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IBTEX No. 10 of 2022 January 17, 2022

US 74.33| EUR 84.89| GBP 101.66| JPY 0.65

NEWS CLIPPINGS

INTERNATIONAL NEWS

Inflation in China tame in 2021 amid stable economy

China's inflation largely remained tame throughout 2021—barring a mild retreat in December—against the backdrop of sustained economic recovery. The country's consumer price index (CPI), a primary measure of inflation, rose by 1.5 per cent year on year in December, down from the 2.3 per cent increase a month ago, the National Bureau of Statistics (NBS) said.

Inflation climbed by 0.9 per cent in 2021, well below the country's annual target of approximately 3 per cent.

In the face of COVID-19 outbreaks in multiple places, the authorities have also coordinated measures to rein in the pandemic and ensure goods supplies, which helped stabilise prices and maintain market stability, senior NBS statistician Dong Lijuan was quoted as saying by an official news agency.

Food prices dropped by 1.2 per cent in December 2021 from a year ago, reversing the 1.6-per cent rise in November.

Non-food prices, including gasoline and diesel prices, rose by 2.1 per cent from a year earlier, easing from the 2.5 per cent in November. The core CPI, which excludes food and energy prices, gained 1.2 per cent year on year in December, unchanged from a month ago.

The country's consumer prices experienced an upward trend at a low level in 2021, peaking in November at merely 2.3 per cent, thanks to decisive, effective action by the government to bolster production of daily necessities and smooth sharp fluctuations of commodity prices.

In 2020 and 2019, China's inflation rose by 2.5 per cent and 2.9 per cent respectively. Analysts expect more consumer price rises this year as the increase in commodity prices will start influencing consumer goods, noting that the price gains will be reasonable.

Source: fibre2fashion.com– Jan 17, 2022

HOME

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Vietnamese parliament approves economic stimulus package for recovery

The first extraordinary session of Vietnam's 15th National Assembly recently approved a $15.21-billion stimulus package to fight the pandemic's impact and for socio-economic recovery and development for 2022-2023. The package's focus includes health care, social welfare, employment, support for enterprises and cooperatives, and transportation infrastructure.

The four-and-a-half-day virtual session was wrapped up on January 11.

The session also approved a resolution on the investment policy for the construction of the eastern section of the north-south expressway in 2021-2025 and one on piloting several special policies and mechanisms for the development of Can Tho city, according to Vietnamese media reports.

Source: fibre2fashion.com– Jan 17, 2022

HOME

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PRI urges Bangladesh govt to keep economy open despite omicron spread

Bangladesh's Policy Research Institute (PRI) recently urged the government to keep the economy open despite the spread of new coronavirus variant omicron. "The government needs to strengthen the safety and healthcare system, but we do not want to see any lockdown or any types of severe measures," PRI executive director Ahsan H Mansur said.

The independent economic research organisation made the suggestion at a webinar titled 'After the pandemic onslaught—economy on strong recovery path'.

"All the sectors did not recover at the same pace, so the sectors that recovered slowly should get priority and get government support,' said South Asian Network on Economic Modeling research director Sayema Haque Bidisha.

Transport, tourism and construction were among the sectors that recovered at the slowest pace, she was quoted as saying by Bangladeshi media reports.

The process of human capital development has been hit hard during the pandemic, so the government should now think on how it can be recovered, she added.

Source: fibre2fashion.com– Jan 15, 2022

HOME

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Bangladesh, S Korea have great potential to boost trade: BGMEA President

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Faruque Hassan said Bangladesh and South Korea have great potential to derive more mutual trade benefits through collaboration, especially in the area of apparel and textile industry.

“There are huge opportunities for Bangladesh and South Korea to further engage in trade and investment and develop mutually beneficial economic ties,” he remarked during a meeting with Ambassador of South Korea to Bangladesh Lee Jang-keun who paid a courtesy visit at BGMEA Gulshan office here on Sunday, said a press release.

Former president of Dhaka Chamber of Commerce and Industry (DCCI) Shams Mahmud, BGMEA Vice Presidents - Shahidullah Azim and Miran Ali, and First Secretary of the Embassy of South Korea Lee Jungyoul were also present at the meeting.

During the meeting, they discussed possible areas of expanding trade between Bangladesh and South Korea and how both countries can collaborate in a meaningful way to pave the way for boosting bilateral trade.

BGMEA President Fauque Hassan requested Ambassador Lee Jang-keun to encourage Korean businessmen to invest in the backward linkage industry of Bangladesh, especially the non-cotton textile sector.

The Korean envoy pointed to extending incentive facility to RMG factories inside the export processing zone (EPZ) against their exports to new markets.

Source: theindependentbd.com– Jan 15, 2022

HOME

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Bangladesh apparel exports reach $99.10 mn in Canada

Bangladesh's apparel export grew 21.37 percent in Canada that valued at $99.10 million in November 2021.

According to the latest official data, in November 2021 apparel imports of Canada curved to $832.02 million as compared to $1.02 billion in October 2021.

Meanwhile, the imports declined on an M-o-M basis, it grew by 11.10 percent on a Y-o-Y basis during November 2021.

Also, China has shown a negative export trend for the second consecutive month.

When China's apparel shipment to Canada dropped by 6 percent in October 2021 on yearly basis, then it declined by 2.60 percent in November 2021.

While Cambodia grew by 32.35 percent on yearly basis and clocked $93.03 million in its apparel shipment to Canada.

Vietnam again remain stop as its shipment upped marginally by 0.60 percent (Y-o-Y) and reached $91.57 million in November 2021.

Significantly Italy jumped by 61.56 percent, and the export of the European country to Canada was valued at $30.90 million.

Source: textiletoday.com.bd– Jan 16, 2022

HOME

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NATIONAL NEWS

PM interacts with Startups

The Prime Minister, Shri Narendra Modi interacted with Startups today via video conferencing. The Startups gave presentations to the Prime Minister on six themes viz. Growing from Roots; Nudging the DNA; From Local to Global; Technology of Future; Building Champions in Manufacturing; and Sustainable Development. More than 150 startups were divided into six working groups for the purpose of these presentations. For each theme, there were presentations by two Startup representatives, who spoke on behalf of all the startups selected for that particular theme.

During their presentation, the startup representatives thanked the Prime Minister for the opportunity to provide such a platform to share their ideas, and praised his vision and support to the startup ecosystem. They shared ideas and inputs on a variety of sectors and areas including robust data collection mechanism in agriculture; making India preferred agri business hub; boosting healthcare through use of technology; tackling issue of mental health; promoting travel and tourism through innovations like virtual tours; ed-tech and job identification; space sector; connecting offline retail market with digital commerce; increasing manufacturing efficiency; defence exports; promoting green sustainable products and sustainable means of transport, among others.

Union Ministers Shri Piyush Goyal, Dr Mansukh Mandaviya, Shri Ashwini Vaisnaw, Shri Sarbananda Sonowal, Shri Parshottam Rupala, Shri G. Kishan Reddy, Shri Pashupati Kumar Paras, Dr Jitendra Singh, Shri Som Parkash were among those present on the occasion.

Speaking after the presentations, the Prime Minister said that organization of this Start Up India Innovation week is all the more important in this year of Azadi Ka Amrit Mahotsav as the role of the Start Ups will be critical when Indian freedom reaches its centenary year.

“I congratulate all the start-ups of the country, all the innovative youth, who are raising the flag of India in the world of start-ups. For this culture of start-ups to reach the far-flung parts of the country, it has been decided to celebrate January 16 as National Start-up Day”, the Prime Minister announced.

Recalling the concept of the current decade as the 'techade' of India, the Prime Minister listed three important aspects of the massive changes that the government is making in this decade to strengthen the innovation, entrepreneurship and start-up ecosystem. First, to liberate entrepreneurship and innovation from the web of government processes, bureaucratic silos. Second, creating an institutional mechanism to promote innovation. And third, handholding of young innovators and young enterprises.

He listed programmes like Startup India and Standup India as part of the efforts. Measures like removing problems of 'angel tax', simplification of tax procedure, arranging for government funding, allowing self certification of 9 labour and 3 environment laws and removal of more than 25 thousand compliances have taken the process further. Startup runway on the Government e-Marketplace (GeM) platform is facilitating the provision of startup services to the government.

The Prime Minister said the Government's effort is to institutionalize innovation in the country by creating attraction for innovation among students since childhood. More than 9000 Atal Tinkering Labs are giving children a chance to innovate in schools and work on new ideas. He added that whether it is new drone rules, or new space policy, the priority of the government is to provide opportunities for innovation to as many youth as possible. Our government has simplified the rules related to IPR registration too, he added.

The Prime Minister noted the exponential rise in the indicators of innovation. He said that in the year 2013-14, 4000 patents were approved, last year, more than 28 thousand patents were granted. In the year 2013-14, where about 70000 trademarks were registered, in 2020-21 more than 2.5 lakh trademarks have been registered. In the year 2013-14, where only 4000 copyrights were granted, last year their number has crossed 16000. The Prime Minister pointed out that India's campaign for innovation has resulted in improvement of India's ranking in Global innovation index where India stood at 81 rank but now India stands at 46 rank in the index.

Shri Modi informed that startups of India are working with 55 separate industries and the number of startups has increased from less than 500 five years ago to more than 60 thousand today. The Prime Minister said "Our Start-ups are changing the rules of the game. That's why I believe Start-ups are going to be the backbone of new India." The Prime Minister noted that last year, 42 unicorns came up in the country. These companies worth thousands of crores of rupees are the hallmark of self-reliant and self-confident India. “Today India is rapidly moving towards hitting the century of the unicorns. I believe the golden era of India's start-ups is starting now”, he added.

The Prime Minister underlined the role of empowerment by entrepreneurship in addressing the problems of development and regional-gender disparities. He mentioned that today, there is at least one startup in each of the 625 districts of the country and more than half of the startups are from tier 2 and tier 3 cities. These are converting ideas from ordinary poor families into businesses and lakhs of young Indians are getting employment.

Shri Narendra Modi singled out India’s diversity as a key strength and keystone of India’s global identity. He said that Indian unicorns and startups are the messenger of this diversity. The Prime Minister said start-ups from India can easily reach other countries of the world. So “don't just keep your dreams local, make them global. Remember this mantra- let's Innovate for India, innovate from India”, he exhorted the innovators.

The Prime Minister suggested many areas where the startup ecosystem can play a major role. He said that extra space on the PM GatiShakti National Master Plan can be used for EV charging infrastructure. Similarly, areas like defence manufacturing, chip manufacturing offer many possibilities. He dwelled on the drone sector and said that many investors have been investing in drone startups after the new drone policy. Army, Navy and Air Force have given 500 crore rupee worth orders to drone startups. In urban planning, the Prime Minister touched upon ‘walk to work concepts’, integrated industrial estates and smart mobility as potential areas.

The Prime Minister remarked that the millennials today are the cornerstone of both the prosperity of their families and the self-reliance of the nation. ‘From rural economy to Industry 4.0, both our needs and our potential are limitless. Investment on research and development related to future technology is the priority of the government today”, he said.

Referring to the future prospects, the Prime Minister said that as of now only half of our population is online, therefore future possibilities are immense and he appealed to the start- ups to move towards villages also. “Whether it is mobile internet, broadband connectivity or physical connectivity, aspirations of villages are rising and rural and semi-urban areas are waiting for a new wave of expansion”, he said.

The Prime Minister told the startups that this is a new era of innovation i.e. ideas, industry and investment and their labor, enterprise, wealth creation and job creation should be for India. “I am standing with you, the government is with you and the entire country is standing with you”, he concluded.

Source: pib.gov.in– Jan 15, 2022

HOME

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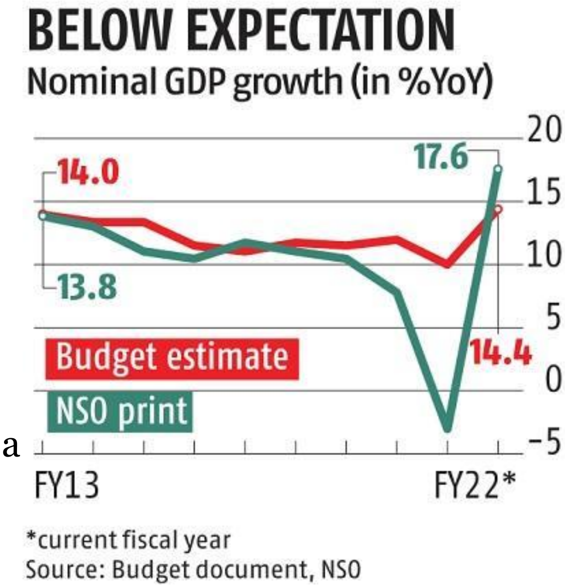
Budget 2022-23: Govt likely to target 13-14% nominal growth in FY23

The Union Budget for FY23 is likely to assume 13-14 per cent nominal GDP growth despite the growing inflationary concerns. According to finance ministry officials, the assumption of even faster nominal GDP growth may raise inflationary expectations, giving wrong signals to the market.



For FY22, the Budget assumed 14.4 per cent gro-wth in nominal GDP. But the latest first Advance Esti-m-ates of GDP for the year released by the National Stati-stical Office put nominal GDP at 17.6 per cent, with an implicit GDP defl-ator of 8.4 per cent, signalling that the finance ministry might have underestimated nominal GDP gro-wth for the current fiscal year. The NSO uses a mix of inputs from the consumer price (CPI) and the wholesale price (WPI) indices to deflate nominal GDP to arrive at the real GDP value.

The Reserve Bank of India's latest household survey showed inflation expectation rose to its highest since 2014 in November 2021. The median inflation expectation of households rose 20 basis points to 10.4 per cent in November, while the three-month and one-year ahead median inflation expectations saw a sharp rise of 150 basis points to 12.3 per cent and 170 basis points to 12.6 basis points, respectively, over the previous survey in September 2021.

"It would be imprudent to assume more than 13-14 per cent nominal GDP growth in FY23. Inflation is likely to be softer than FY22 and any exorbitantly high nominal GDP assumption may imply that we are signalling higher inflationary pressure in FY23," said a senior finance ministry official.

Nominal GDP — the GDP that is evaluated at current market prices — factors in the effect of inflation and is used as the base to calculate key macroeconomic indicators, such as fiscal deficit, revenue deficit, and debt-to-GDP ratio.

A higher nominal GDP assumption makes it easier for the finance minister to show a narrower fiscal deficit print and vice versa. An analysis by Business Standard shows in the past 10 years, the Budget has overestimated nominal GDP eight times and underestimated nominal GDP only twice, including the ongoing FY22. The World Bank in its latest Global Economic Prospects upgraded its real GDP forecast for India to 8.7 per cent from the earlier 7.5 per cent for FY23, citing more investment from the private sector and in infrastructure, besides dividends from the ongoing reforms.

The resurgence of the pandemic, higher food and energy prices, and supply disruptions have kept India's inflationary pressure elevated. The wholesale price inflation rate remained in double digits for the ninth consecutive month in December, while retail inflation shot up to a five-month high of 5.6 per cent.

The International Monetary Fund in October said risks to India's growth stem from higher global commodity prices and rising input costs, as evidenced by the recent increase in wholesale price inflation. "Elevated inflationary pressures need to be closely monitored, with implications for the growth-inflation trade-off. Looking forward, a well-communicated plan for a gradual reduction in the exceptional monetary policy support as the recovery strengthens, starting with the withdrawal of broad-based liquidity support and adjusting forward-looking communication, would foster orderly market transitions," it added.

Source: business-standard.com– Jan 17, 2022

HOME

****

"Startup India is about realising millions of dreams": Shri Piyush Goyal

"Startup India is about realising millions of dreams," said Shri Piyush Goyal today. Presenting the National Startup Awards 2021, the Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles, he said the Startup Mission is a symbol of Self-Reliant & Self-Confident India.

"Be it a fisherman's son from Chennai or a boatman's daughter from Kashmir, they all want to bring prosperity to their families and to their people, and therefore are thinking bigger and bolder," said Shri Goyal.

Shri Goyal said, realising the contribution of Startups towards nation-building, the Prime Minister Shri Narendra Modi today announced that January 16 will be celebrated as National Start-up Day, to take the Startup culture to the far flung areas of the country.

"Prime Minister Modi is a very firm believer in potential of Startups to contribute significantly to the growth of the nation during the Amritkaal, the next 25 years. He recognises Innovation to be the strongest pillar in making India 'Aatmanirbhar'," said Shri Goyal.

Shri Goyal said the PM has focused on three sutras (pillars) to strengthen innovation:

- Liberating entrepreneurs from the web of Govt processes & bureaucratic silos, - over 25,000 compliances reduced, decriminalization of laws, etc, but what more can be done to help businesses grow & prosper in an easier environment?
- Building institutional mechanisms, - strengthen regulatory processes and self-regulation, &
- Handholding young innovators & new enterprises, - mentoring will define Innovation in the future

Shri Goyal called upon the Startups to focus mainly on five areas to make India the No. 1 Startup ecosystem in the world:

1. Develop solutions & content in Indic languages

2. Encourage products & solutions that have a larger social & economic impact

3. Promoting Startups in every district across the country, - Establish ‘Startup Access centers’ in every district

4. Creating Innovation zones at the level of Urban Local Bodies, &

5. Adopt best practices from across the globe & enhance India’s global competitiveness

Quoting PM Modi, Shri Goyal said, “Today India is rapidly moving towards hitting the century of unicorns. I believe the golden era of India's start-ups is starting now…”

“Government is standing with our innovators and so is the entire country…Let's Innovate for India, innovate from India!” he said.

Speaking on the occasion, DPIIT Secretary Shri Anurag Jain said the Department will handhold the Startup Award finalists across seven tracks i.e. Investor Connect, Mentorship, Government Connect, Capacity Development, Corporate Connect, Brand Showcase and Unicorn Engagement. “Our journey together doesn’t end here with just awards, we will walk step by step with you in this journey,” he said.

During the ceremony, the Results of the National Startup Awards (NSA) 2021 were declared. A total of 46 Startups have been recognized as winners of National Startup Awards 2021 along with 1 incubator and 1 accelerator.

The second edition of the awards invited applications across 15 sectors and 49 sub-sectors. The sectors included Agriculture, Animal Husbandry, Drinking Water, Education & Skill Development, Energy, Enterprise Technology, Environment, Fintech, Food Processing, Health & Wellness, Industry 4.0, Security, Space and Transport and Travel. Six special categories were also introduced to recognize exceptional Startups contributing to the good of the society.

The 2021 edition of the awards also recognized exceptional Startups innovating solutions to promote Indic languages and to compliment national efforts to combat COVID-19 pandemic.

A total of 2177 applications were received from Startups across the 49 sub-sectors along with applications from 53 incubators and 6 accelerators for the ecosystem enablers categories. These applicants included 863 Women-led, 414 innovations for combatting COVID-19 and 253 Startups working in rural areas. All applicants were evaluated against six broad parameters namely Innovation, Scalability, Economic Impact, Social Impact, Environmental Impact, and Inclusiveness and Diversity.

After three rounds of detailed evaluation, 175 Startups were selected for presentation before the jury which made presentations before the 16 specialist jury panels, which comprised of domain experts from industry, investors and government. The recognised entities will benefit from such recognition, not only in terms of being able to attract more business, financing, partnerships and talent, but also enable them to serve as role models for other entities, and to inspire them to be purposeful and responsible about their socio-economic impact.

53 applications were received from incubators and 6 applications were received from Accelerators. Select incubators and accelerators were selected after three rounds of evaluation for presentation before Jury Panel which gave presentations before the Jury. The felicitation ceremony was accompanied by the release of an e-Report on National Startup Awards 2021 highlighting the year-round handholding support provided to the finalists of first edition of National Startup Awards and the journey of NSA 2021.

The ‘Blockchain-enabled verification for DPIIT tax incentive certificates’, ‘Digilocker enabled DPIIT Startup recognition certificate’ and second edition of the ‘Startup Champions’ programme on Doordarshan were also launched during the event.

The Department for Promotion of Industry and Internal Trade (DPIIT) conceived the National Startup Awards to recognize and reward outstanding Startups and ecosystem enablers that are building innovative products or solutions and scalable enterprises, with high potential of employment generation or wealth creation, demonstrating measurable social impact. The measure of success is not only the financial gains for the investors, but also the contribution to social good.

Source: pib.gov.in– Jan 15, 2022

HOME

****

Economic Survey may lower FY23 growth numbers

The Economic Survey that will be presented ahead of the Budget could forecast the real economic growth for fiscal 2023 to be lower than the 9.2% estimated for the current financial year, government officials said.

The survey is expected to project a strong recovery after the ongoing Covid-19 wave, but statistical growth is expected to be lower because of the waning base effect that has bumped up the current year's GDP growth.

The survey for FY22 is likely to be tabled in Parliament on January 31, a day before the Union Budget, and may have just one volume instead of two, which has been the trend for the past six years.

It is likely to stress on continuing fiscal stimulus in FY23 and reiterate that the impact of the third wave of the pandemic may be limited to the ongoing last quarter of FY22.

“The outcome of structural reforms will be visible from next fiscal year,” a government source told ET.

The growth projection would be in line with the forecasts by the Reserve Bank of India, global institutions and ratings firms. Most institutions believe that a consumer-led recovery and easing supply disruptions will make recovery broad-based.

In October monetary policy report, the RBI has projected the economic growth to be 7.8% in FY23, while the World Bank has forecast 8.7%. International ratings firms S&P and Moody’s see the growth at 7.8% and 7.9%, respectively.

The Economic Survey had last year projected 11% growth for FY22. The first advance estimates released by the government on January 7 suggested it be 9.2%, lower than the RBI’s estimate of 9.5% for the current financial year.

Single volume survey

The survey sets the background for the Budget. Until 2014, it reviewed the developments in the economy during the financial year, summarised the performance on major development programmes, and highlighted the policy initiatives of the government.

In 2014, the then chief economic advisor (CEA) Arvind Subramanian presented a two-volume survey, and the practice continued since then. The first volume, typically, contained thoughts on the state of the economy, important current issues, specific challenges faced by the country, and at times some forward-looking reforms and suggestions. Volume two has been a more traditional assessment of the economy during the year.

This time, the survey is being drafted in absence of a CEA as the government has yet to appoint a replacement for Krishnamurthy Subramanian, who demitted the office on December 17, 2021 after the end of his three-year term.

The single volume may have two parts. The first part may talk about the government's vision briefly. The second could cover the policy initiatives the government has undertaken since the outbreak of Covid-19 and how they helped in the fast-paced recovery in 2021-22.

“In the absence of the CEA, this time, it won't be as prescriptive in suggesting reforms. Rather, it will focus on initiatives like production-linked incentive schemes, monetisation plans and how it has started showing positive results,” said a source.

Source: economictimes.indiatimes.com– Jan 17, 2022

HOME

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India risks stagflation, growth concentrated at 'top end': Kaushik Basu

India's overall macroeconomic situation is in a recovery mode but the growth is concentrated at the top end, which is a worrying trend, according to former World Bank Chief Economist Kaushik Basu.

Amid the rising inflationary trends, including the sharp increase in retail inflation last month, Basu, who has also served as Chief Economic Advisor to the Indian government during the UPA rule, said the country is facing stagflation and "very carefully curated policy interventions" are required to address the situation.

Currently, Basu is a professor of Economics at the Cornell University in the United States.

While the aggregate economy is growing, "the bottom half of India" is in recession, he said and noted that it was sad the country's policy over the last few years has been largely focused on big businesses.

"India's overall macroeconomic situation is in recovery mode... The worry stems from the fact that this growth is concentrated at the top end," Basu told PTI in an interview.

He also said the youth unemployment rate in the country touched 23 per cent, among the highest globally, even before the COVID-19 pandemic started. Workers, farmers and small businesses are seeing negative growth, he added.

While India's GDP is estimated to grow 9.2 per cent in 2021-22, Basu said since this comes after a contraction of 7.3 per cent in 2019-20 due to the pandemic, the average growth rate over the last two years is 0.6 per cent per annum.

The National Statistical Office (NSO) in its first advance estimate has projected a GDP growth of 9.2 per cent in April 2021 to March 2022 fiscal year while the Reserve Bank of India has forecast 9.5 per cent expansion during the same period.

The World Bank has been the most conservative projecting 8.3 per cent growth while Organisation for Economic Cooperation and Development (OECD) has pegged GDP expansion at 9.7 per cent.

On whether the government should be going for fiscal consolidation or continue with stimulus measures in the upcoming Budget, Basu said the current situation in India is a big challenge to Finance Minister Nirmala Sitharaman and the entire fiscal policy apparatus.

The Indian economy is facing stagflation, which is much more painful and requires very carefully curated policy interventions, he said, adding that 15 years ago, inflation was even higher, close to 10 per cent, but there was one big difference.

"At that time, India's real growth was close to 9 per cent... so, even with the inflation, the average household was becoming better off per capita by 7 or 8 per cent," he pointed out.

According to Basu, what makes the current situation so grim is that the near 5 per cent inflation is occurring over a fall in real per capita income over the last two years.

"Since this is a stagflation situation, the big task is to create jobs and help small business... the task now is to create jobs while at the same time increasing output," he observed.

Source: business-standard.com– Jan 16, 2022

HOME

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IECs to get Deactivated if updated after July 01, 2020: DGFT

The Director General of Foreign Trade (DGFT) notified that all Importer-Exporter Codes (IECs) which have not been updated after July 01, 2020 shall be deactivated with effect from February 01, 2022.

“Reference is drawn to Notification No. 58/2015-2020 dated February 12, 2021, 11/2015-2020 dated July 01, 2021, 16/2015-2020 dated August 09, 2021, whereby it was mandated by DGFT to all IEC holders to ensure that details in their IEC is updated electronically every year during April-June period (for which no user charges were to be borne by the IEC holder).

Based on representations received from the IEC holders who had not updated their IECs, the period of updation was extended upto July 31, 2021 and subsequently to August 31, 2021. Due intimations were also provided vide Trade Notice 18/2021-2022 dated September 20, 2021 and Trade Notice 25/2021-22 dated November 19, 2021 prior to the phase-wise deactivation of the IECs not updated yet,” the notification read.

All IECs which have not been updated after July 01, 2020 shall be deactivated with effect from February 01, 2022. The list of such IECs may be seen at the given link (https://www.dgft.gov.in/CP/?opt=IECDL). The concerned IEC holders are provided an opportunity to update their IEC in this interim period till January 31, 2022, failing which the given IECs shall be de-activated from February 01, 2022. Any IEC where an online updation application has been submitted but is pending with the DGFT RA for approval shall be excluded from the deactivation list.

It may further be noted that any IEC so de-activated, would have the opportunity for automatic re-activation without any manual intervention or any visits to the DGFT RA. For IEC re-activation after January 31, 2022, the said IEC holder may navigate to the DGFT website and update their IEC online. Upon successful updation, the given IEC shall be activated again and transmitted accordingly to the Customs system with the updated status.

Source: taxscan.in– Jan 15, 2022

HOME

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Despite price rise in cotton, garment manufacturers of Tiruppur hesitate to use man-made fibre

Garment manufacturers, except a few, are reluctant to move towards man-made fabrics even though price of cotton yarn is hovering above Rs 350 per kilogram. A Kondasamy, partner in Aviram Knitters, said, "There is a big market for man-made fibres in India and around the world as they offer several advantages."

"These fabrics (except polyester) are mostly biodegradable and offer much more comfort than cotton fabrics. Even many fabrics offer cool temperatures to the human body. Most importantly, modern technology and textile processing have made the fabric softer than cotton. These fabrics have moisture retainability, which helps absorb wetness," he added. According to sources, consumption of cotton yarn is around 700 tons per day in the garment industry in Tiruppur. But, the entire consumption of man-made fabrics is 2,000 tons per year.

Explaining reasons why garment units are reluctant in using man-made fabrics, general manager of Alagendran Exports, Thirunavukarasu, said, "Traditionally we flourished in the cotton yarn market. Processing technique is different from cotton yarn and man-made fibres. Besides, we haven't received orders for man-made products."

Elaborating, treasurer of Tiruppur Exporters Association P Mohan said, "Tiruppur garment industry is comprised of small, medium and bigger garment units. Cotton yarn is the foundation of the industry and this why units refuse to move towards man-made fibres and fabrics. In of processing, man-made fabrics need a different process. Dyeing units refuse to take risks." "Among man-made fabrics, viscose is widely used but there are several concerns. Viscose is a delicate fabric, and many dyers claim that after dyeing the fabric loses strength.

Besides, colour correction is a problem in man-made fabrics. In terms of shrinkage, cotton has 5 per cent, viscose has 7 per cent. If the dyeing isn't proper, it increases to 12 per cent,' he added.

Cotton yarn: According to sources, consumption of cotton yarn is around 700 tons per day in the garment industry in Tiruppur.

Source: newindianexpress.com– Jan 17, 2022

HOME

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Clothes to get costlier: 15-20% price rise likely this year, or even more if GST rates increase

Even as the Goods and Service Tax Council in its last meeting decided to defer the GST rate hike for textiles from 5 per cent to 12 per cent, consumers will still have to shed an extra buck for clothes from brands. Branded apparels' prices are set to rise due to costlier raw materials, and higher transportation costs, among other things. And this would be no small hike; apparel prices will rise by upto 20 per cent for many brands.

"With the increasing prices of the raw material, like cotton, yarn and fabric and also packaging material, freight costs, etc, we cannot avoid the increase in prices of the finished merchandise any longer now. While at an industry level, it may vary between 8-15 per cent depending on the price structure of different brands, at Indian Terrain, the price increase will be in the range of 8-10 per cent," Charath Narasimhan, CEO, Indian Terrain Fashions Ltd, told Financial Express Online.

Clothing companies don't want to bear high costs anymore

While many brands have already started steadily increasing the prices of their merchandise, others are slated to increase the prices with the launch of their Summer collections around March and April. "Approximately, there has been a rise of nothing less than 70-100 per cent in raw material prices, especially cotton. If we compare the prices of last year to this year, our MRP is going to increase by at least 15-20 per cent. We have already increased our MRP for the winter collection by 10 per cent and the upcoming Summer season will witness a hike of another 10 per cent," said Yuvraj Arora, Partner, Octave Apparels.

Meanwhile, Numero Uno is increasing their prices by 5-10 percent, while women's clothing brand Madame by 11-12 percent, starting with their Summer collections. In fact, the industry association Clothing Manufacturers Association of India (CMAI) maintained that the summer ranges this year will see an average price increase by 15-20 per cent.

"However, some brands could tweak their product quality a bit in order to reduce the price increase, particularly brands that sell in lower price range and will keep the hike to a mere 5 per cent, but the price increase is definitely on the cards, industry-wide," Rahul Mehta, President, CMAI, told Financial Express Online. Consumers, nevertheless, will see this increase starting at the end of January, because till about mid-January, there are still discounts and end of season sales going on in the market, he said.

Apparel brands absorbing higher costs

While the factors like increase in raw material prices and also in prices of products being imported from other countries, high freight costs, devalued rupee, have been at play for quite some time now, retailers had been absorbing the hike in their margins. Apparel brands have been quite reluctant to pass on the higher cost to consumers because of the sluggish demand. But with the revival in sales numbers and consumer demand, on the back of the festive season, it only makes sense for brands to increase prices.

“This very season, though there has been a standard inflation of around 4 per cent every year mostly because of the pandemic, we did not increase the prices but absorbed it in our margins. In fact, our average selling price has gone slightly down by about 2 per cent this year and this has given us good results and a good boost to our sales overall,” Akhil Jain, Executive Director, Madame, told Financial Express Online. “Apparel is anyway now working on a very thin margin because of steep discounting, etc. Earlier, we used to have about 65-70 per cent salethroughs and now-a-days, we have around 55 per cent salethroughs, which is impacting the brand a lot,” he added.

“While we are still trying to absorb the increased input costs in the margins, for many of the lower-end products, with so many factors at play, we are compelled to increase the prices for all categories of apparel by 5-10 percent,” Ramesh Kapoor, CFO, Numero Uno, told Financial Express Online.

While few of the apparel makers are of the view that there is a need for government intervention in order to control the prices of the raw materials, etc, others opined that the factors are mostly external. The price of cotton in India has been moving in accordance with global prices and demand. With sanctions by the West against China, there has been an increase in demand for cotton from India. Companies operating in the export market have started exporting most of their stock since they are getting better prices in the export market.

What will a GST rate hike mean for apparel makers?

Even as the GST Council meeting deferred the proposed hike in the GST rate to 12 per cent, the proposal is still in consideration and has been referred to an existing Group of Ministers on GST rate rationalisation. What will a probable hike in the rate in the coming months mean for consumers who will already be paying more than usual for their apparel choices?

To be clear, the GST rate hike will only impact the prices at brands that sell merchandise for below Rs 1000 or in the value segment. “I expect a further increase of 7-10 per cent in apparel prices if at all the government decides to hike the GST rate, because the margins that’s provided to the retailers are inclusive of the GST,” said Rahul Mehta of CMAI.

Yuvraj Arora of Octave Apparels explained, “The rise in GST rate to 12 per cent overall will affect the brands who have majority of their merchandise priced at or below Rs 1049. For Octave Apparels, it would be a major price hike because we sell round neck t-shirts for about Rs 799-899 and a polo t-shirt for about Rs 999 and in case of a uniform GST of 12 per cent, we will have to go up to Rs 1299, which is a raise of another 30 per cent in the prices. A hike of a total of 7 per cent tax that will go towards the government and then markdown margins of channel partners will leave us with no other option than to go for such drastic price increase.”

The move will lead to value brands decreasing their volumes since a ‘drastic price hike’ like this will open the option of many other brands for consumers, who “will now opt for them because the differentiation here was the MRP, which will vanish,” he added.

Source: financialexpress.com– Jan 14, 2022

HOME

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Gujarat HC clarifies blocked Electronic Credit Ledger for GST assessee automatically gets unblocked after 1 year

Gujarat High Court has made it clear that electronic credit ledger of a GST assesee will automatically get unblocked at the end of one year, provided no fresh order has been passed. It also said that if the authority does not permit debit for GST assessee from electronic ledger after end of one year, they may be penalised for that.

The ruling appears to be astep forward for guidelines issued by Central Board of Indirect Taxes & Custom (CBIC) issued in November and related to debit of electronic credit ledger.

The issue in focus is Rule 86A of the Central Goods and Services Tax Rules, 2017. It provides prohibiting debit from an electronic credit ledger in case the credit of input tax available (ITC) has been fraudulently availed or is ineligible. The restriction will cease to have effect after the expiry of a period of one year from the date of imposing such restriction. In other words, upon expiry of one year from the date of restriction, the registered person would be able to debit input tax credit so disallowed, subject to any other action that may be taken against the registered person.

However, while hearing a matter filed by Ambika Creation, the bench noted the authority did not permit the petitioner to avail the input credit available in his ledger for about more than two and a half months after the statutory life of the order came to an end.

The bench said that the rule itself has provided that the Electronic Credit Ledger can be blocked for a period of one year. On expiry of a period of one year, it would automatically get unblocked. In fact, "it was the duty of the authority concerned to permit the assessee, i.e. the writ-applicant, to avail the input credit available in his ledger. Once the statutory period comes to an end, the authority has no further discretion in the matter, unless a fresh order is passed," it said.

Terming the whole incidence as unfortunate, the bench said that even representation was filed in this regard but the authority thought fit not to pay heed to such representation. "We make it clear that next time if we come across such a case, then the concerned authority would be held personally liable for the loss which the assessee might have suffered during the interregnum period," the bench said.

Ensuring uniformity

Earlier in November, CBIC came out with detailed guidelines for disallowing debit of electronic credit ledger. This happened after writ petitions were filed challenging the constitutional validity of Rule 86A in as much as it gives the blanket powers to the Tax Department. In light of this, few States (such as Kerala) had earlier issued the guidelines for blocking/unblocking of ITC. However, companies with multi-State operations were being subjected to different practices across different States. Now in order to ensure uniformity across the nation, the said circular is seen as an attempt to rule out the subjectivity in application of Rule 86A by the tax officers, and directs cautious use of the powers.

The circular also prescribed investigation and adjudication to be completed within the period of restriction, so that the due liability arising out of the same can be recovered from the aseesee and the purpose of disallowing debit from electronic credit ledger is achieved. However, there have been cases where even after end of one year, tax officials continued to disallow on one ground or other which create problem for working capital.

Source: thehindubusinessline.com – Jan 15, 2022

HOME

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Telangana among top five states that aided MSME sector

Telangana is among the top five states in the country for providing relief to the micro, small and medium enterprices (MSME) sector from becoming Non-Performing Assets (NPA) as a result of the Covid-19-induced economic slowdown. Various schemes were availed by nearly 4.9% of the units in the state. The central government has released loans under Emergency Credit Line Guarantee Scheme (ECLGS).

Amongst states, Gujarat with 12.4% has been the biggest beneficiary, followed by Maharashtra (11.4), Tamil Nadu (10.3), Uttar Pradesh (8.0), Telangana (5.9), West Bengal (5.9), Andhra Pradesh (5. 3), Rajasthan (5.0), Karnataka (5.0) and Kerala (4.4).

According to a recent report from the State Bank of India (SBI), in financial year 2021, the central government has disbursed loans worth 9.5 lakh crore to the MSME sector, which is significantly higher than preceding years of Rs 6.8 lakh crore in FY 2020, owing primarily to the ECLGS.

Telangana is among the top five states in terms of private company ownership among MSMEs.

The micro and small enterprises' loans in banks share around 80% of the total MSME loan portfolio. The trading sector has benefitted the most, followed by food processing, textiles and commercial real estate. The top ten sectors accounted for 75% of the outstanding amount saved for becoming NPAs.

Hyderabad is the major growth engine and hub of MSME. Telangana is estimated to have 2.6 million MSMEs, with 56% of them located in rural areas and 44% in urban parts. Since the formation of the state, 63.388 million registered MSME units have begun operations, with an investment of 11,487 crore.

Source: timesofindia.com – Jan 17, 2022

HOME

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Cotton growers anxious over textile min-industry meet today

A likely meeting on Monday between textile ministry and industry stakeholders over rising cotton rates has left the farmers in Vidarbha anxious.

With smart phones being used even in the hinterland, media reports of Monday's meeting have been quickly shared in villages. As cotton growers of the region are now waiting for more news on the meet, this has also left them miffed.

The textile industry has been demanding measures to reduce cotton rates, which have touched Rs10,000 a quintal, and cut in import duty on the commodity.

Farmers say this would take away the once-in-decade opportunity for them to get a decent rate.

"A number of farmers have received the news about the meeting on mobile. As we are following the news for the final outcome, this has left the farmers disappointed and many want to register their protest," said Nitin Khadse from Jalka village in Yavatmal — infamous for agrarian crisis.

"For years, cotton prices have been fetching minimum support price (MSP) or slightly below it. Now, if the rates are high for a single year, the industry is seeking government intervention," he said.

Arun Sekhsaria, managing director of export firm DD Cotton, said, "There seems to be no need for intervention. It's part of the business as even farmers' income needs to go up."

"Why should the farmers compromise always. Even the industry and the consumer should be ready to shell out more," said Anil Ghanwat, president of Shetkari Sanghatana. Ghanwat was also a member of the Supreme Court-appointed committee on the now scrapped three farm laws.

Meanwhile at Yavatmal, cotton grower Ravindra Wadai says his output is less than last year's, but may earn more. Wadai has held on to close to 80 quintals of cotton harvest, in the hope to get a better rate. It would be a loss if any government decision brings down the rates, he says.

Farm activist Vijay Jawandhia says even if imports are eased, it may have little impact, because even the international rates are on the higher side. There are chances that a section of players may import small quantity at parity price only to dampen the domestic market sentiment.

“It’s not that the farmers are reaping super profits. In 2019-20, cotton was sold even at Rs4,500 a quintal, which was below the MSP. In 2011, the rates were at Rs6,500. It’s not much if it touches Rs10,000 a decade later. The input prices have also gone up,” says Ganesh Nanote, a farmer from Akola.

Source: timesofindia.com – Jan 17, 2022

HOME

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E-commerce trends in 2022 – What the future holds

2021 has been an interesting year for businesses across the globe. From major advancements in technology sphere to widespread challenges with supply chains, logistics and warehousing among others, the last two years have kept business owners and marketers on their toes to deal with challenges thrown by the global pandemic.

The year 2021 has been the breakthrough for the eCommerce sector. Technology is referred to as the backbone of eCommerce and now it is evolving to be more human, preparing e-commerce for a better experience than ever before. Be it artificial intelligence or voice search commands, it has marked its flags everywhere, making it easier for customers to make their purchases.

While numerous industries have profited from digital sales, some are still struggling to compete in this arena. However, 2022 will be the year known for the game-changing technologies in eCommerce. We've already seen some of them in action, and others are on their way to disrupt the sector in times to come.

Metaverse, artificial intelligence, augmented reality, Web3.0, voice search commands, live streaming, omnichannel sales, and chatbots are some of the top trends expected to dominate e-commerce in the year 2022.

Brands purchasing virtual real estate and setting up virtual stores in Metaverse is a real game-changer. Voice-activated search assistants like Alexa and Siri are gaining popularity and this is something that is here to stay as it is quickly becoming a part of people's daily routines. AR and AI, on the other hand, are assisting customers in making more informed purchase decisions. The IKEA Place app, for example, employs augmented reality to allow consumers to see furnishings in their own homes.

Talking about another interesting technology, chatbots have existed for some time now, but it wasn't until recently that they become more intelligent. While these technologies can help you gain an upper edge, an omnichannel presence will definitely improve your chances of reaching a larger customer base. Despite the fact that most millennials in the United States shop online, CouponFollow discovered that many of them still go to stores before making an online purchase.

For example, Imagine you can shop while watching TV or doing laundry, do your monthly grocery shopping while listening to music, and try on dresses before you buy them! It sounds amazing, but it's only a few steps away.

Wrapping Up

To conclude, the world of eCommerce is continuously changing to accommodate its customers' needs. All these emerging trends have one thing in common: their end goal is to make a customer's shopping experience easier, seamless and more enjoyable. Shortly these trends will be a part of our daily routine, start optimising your business before it becomes obsolete.

In the e-commerce sector, many exciting technologies are yet to come in the future. Handheld or mobile platforms will be part of e-commerce businesses, and subscription of services will have greater importance in the digital market. There will be a leap forward in the way of marketing and showcase of products.

You need to ensure that your e-commerce website is ready for the future by integrating these technological trends with it. In case of any missed features, you should adopt one as soon as possible. Get professional support in this regard if you are excited to integrate any of the latest technologies for e-commerce businesses.

While the year was all about digital transformation, 2022 is going to be more about differentiation and customer expectations.

Source: financialexpress.com– Jan 16, 2022

HOME

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