The Minister said that 'Startup India' must become a symbol of Self Reliance and Self Confidence.

Highlights of the week-long celebration are the Hon'ble Prime Minister's interaction with startups, result Declaration of National Startup Awards 2021, launch of Doordarshan Startup Champions 2.0 show , roundtable with Global Investors and domestic funds, launch of Open Network for Digital Commerce Digital Strategy, participation by Ministry of Education,

Niti Aayog, Office of PSA, DBT, DST, MeitY, Ministry of Defence and Ministry of Social Justice and Empowerment, among other departments, in various sessions, launch of 'Fisheries Startup Grand Challenge' by Department of Fisheries and pitching sessions and corporate connect programs for startups from across the country.

Smt. Anupriya Singh Patel, Minister of State for Commerce and Industry, Shri Anurag Jain, Secretary, Department for Promotion of Industry and Internal Trade (DPIIT), Smt. Shruti Singh, Joint Secretary, DPIIT, Shri Abhiraj Singh Bhal, Co-Founder & CEO, Urban Company and Sanjeev Bikhchandani, Co-Founder, Info Edge also addressed the inaugural session.

Source: pib.gov.in– Jan 10, 2022

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India-UK FTA talks to be launched but fate of early harvest deal uncertain

British Trade Secretary Anne-Marie Trevelyan to visit New Delhi this week, meet counterpart Piyush Goyal

India and the UK are set to announce launch of negotiations for a bilateral free trade agreement (FTA) when British International Trade Secretary Anne-Marie Trevelyan's visits New Delhi later this week but there is no surety over whether the UK will also agree to an early harvest deal on select items, sources have said.

"India has been keen that an early harvest agreement, for liberalising tariffs and restrictions on certain identified items from both sides, should precede a full-fledged FTA. But the UK is not as enthusiastic about it as it has never done such an agreement. There will be clarity on this next week when the Ministerial-level meeting takes place," a person tracking the matter told BusinessLine.

New Delhi favours an early harvest agreement as it can be concluded within a few months, while a comprehensive pact can take much longer. Items where India hopes to get enhanced market access in the UK include garments and textiles, leather products, rice, beverages and tea & coffee. The UK is interested in lower tariffs on Scotch whiskey and automobiles, among other things. In services, India wants easier work visas for its professionals and other workers.

The UK is also focused on removal of non-tariff barriers to trade in India, as it believes that such measures applied by India outnumber those applied by the country. According to an information note compiled by the UK Department for International Trade (DIT) last year, India applies 193 technical barriers to trade and 236 sanitary and phytosanitary restrictions to trade.

Trade agenda

Trevelyan, in her two-day visit beginning Wednesday, will hold bilateral talks with her counterpart Piyush Goyal discussing multiple issues, including green (environment friendly) trade and the removal of market access barriers for both UK and Indian businesses, the DIT, UK said. She will also co-host the 15th UK-India Joint Economic and Trade Committee

(JETCO) with Goyal and review the UK-India Enhanced Trade Partnership agreed to by Prime Minister Narendra Modi and British PM Boris Johnson last May.

"I will be using my visit to drive forward an ambitious trade agenda which represents the UK's Indo-Pacific tilt in action and shows how we are seizing global opportunities as an independent trading nation," Trevelyan said in a statement on Sunday.

The UK is interested in an FTA with India as it seeks to enhance trade ties with prominent countries following its exit from the European Union. India, on the other hand, is looking at free trade pacts with economies that are outside the influence of China, as it does not want the country to route its goods into India through its FTA partners.

India's exports to the UK in 2020-21 were at $8.15 billion and imports were at $4.95 billion.

Source: economictimes.com– Jan 10, 2022

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Omicron may reduce India's FY22 GDP growth by 10bp: Ind-Ra

The spread of the new coronavirus variant Omicron will have an adverse impact on fourth quarter (Q4) FY22 GDP of India, as per domestic ratings agency India Ratings and Research (Ind-Ra). Its estimate shows that for the entire FY22, the GDP is expected to clock a growth rate of 9.3 per cent YoY, 10bp lower than its earlier estimate of 9.4 per cent.

GDP growth in 4Q FY22 will now come in at 5.7 per cent YoY, which is 40bp lower than the agency's earlier estimate of 6.1 per cent.

Although omicron cases are spreading much faster than earlier COVID-19 variants, indications so far suggest that the infections are milder and mostly not life threatening. This also means that the curbs imposed by local/state governments will be less disruptive than COVID 1.0 and 2.0. Also, the earlier two waves have made both government and businesses more equipped to deal and be more resilient in such situations, Ind-Ra said in a media release.

Ind-Ra therefore believes the impact of COVID 3.0 on the economy will be lower than COVID 1.0 and 2.0. Once the COVID 3.0 subsides, the economy is expected to bounce back pretty quickly as was the case after 2.0.

Policy support – both monetary and fiscal – would be critical till the threat of pandemic continues and the economy reaches the stage of a sustained growth trajectory. Despite the ongoing recovery, select high frequency indicators such as Index of Industrial Production are showing that the industrial output levels are still lower than pre-COVID-19 levels (October 2021 industrial output 99.6 per cent of the pre COVID level).

"Against this backdrop, Ind-Ra believes the Reserve Bank of India will continue to pursue its accommodative policy stance with no change in the policy rate in the foreseeable future and the Union government would not be in a hurry to get back to the fiscal consolidation path. It will be a gradual process keeping the unfolding economic scenario in mind," the release said.

Source: fibre2fashion.com– Jan 10, 2022

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Looking back at FY20: Why did growth collapse?

Despite the uncertainties from Omicron and unanticipated normalisation of monetary policy in advanced economies, there is optimism that India's economy will brush past these difficulties. Some have anchored this confidence to project a robust growth path in the medium-term, underlining no significant damage to potential growth by Covid-19 and fair insulation from possible tapering. Such expectant projections seem presumptuous, especially when Covid has induced much forecast errors.

Economies over the world have been engulfed with bouts of optimism followed by sense of losing momentum as policy makers struggled to understand distorted demand patterns, the various constraints in supply-chain response, and other such. India could be no different—the current recovery phase could be slanted by bunching of pent-up demand that could fizzle out.

Leaving aside the possible scarring from Covid, the pre-Covid economic health itself raised doubts if this optimism was justified. If the drivers of pre-pandemic weakness were structural, the risks of sharp shrinkage in potential growth are high; return to a higher growth path could then be herculean.

Therefore, a fair assessment of pre-Covid trend growth is critical to impart credibility to aspirations of higher medium-term growth. Unfortunately, Covid's arrival from March 2020 diverted attention from a rigorous analysis of why growth collapsed in FY20?

To recapitulate, 2019 had begun with a notch of growth optimism but mid-year, both consumer and business sentiments plunged sharply, and associated economic uncertainties worsened as months passed. RBI, which initially projected GDP growing 7.4% in February 7, 2019, scaled down gradually to 5% by December 5, 2019.

Final growth estimates turned out much weaker—a mere 4% as per the first revised estimates in January 2021.

RBI's annual report for FY19, while analysing the growth slowdown midway in FY20, had raised an existential question: Was the Indian economy undergoing a soft patch, or a cyclical downswing, or a structural slowdown?

Regrettably, a year later the central bank's annual report for FY20 simply glossed over the structural question.

Its emphatic conclusion—that the 2019-20 downfall was a confluence of global and domestic cyclical forces (Para I.9)—seemed less convincing. Similarly, the Economic Survey 2019-20, had argued that growth would rebound in the year's second half (Para 1.11, chapter 01, Volume II) but a year later, the Economic Survey 2020-21 altogether overlooked as to why it didn't. These reviews could have examined if the slowdown was cyclical, why did supportive fiscal-monetary policies fail to reverse the downswing in spite of economic slack.

Since there were no unanticipated external, or domestic, economic shocks in FY20 as in FY09 (global financial crisis), such a large forecast error—340 basis points, no less— should have elicited a critical analysis if structural sources caused the slowdown.

As noted, this was an outcome of deceleration in three major expenditure, or demand-side, components of real GDP, viz., private final consumption expenditure (PFCE), gross fixed capital formation (GFCF) and exports.

However, most analysts flagged the sharp braking of private consumption as the concerning factor. Was the slowing of private consumption in FY20 temporary? Was it heightened by some idiosyncratic events such as new emission and axle norms coupled with NBFC credit decline as noted by RBI's FY20 report?

An early assessment would be difficult because Covid has distorted demand patterns, e.g., supply-chain problems leading to semi-conductor chip shortages have impacted car manufacturing, so it is hard to gauge if car sales will revive soon while the comparative fall in two-wheeler sales points to structural distress in rural segments despite robust agriculture growth.

Contrarily, the visible stresses in households' pre-Covid balance sheet appeared more structural. The latest national accounts data reflected consumers' preference to retire debt over current consumption.

Indeed, households' financial liabilities (nominal) contracted 14.7% in FY20, after an astounding 60.2% growth in 2017-18 that was near-threefold increase over 21.6% in FY17, the demonetisation year.

If consumers continue balance-sheet repairs just like banks and corporates have been doing from 2011-12, growth revival would take a while. This should not be surprising because the prolonged private investment shortfall impacted job creation and income growth, thereby retarding consumption. An obvious follow-up question is why did this take so many years to surface?

The answer would be that consumers did not reduce current consumption because future income expectations were buoyant. Some even expanded or sustained consumption through new borrowings, partly captured by the sharp increase in NBFC loans after demonetisation. The party was headed for a crash, just as the bank credit boom in infrastructure did in 2011-12. Confronted by weak future income prospects, sentiments plunged in mid-2019, prompting cutbacks in current consumption.

Another factor weighing strongly in this direction could have been terms-of-trade reversal: We know that global commodity prices' collapse, including petroleum and foods, provided significant boost from 2014-15. These gains were large, persisted for several quarters, and coincided with low CPI inflation. But once that phase passed, inflation, especially core inflation, crept back. Indirect tax hikes, e.g., GST, excise, custom duties, worsened matters, eating into purchasing power and denting consumer confidence.

In which case, the most relevant question is if consumer demand is poised to revive. Little evidence of this is sighted so far. Real credit by banks and NBFCs has hardly grown. At the macro level, the sense is that both producers and consumers have exploited ultra-loose monetary policy for mending balance sheets—corporates have repaid or swapped loans with cheaper funding, households have also been retiring debt.

If businesses do not see demand, why should they invest? Optimists note that supply-side reforms of pre-Covid years such as IBC and GST have begun to yield results, while more structural reforms have been announced or implemented during Covid. This should boost consumer sentiment. RBI's consumer expectation surveys do not reflect any great enthusiasm; they are rising once more, but from their Covid-lows, with the pace rather lukewarm.

Recent decisions to rollback reforms or delay implementation don't help. With terms-of-trade turning negative alongside pandemic-led damages to supply chains, elevated inflation threatens to harm consumer confidence further. Little, if any, fiscal space is left with government while RBI may be compelled to tighten monetary policy sooner.

Finally, the deeper and least-examined question has been if damages to the informal economy following demonetisation and GST contributed to the consumption slowdown with a lag.

There's no data to substantiate any further! If Covid is weakening already-fragile household balance sheets, the economy would face serious headwinds from demand constraints. Getting back to a higher growth trajectory could then be a distant, long-term call.

Source: financialexpress.com– Jan 10, 2022

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Exporters fret over surging freight rates, delays at ports

Freight rates have started increasing once again after remaining steady in December, rising 10% in the first week of January, raising fresh concerns for exporters of basmati rice, tea, apparel and leather goods among others.

The waiting time of consignments at ports has also increased to more than a month from 15 days, trade insiders said.

Mohit Agarwal, director at Asian Tea & Exports, said freight rates to places like Iran and Kazakhstan have gone up by $500-1,000 per container over the last 10 days. "We do not know what is driving this fresh surge in freight rates," he said. "The consignments are lying at the ports for a month or more at times." Agarwal said he does not see freight rates cooling off in the immediate future.

Some exporters that ET spoke with said they plan to pass on the rising cost to consumers eventually.

"The container freight rates have gone up by 3-4 times as compared to last year. This cost will eventually be passed on to consumers in the coming days," said Ashwani Arora, CEO of LT Foods that owns rice brand Daawat.

"However, we are not seeing any delay in delivery time to the consumer since LT Foods has made investment in automation, which has reduced the turnaround time of the container," he said.

Ramesh Juneja, regional chairman of Council Leather Exports, however, said leather goods exporters are not sure whether they will be able to pass on the rising freight cost to buyers in Europe and the US as there is a lot of uncertainty due to the spread of Covid-19.

Exporters also raised concern over demand. "Rising freight cost is a global phenomenon," said Ajay Sahai, director general of Federation of Indian Export Organisations (FIEO).

"However, what is more important is how the export markets behave in the next fortnight in view of a surge in Covid cases."

India achieved its highest-yet monthly exports of $37 billion in December, registering a jump of 37% year on year.

The government has said the country is on track to achieve an export target of $400 billion, adding that the top 10 major commodity groups constituting 80% of exports grew 41% year on year last month.

Source: economictimes.com– Jan 11, 2022

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Total employment in nine select sectors stand at 3.1 crore for the quarter ending September 2021

Union Minister for Labour & Employment, Shri Bhupender Yadav today released the report of second quarter of Quarterly Employment Survey (QES) part of All-India Quarterly Establishment-based Employment Survey (AQEES).

The AQEES has been taken up to provide frequent (quarterly) updates about the employment and related variables of establishments in both organized and unorganized segments of nine selected sectors which account for a great majority of the total employment in the non-farm establishments. The nine selected sectors are Manufacturing, Construction, Trade, Transport, Education, Health, Accommodation & Restaurant, IT/BPO and Financial Services.

Sharing the results, the Union Minister said that the employment is showing an increasing trend and mentioned the fact that the over-all percentage of female workers stood at 32.1, higher than 29.3% reported during the first round of QES.

The estimated total employment in the nine selected sectors in this round of QES (July-September, 2021) came out as 3.10 crore approximately, which is 2 lakhs higher than the estimated employment (3.08 crore) from the first round of QES (April-June, 2021). It is worthwhile to mention here that the total employment for these nine sectors taken collectively was reported as 2.37 crore in the sixth EC (2013-14).

Minister of Labour & Employment emphasized that last mile delivery is the prime objective of the Government under the guidance and leadership of Prime Minister, Shri Narendra Modi, and in order to achieve this, Ministry has entrusted nationwide surveys to Labour Bureau for evidence-based policy making.

The report on Quarterly Employment Survey being a demand side survey along with supply side survey i.e Periodic Labour Force Survey (PLFS) will bridge data gaps on employment in the country, stated Shri Yadav.

The report of "Quarterly Employment Survey" is an important publication meant to give insights into the change of employment over the previous quarters and many other related parameters. This will serve as a

useful data for policy-makers, Central/ State Governments officials, researchers and other stakeholders. The report of the first round/quarter (April-June, 2021) of QES was released by Shri Bhupender Yadav, on 27th September, 2021.

Speaking on the occasion, Secretary (L&E), Shri Sunil Barthwal remarked that the registration under e-shram portal for the informal sector workers is increasing which alongwith new developments in the National Career Service (NCS) portal and QES survey results will provide national data bank for providing realistic picture of employment at all India level.

The second round of QES had a reference date of 1st July, 2021 for the different items of information about an establishment. Data were collected through field visits from 11,503 establishments, out of the 12,038 establishments selected in the sample. From the survey data, estimates of each of several aspects of the establishments were worked out by scientific methods taking due account of the sampling design.
Key Highlights

- Of the total employment estimated in the selected nine sectors, Manufacturing accounted for nearly 39%, followed by Education with 22% and Health as well as IT/BPOs sectors both around 10%. Trade and Transport sectors engaged 5.3% and 4.6% of the total estimated workers respectively. It is pertinent to mention that percentage for the IT/BPO sector in Quarter 1 was only 7.
- Nearly 90% of the establishments have been estimated to work with less than 100 workers, though 30% of the IT/BPO establishments worked with at least 100 workers including about 12% engaging 500 workers or more. In the Health sector, 19% of the establishments had 100 or more workers. Also, in the case of transport sector, 14% of the total estimated establishments were operating with 100 or more workers. It may be mentioned that 91% of establishments were reported to have worked with less than 100 workers in the first round of QES and in the IT/BPO sector, the figures during the first QES stood at 21% and 14% respectively for the size classes of 100-499 employees and 500 or more employees.
- The over-all percentage of female workers stood at 32.1, higher than 29.3% reported during the first round of QES.
- Regular workers constitute 87% of the estimated workforce in the nine selected sectors, with only 2% being casual workers. However, in the

Construction sector, 20% of the workers were contractual and 6.4% were casual workers.

- Most (98.3%) of the establishments were located outside households, though a highest 5.1 % of units in Accommodation and Restaurants sector were found to operate from within households.
- 23.5% of all the establishments were registered under the Companies Act, this percentage was as high as 82.8% in IT / BPO, 51.2% in Construction, 42.8% in Manufacturing, 36.4% in Transport, 32.1% in Trade and 23.8% in financial services. One-fourth of the establishments were operating as registered societies, 53.9% were registered under the Goods and Service Tax Act, 2017 and 27.8% under Shops & commercial Establishments Act, 1958.
- Looking at the educational qualifications of workers, it came out that 28.4% of those working in seven of the nine sectors (excluding Education and Health)were matriculates/secondary or less educated, while another 37.0% were graduates or had higher qualifications. In fact, the latter percentage was as high as 91.6% in the IT/BPO sector and 59.8% in Financial Services. In the Health sector, as few as 18% of the non-Clinical workers were matriculates/secondary or less educated, the figure being 26.4% in the non-Teaching staff of the Education sector. More than 40% of the employees in these two sectors were at least graduates.
- It is somewhat encouraging to note that 16.8% of the establishments provided formal skill development programmes, although mostly for their own employees. It transpired that an estimated 5.6% of the establishments were having vacancies in positions and the estimated number of total vacancies was 4.3 lakhs. About 65.8% of such vacancies were not due to retirement or resignation of the employees.

Click Here to view Full Report

Source: pib.gov.in– Jan 10, 2022

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Year End Review of Ministry of Skill Development and Entrepreneurship

The Ministry of Skill Development and Entrepreneurship (MSDE) has launched the third phase of its flagship scheme—Pradhan Mantri Kaushal Vikas Yojana 3.0 (PMKVY 3.0) in January 2021. PMKVY 3.0 will encourage and promote skill development throughout the country to address the industry needs, meet the market demands, impart skills in services and in new-age job roles that have become crucial in the post- pandemic era.

The Prime Objectives of PMKVY 3.0 are:

Create an ecosystem for the youth to make informed choices on the available skilling avenues.
Provide support to youth for skill training and certification.
Promote sustainable Skill Centres for greater participation of private sector.
Benefit 8 lakh youth across the country.

So far under PMKVY 3.0, 3.74 lakh people have been enrolled, 3.36 lakh trained, 2.23 assessed, and 1.65 lakh certified.

Customized Crash Course Programme for COVID Warriors under PMKVY 3.0

The Programme aims to meet the upsurge in demand of skilled healthcare professionals and associated professionals from logistics sector, reduce the burden of existing healthcare professionals and provide timely healthcare services in every corner of the country.The programme comprises of following three components, to be implemented under Centrally Sponsored Centrally Managed (CSCM) component of PMKVY.

Component 1: Fresh Skilling (under Special Projects) of candidates in 6 (six) healthcare sector job roles. The training duration will be of approximately 21 days of theory-based classroom training followed by approximately 90 days of On-the-Job Training (OJT) in healthcare facilities such as Primary Health Centres, hospitals, diagnostic facilities, sample collection centres, etc.

Component 2: Upskilling for candidates with prior experience / prior learning under Recognition of Prior Learning (RPL). The training under this

component will be of approximately one-week duration as a bridge course on original 6 job roles.

Component 3: Training of drivers in handling and transportation of the Liquid Medical Oxygen (LMO). The training duration will be approximately of 27 days. The special training of HMV license-holder drivers in transportation of Hazardous Chemicals as well as LMO, along with focus on 'defensive driving' while transporting LMO will be conducted.

The Programme was launched on 18th June 2021 by the Hon'ble Prime Minister with the commencement of training in 111 Pradhan Mantri Kaushal Kendras (PMKKs) and other affiliated Training Centres (TCs) in 100 Districts of 26 States.

Progress Update of COVID Warrior Trainings (from 01.01.2021 to 31.12.2021): Click here for more details.

Source: pib.gov.in – Jan 10, 2022

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Smaller firms wary amid shift away from Libor, say banks

Despite the move away from the London Interbank Offered Rate (Libor), several corporate borrowers, especially smaller Indian companies, are reluctant to embrace alternative reference rates, fearing changes in borrowing cost and, to some extent, due to lack of awareness, bankers said.

"While several large corporates have recently raised funds using the secured overnight financing rate (SOFR), an alternative reference rate (ARR), smaller clients are still wary. There is a great deal of inertia in the treasury departments of smaller corporate borrowers. We are explaining to them about the changes in spread once they move to the new benchmark, and it is a work in progress," said a senior banker.

The global transition from Libor was necessitated after British financial authorities decided to phase it out in 2017 after discovering that some large banks manipulated the reference rate up or down by providing false data. Traditionally, the interest rates for most Indian corporates availing of external commercial borrowings (ECBs) are benchmarked to the three-month or six-month Libor rate.

Indian banks are adding a fallback clause or replacement rates to existing overseas loan agreements to ensure a smooth transition from Libor. While most Libor benchmarks have ceased to exist after 31 December, the remaining will become inactive after June next year.

In preparation for the transition, lenders are enabling systems to capture the alternative SOFR and educating clients about the benefits of the transition. The SOFR is a benchmark interest rate published by the New York Fed that banks use to price US dollar-denominated derivatives and loans.

"At State Bank of India, we have prepared our systems for ARR, including direct upload. We have introduced fallback clauses to ARR in all documents expiring beyond the cut-off date. ARR adoption in India will pick up pace closer to the cut-off date after which the published Libor rate may not be available," said Ashwini Kumar Tewari, managing director (international banking, technology and subsidiaries) at State Bank of India.

Libor reference rates were calculated as averages of rates polled by major banks and used for pricing debt instruments and derivatives such as currency swaps and interest rate swaps.

“For ECBs, banks are becoming very choosy to give borrowers the Libor option because the benchmark anyway has a sunset in 2023 and therefore, a three-year loan on it does not make sense," said Ashutosh Khajuria, executive director and chief financial officer at Federal Bank, adding that if the loan contract is for a year or six months, technically borrowers can still use Libor.

Source: livemint.com– Jan 10, 2022

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Reliance-ACRE, Welspun in final lap to buy bankrupt Sintex Industries

Reliance Industries Ltd (RIL) and Welspun are the leading contenders to acquire bankrupt Sintex Industries, said people with knowledge of the matter. RIL, in partnership with Assets Care & Reconstruction Enterprise (ACRE), has offered a ₹2,863 crore resolution plan that includes 10% equity to lenders, they said.

Reliance Industries-ACRE and Welspun Group unit Easygo Textile Pvt Ltd are the two highest bidders among the four firm offers that lenders have received for the textile-cum-yarn making company.

"There is a marginal difference between the offers made by Reliance Industries-ACRE team and Welspun Group," one of the persons said. "Both are highest but conditional. It is difficult to assess which of the two plans is better."

Resolution professional Pinakin Shah has asked the two highest bidders to resubmit revised unconditional resolution plans, said the people cited above.

The RIL offer includes payment of ₹2,280 crore to financial creditors, equity infusion of ₹500 crore for working capital requirements and a ₹83 crore payment to employees and trade creditors, one of the persons said.

₹15.4 cr Payment Default

The existing equity will be fully written off. RIL will hold 79%, ACRE will hold 11% and 10% will go to lenders after the acquisition. To finance the proposed offer, RIL will avail debt of Rs 2,349 crore and infuse Rs 500 crore as capital. ACRE, an Ares SSG-backed asset reconstruction company (ARC), will issue security receipts for Rs 14 crore to lenders. Details of the Welspun offer aren't available.
Lenders to Sintex Industries got four firm resolution plans last month. GHCL Ltd and Himatsinka Ventures Pvt Ltd are the other two bidders, as reported earlier.

RIL, ACRE, Welspun Group and the resolution professional (RP) didn't respond to queries. The RP has allowed claims to the tune of Rs 7,534.6 crore from 27 financial creditors.

Sintex Industries was admitted to the insolvency process by Invesco Asset Management after the company defaulted on a Rs 15.4 crore payment on principal and interest on non-convertible debentures.

An attempt to arrive at an out-of-court resolution failed after lenders rejected an offer of Rs 1,950 crore made by Welspun in January last year to acquire the distressed Ahmedabad-based company.

Lenders to Sintex Industries had got 16 expressions of interest (EoIs), including bids from foreign fund CarVal Investors and Varde Capital-backed Aditya Birla Asset Reconstruction Co. The other EoI applicants included Edelweiss Alternative Assets Advisors Ltd, Asset Reconstruction Company of India (Arcil), Prudent ARC, Ludhiana based Trident Ltd, Punjab-based Lotus Hometextile, Mumbai-based Indocount Industries and Nitin Spinners.

Sintex Industries, which was promoted by Amit Patel and family, specialises in the premium fashion industry. It provides fabric to global clients such as Armani, Hugo Boss, Diesel and Burberry, according to the company's website.

Source: economictimes.com– Jan 11, 2022

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