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INTERNATIONAL NEWS

China's garment industry earned $209 bn in revenue in Jan-Nov 2021

About 12,659 garment companies of China earned a combined operating revenue of 1.33 trillion yuan (approximately $209.48 billion) during January to November 2021, recording a 7.7 per cent YoY growth, according to the Ministry of Industry and Information Technology (MIIT). The country's garment industry reported a growth in production, revenue and profits.

The companies collectively had a profit of 66.7 billion yuan, up 12.6 per cent year over year (YoY), while combined output rose 8.5 per cent YoY to 21.3 billion pieces in the first 11 months of 2021.

The country's total exports of garments and accessories reached $154.4 billion in January to November 2021, increasing by 25.1 per cent compared to the same period in 2020, as per the MIIT data.

Source: fibre2fashion.com– Jan 25, 2022

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Amazon to launch physical apparel store in US this year

E-commerce marketplace Amazon will launch its first physical apparel store called Amazon Style at in greater Los Angeles, US later this year. The store will offer a personalised, convenient shopping experience where Amazon's technology and operations make it easy for customers to find new styles. The store will feature women's and men's apparel, shoes and accessories.

Customers can browse brands they know while also discovering new and emerging designers across hundreds of top brands throughout the store. Using the Amazon Shopping app, customers can send items to a fitting room, where they can use a touchscreen to browse more options, rate items, and request more sizes or styles that are delivered directly to their room within minutes. Amazon Style combines Amazon's love of fashion with innovative technology and world-class operations to help customers find looks, the company said in a media release.

Amazon Style offers a seamless and elevated shopping experience. Using the Amazon Shopping app, customers simply scan an item's QR code to see sizes, colours, overall customer ratings, and additional product details. With the tap of a button, shoppers can add the item to a fitting room or, if they don't need to try it on, send it directly to the pickup counter. Amazon Style offers more selection than a traditional store of its size—more than double the number of styles—without requiring customers to sift through racks to find the right colour, size, and fit. Instead, Amazon Style features display items, bringing more looks and less clutter to in-store shopping.

Amazon Style is built around personalisation. Its machine learning algorithms produce tailored, real-time recommendations for each customer as they shop. As customers browse the store and scan items that catch their eye, Amazon recommends picks just for them. For an even more tailored experience, customers can share information like their style, fit, and other preferences to receive more refined recommendations. Even shopping for deals is personalised and convenient—customers can easily view deals in store that match their preferences right in the Amazon Shopping app.

Amazon Style also reimagines what is possible in the fitting room, turning it into a personalised space where customers can continue to shop a seemingly endless closet of great styles. When a shopper enters their fitting room, they will find the items they requested while browsing the store, plus additional options chosen based on their preferences.

Amazon Style offers unmatched selection using the expertise of fashion curators and feedback provided by millions of customers shopping on Amazon.com. With Amazon's vast fulfilment centre network, selection at Amazon Style will be frequently updated so customers can discover new items each time they visit.

The first Amazon Style store will open later this year at The Americana at Brand, a top shopping destination in greater Los Angeles.

Source: fibre2fashion.com– Jan 25, 2022

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Indonesia to impose anti-dumping import duty for PSY products

Indonesian products continue to face obstacles from authorities of other countries including India. Led by Prime Minister NarendraModi, the country plans to impose an anti-dumping import duty (BMAD) for polyester spun yarn (PSY) products. The cancellation of PSY product BMAD is based on the decision of the Indian Ministry of Finance through the Tax Revenue Unit (TRU). The decision is contained in Office Memorandum No. 190354/182/2021 - TRU issued by Government of India on 8 January 2022.

With this decision, the final recommendation from India's Directorate General Trade Remedies (DGTR) published on August 19, 2021, is declared null and void and Indonesian exporters are not subject to BMAD of US$61 per metric ton to US$191 per metric ton. This is the third time since 2021 the Indian government has canceled implementing the BMAD. The success momentum is certainly expected to continue for other cases, says IndrasariWisnuWardhana, Director General, Foreign Trade.

Previously, flat rolled products of stainless steel (FRPSS) and plain medium density fiberboard (MDF Board) products were also almost hit by the BMAD, but the Indian government was unable to prove the alleged violation of the Indonesian products, including PSY.

This case began on May 21, 2020 when the Indian DGTR authority initiated an anti-dumping investigation for PSY with the HS code 5509.21.00 originating from China, Indonesia, Nepal and Vietnam. PSY is a raw material for making cloth which is used for clothing, curtains, car seats, and other products.

PSY products already have a sizable market in India. Based on data from the Central Statistics Agency (BPS), Indonesia's PSY export performance to India reached the highest value in 2019 at $51 million. Although it had dropped to US $ 23 million the following year. Meanwhile, in the January-June 2021 period, the export value was recorded at $26.1 million, or an increase of 321.23% from the same period in the previous year, which was $6.19 million.

Source: fashionatingworld.com– Jan 24, 2022

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Sri Lanka Keen To Further Strengthen Trade And Economic Ties With Pakistan

Sri Lankan Trade Minister , Dr. Bandula Gunawardhane Monday said that Pakistan was a longstanding friend, key trading partner of Sri Lanka in South Asia, his country was keen to further strengthen bilateral trade and economic ties with it to achieve mutually beneficial outcomes.

He said this while addressing the business community at Islamabad Chamber of Commerce and Industry (ICCI), said a press release issued here.

He visited ICCI leading a Sri Lankan trade delegation to hold B2B meetings with the local business community. Tharaka Balasuriya State Minister of Regional Cooperation, Prof. Dr. Saj Mendis Director General of the Economic Affairs Division, Asma Kamal, Trade Secretary Pak High Commission to Sri Lanka, U.L.Niyas Acting High Commissioner of Sri Lanka to Pakistan also accompanied the Sri Lankan delegation.

Dr. Bandula Gunawardhane said that Pak-Sri Lanka FTA had contributed to expanding bilateral trade but more efforts from both sides were needed to maximize its benefits.

He said that top Sri Lankan exports to Pakistan included betel leaves, women fabrics, coconut products, MDF & fibre boards, textiles articles, electrical & electronic products whereas major Pakistani exports to Sri Lanka included woven fabrics, mineral products, cereals, pharma products and potatoes.

He stressed that both sides should focus on diversification of products to improve bilateral trade.

Tharaka Balasuriya said that Pakistan was a time-tested friend of Sri Lanka and both countries had good potential to enhance cooperation in pharmaceuticals, IT, tourism, minerals and electrical vehicles.

He said that Pakistani investors should take advantage of investment in SEZs in Sri Lanka.

Asma Kamal, Trade Secretary, Pakistan High Commission to Sri Lanka said that Pakistan wanted to increase bilateral trade with Sri Lanka as the current level of trade was not reflective of their actual potential.

She said that both sides should address tariff and non-tariff barriers to take maximum benefit from FTA for trade promotion.

Welcoming the delegation, Muhammad Shakeel Munir, President, ICCI said that Sri Lanka was the first country with whom Pakistan had signed FTA in 2005, but both countries have not taken full benefit of it for trade expansion.

He stressed for removing trade barriers and hurdles to the implementation of FTA that would enable Pakistan and Sri Lanka to improve bilateral trade to USD 3 billion from the current level of USD 440 to 450 million.

He said that many Pakistani products including marble and granite, Basmati rice, textiles, cement, fruits and vegetables and others could find a good market in Sri Lanka and Sri Lanka should import these products from Pakistan.

Jamshaid Akhtar Sheikh Senior Vice President, Muhammad Faheem Khan Vice President ICCI, Zubair A. Malik former President ICCI and others also spoke at the occasion and stressed for frequent exchange of trade delegations to explore all untapped areas of mutual cooperation. Both sides held B2B meetings to discuss business collaborations in areas of mutual interest.

Source: urdupoint.com– Jan 24, 2022

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Pakistan: Decreasing trend in production of cotton: APTMA perturbed over approval of low yield cotton seed varieties

Amid the decreasing trend in production of cotton, the textile industry is upset at the government of the day on approval of questionable cotton seed varieties with low yield potential of 2.1 maunds per acre despite the fact that there are varieties available in the private sector having the ability to produce 18 maunds per acre.

The textile industry wants the approval of seed varieties of research and development institutions in private sector under different staple length parameters to meet the export targets mentioning that textile industry imported in financial year 2020-21 cotton of 5.04 million bales valued at $1.479 billion and in the first six months of current financial year, 2.22 million bales of cotton worth $821.206 million. This means the import of cotton has so far eaten up the foreign exchange reserves of $2.3 billion.

So the textile industry wants enhancement of the cotton production up to the mark in the country through the approval by Punjab and Sindh Seed Councils seed varieties of the private sector having capacity to produce more cotton up to 18 maunds per acre.

This has been unfolded in a letter of APTMA (All Pakistan Textiles Association) written on January 19, 2022 to Federal Minister for National Food Security and Research Fakhar Imam, attracting his attention towards the fact that the Punjab Seed Council has accorded approval to the varieties with very low yield potential as low as 2.11 mounds per acre just to support the public sector research institutions, whereas high yielding varieties with capacity to produce 18 maunds per acre were not approved because they are from private sector R&D based seed companies.

The textile industry in the letter asked the federal minister to intervene and ensure that Punjab and Sindh Seed Councils approve these high-yielding varieties based on fiber relaxation only in staple length in order to meet the domestic raw cotton requirements of the textile sector to meet export targets.

When contacted, Executive director of APTMA, Shahid Sattar, said that one of the main reasons for the decline of cotton production in the country was the lack of high yielding cotton varieties and the supply of uncertified and fake seed.

During the cropping season 2021-22, around 70-80 percent of the area under cotton cultivation was covered by uncertified seed of unapproved varieties, which is expected to persist in the coming season due to poor variety approval system by the provincial seed councils.

The Punjab Seed Council, in its 55th meeting, could not consider the approval of high yielding varieties and no criteria was maintained to judge a variety in yield performance.

Many more varieties having very low yield potential even 2.11 maunds per acre get approved in order to support the public sector research institutions. High yielding varieties having ability to produce cotton up to 18 maunds per acre were not approved and this is because such high yielding varieties were from the private sector R&D based seed companies.

How will these approved varieties, which have been shown to have low yield potential in SPOT Examination Trials conducted by Punjab Seed Corporation, perform in the field? the APTMA official asked the question.

In its letter, APTMA also builds its case showing details in the letter about the approved varieties having low yield and top 10 high yielding varieties, which were not considered for approval. The data clearly shows that only one private sector variety was approved in the current 55th meeting of the Punjab Seed Council, while the majority of high yielding varieties were rejected using various approaches.

Source: thenews.com.pk– Jan 24, 2022

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NATIONAL NEWS

Budget must guide the contours of the new FTP

The past few years have witnessed structural changes in the contours of the Budget. Former finance minister Arun Jaitley merged the Railway Budget with the Union Budget in 2016. Since 2017, post GST, the Budget has been confined to customs tariffs and related amendments. Past Budgets, however, have been conspicuously silent on the direction of India's Foreign Trade Policy (FTP).

Though the trade policy has been a work in progress, its need can't be over-emphasised given recent geopolitical developments, the thrust on local manufacturing and a direction on bilateral trade conventions. Policy intervention has been reactive and needs recalibration.

Budget FY23 may outline a pathway particularly on policy aspects, such as Make-in-India, Production Liked Incentives (PLI) scheme, exports, response to bilateral and regional trade alliances, the balance of payments, etc, all of which are intrinsically linked. The government of India issues a five-year FTP, a legal document enforceable under the Foreign Trade Development and Regulation Act 1992.

The Act followed the opening up of the Indian market, signalling a directional shift in trade and economic policy. The focus of successive FTPs has been progressive and forward-looking, to promote and expand the foreign-trade profile of the country across sectors and provide impetus to exports. The government undertook the last comprehensive review of FTP in 2015, when the 2015-20 policy was announced.

However, due to the outbreak of Covid-19, the new FTP was postponed, and the old policy was continued. In the last policy, fundamental changes were made to the export incentive schemes, which proved to be a game-changer for exports. These include merging various export incentive schemes for goods into Merchandise Export from India Scheme (MEIS) and replacing the Served from India Scheme (SFIS) with a much-refined Service Exports from India Scheme (SEIS).

A similar overhaul may be expected in the new FTP. However, specific FTP-related dimensions require attention:

WTO ruling and the future of SEZs & export incentives: In 2019, a dispute resolution panel of WTO had held that the export incentives under the FTP are violative of India's WTO Commitment. While the government has appealed against the ruling, the future of SEZs and other export incentive schemes such as MEIS and SEIS needs re-evaluation, considering the ruling and the impending outcome at the Appellate Forum. Further, the existing SEZ law requires a substantive revamp.

Framed in 2005, it has now become archaic as it has failed to keep pace with the changing macro-economic and international trade environments. SEZs suffer from excessive regulations, underutilised capacity, and regulatory hurdles in business expansion besides being subjected to multiple compliances at the state level. This has materially contributed to regular exits from SEZ. Though not a direct reaction to the WTO Ruling, India has also been experimenting in a limited manner with the alternative incentive schemes such as the Remission of Duties and Taxes on Export Products (RoDTEP).

The output of such experiments shall serve as fodder for a comprehensive export incentive programme that complies with WTO commitments.

Free Trade Agreements (FTAs): India is currently negotiating FTAs with countries like Australia, the UAE, the UK, Canada, and Israel, with a shade of difference between earlier FTAs, based on what it envisions as the future. The earlier FTAs were comprehensive in scope, though the successful implementation of these remained questionable.

The new approach focuses on low-hanging fruits and not prolonging negotiations on contentious issues. This will result in FTA conclusion in multiple phases. However, the first outcome of the talks based on a win-win proposition—also referred to as 'Early Harvest Agreement'—fits well as it would be economically and politically palatable in the present environment. It is hoped that the early closure of some FTAs will reset India's external trade ties, which has been craving for direction since it decided to stay out of the Regional Comprehensive Economic Partnership Agreement (RCEP).

Production Linked Incentives (PLI) schemes: The PLI programme has been a spectacular success, particularly in specified electronics and telecom manufacturing. It continues to stimulate investment in other areas of the domestic manufacturing industry. The scheme was introduced for 13 key sectors, including pharma, electronics, and automobiles, etc. There is a need for a comprehensive scheme for wholesale revival of domestic manufacturing, which shall retain the benefit of PLI and broad base it for larger industry coverage.

Focus on MSMEs: At present, due to the minimum investment requirement under the PLI schemes, the focus has remained on large-scale manufacturing. Most other export incentives schemes for MSMEs such as EOUs, STPs and SEZs have outlived their utility. It is widely expected that the Budget shall introduce revamp measures, giving a boost to this sector in light of its potential for employment-generation and incentivising entrepreneurship.

Regulatory relaxations: The pandemic has taught us that private enterprises can work with extended flexibility and there are many positive takeaways from 'work from home'. This new culture needs to be formally recognised and introduced by way of appropriate regulations, which will enable organisations, especially MSMEs and gig platforms, to make better use of government programmes.

GST export benefits: The export benefit under GST is currently outside the purview of FTP and is not aligned with the current FTP. This has resulted in the denial of export benefits to certain classes of exporters. Therefore, there is an urgent need to bridge the chasm between the two policies. Furthermore, a seamless disbursal of GST refunds, without administrative delays, carries paramount importance. Policymakers surely realise that export promotion can't be the sole prerogative of the commerce ministry, and that the finance ministry is an equal stakeholder in this.

There is no reason why the finance ministry can't push significant milestones for the export sector, which is at the cusp of exponential growth. There are tailwinds in the manufacturing and export sector due to US and European companies looking to establish alternate supply-chains away from China. With the right policy mix, the upcoming Budget, coupled with the upcoming FTP, shall ensure that India's message is clear and taken note of by its trade and investment partners.

Source: financialexpress.com– Jan 25, 2022

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Upcoming Budget should focus on efforts to reach $1 trillion merchandise export target: CRISIL

A serious effort to reach the $1 trillion target for merchandise exports by 2030 needs to begin with FY23 Budget by initiating measures in terms of infrastructure spending, reduction in tariff costs, and enhancement of credit risk cover to facilitate trade, according to a CRISIL research report.

"India has set a target of $400 billion for merchandise exports for the current fiscal and an ambitious $1 trillion by fiscal 2030. The short-term target is in sight, given the swift recovery in trade in recent months. "But the harder part will be to keep the momentum going once global growth moderates, as will be the case past 2022, when massive stimulus packages wind down," Dharmakirti Joshi Chief Economist, and Amruta Ghare Junior Economist, CRISIL, said in the 'Quickonomics' report.

Moreover, with the pandemic easing, services demand is expected to return, taking away from the one-off impetus to goods trade caused by the pandemic itself, they added. The economists felt the upcoming Budget would do well to keep these factors in mind and do what it takes to maintain the current momentum in trade to translate targets into reality

Infrastructure push

"Exports in India have historically ridden the global growth wave. But when that recedes, as expected this calendar year, exports cannot rely on external demand alone to prop it up. India also needs to consolidate the recently seen increase in share of industrial/investment goods in overall merchandise trade. "To tackle both these, the Budget's focus on developing infrastructure in shipping and logistics to reduce time and non-tariff costs of trading across borders will be imperative," the economists said.

The report's authors observed that an increased budgetary allocation in the form of grants-in-aid, as envisaged under the Trade Infrastructure for Exports scheme (which seeks to create first/ last mile connectivity for export-oriented projects) will drive the objective of enhancing competitiveness.

High tariff costs

Referring to Budget as an instrument to address tariff costs, the economists said net terms of trade in fiscal 2022 has consistently declined, implying faster increase in import prices vis-a-vis export prices. This year too, commodity prices are projected to stay elevated and volatile.

The World Bank, in its latest Global Economic Prospects (January 2022), states that “global macroeconomic developments and commodity supply factors will likely continue to cause recurring commodity price swings.”

Hence, a reduction in tariff costs through a change in custom duties for raw materials and inputs would help bring down imported inflation and support domestic manufacturers as well, the economists said.

They observed that facilitating finance and insurance cover for exports is another focal point.

Insurance cover

Last year, after the budget, the Ministry of Finance had announced grant-in-aid infusion of ₹1,650 crore for the National Export Insurance Account (NEIA) to underwrite ₹33,000 crore of project exports in the FY22-26 period. The NEIA aims to ensure the availability of credit risk cover for project exports.

“The progress on this front has been relatively slow this year. According to the Ministry of Commerce, the NEIA supported exports worth only ₹91.4 crore by issuing insurance cover worth ₹58 crore between May-August 2021 . This initiative could be expedited through announcing steps to support project exports,” Joshi and Ghare said.

PLI Scheme

The economists emphasised that simultaneously, opportunity comes knocking at India’s doors in the form of the China-plus-one policy, propelling many economies to diversify their supply chains. “Relentless focus on electronic and electric exports will be important to take advantage of this. The Production Linked Incentive (PLI) scheme is a good starting point for this,” they added.

Source: thehindubusinessline.com– Jan 24, 2022

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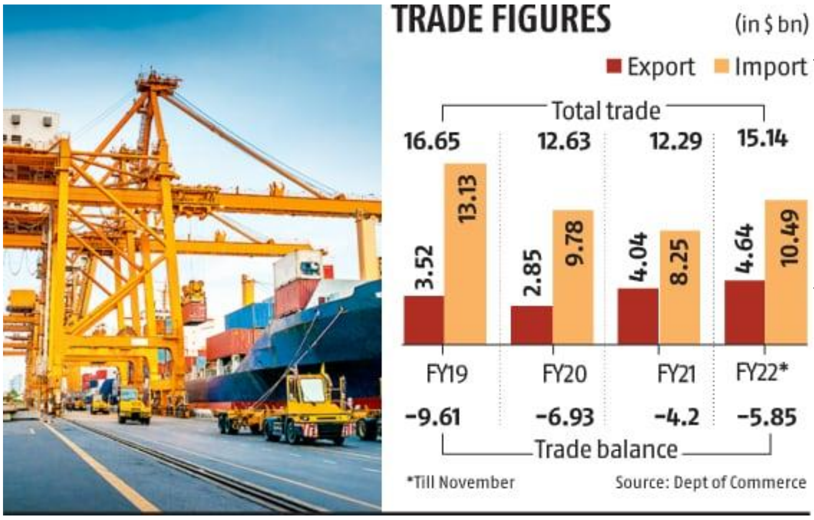
Sensitive issues to remain out of India-Aussie early-harvest deal

With India and Australia giving final touches to an interim trade deal, both countries are set to keep aside sensitive and contentious issues, steering clear of any surprise in the early-harvest agreement, people aware of the matter said.

Sources indicated that greater market access for contentious items such as agriculture and dairy are likely to be kept away from the deal, at least for now. However, high-value items such as sheep meat and high-end carrots could form a part of the discussions in the proposed deal as these are not items of mass consumption in India.



"Products exported from Australia will not compete with locally-produced goods in India. For instance, export of items such as high-end carrots to India will not hurt the interest of small-scale farmers. It will be primarily sold to high-end hotels. Similarly, sheep meat buyers of Australian lamb (in India) are different from those buying Indian lamb," the source said.

India and Australia had set a tight deadline of concluding an early-harvest agreement — a precursor to a free-trade agreement or Comprehensive Economic Cooperation Agreement (CECA) — by December 25, as more work is needed to be done towards the deal.

Officials from both countries have been in regular touch to finalise the agreement at the earliest. Last week, commerce and industry minister Piyush Goyal met his Australian counterpart Dan Tehan virtually to take stock of the current status of the deal.

The proposed deal is likely to include lower tariff and greater market access for Indian exporters in areas such as textiles, pharmaceuticals, footwear and leather. On the other hand, Australia is seeking lower tariffs for dairy products, milk and premium wines, among other items.

Australia was India's 15th largest trading partner in FY21. Petroleum products, medicines, polished diamonds, gold jewellery and apparels are the key items exported to Australia. On the other hand, coal, alumina and non-monetary gold are key products exported to India.

In services, major Indian exports relate to travel, telecom and computer, government and financial services, while Australian services exports were principally in education and personal-related travel.

Among the most controversial items that could be excluded from the early-harvest agreement negotiations is diary and milk.

Dairy is one of Australia's most important rural industries, producing about 8.8 billion litres of milk as in 2018-19. Dairy, according to reports, employs around 46,200 people in Australia. It is also the country's fourth largest rural industry, generating $4.4 billion in farm-gate value.

Australia exports approximately 35-40 per cent of its milk. A large proportion of exports are in the form of value-added products such as cheese, butter, ultra-heat treated milk and other milk powders.

Among all the items, Indian farmers and the domestic milk industry have been steadfastly opposing exports of skimmed milk powder (SMP) from Australia. Experts said in the upcoming deal, enough emphasis should also be placed on the services sector. "There is a need for a shift in focus from Mode 4 (movement of people for employment) to Mode 1 in a range of services such as healthcare and education in the proposed deal.

This could enable Australia to come up with online courses for Indian students and set up universities in India," said Nisha Taneja, professor at Indian Council for Research on International Economic Relations (ICRIER).

Source: business-standard.com– Jan 25, 2022

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Budget 2022: Introduce PLI scheme for cotton textiles; make import of cotton yarn duty-free

For the pandemic-hit Indian economy, the upcoming Union Budget is a beacon of hope for the future filled with optimism, strengthened by the sobriety lessons learnt from the mayhem causing COVID-19. The focus of the Budget is expected to be on-demand generation and job creation which are the pillars of robust economic growth. In this light, it is expected that the annual budget exercise is a roadmap for economic recovery by ensuring tax and policy stability.

With slowdown in China, apt time to provide sops for textile industry

As far as the Indian textile industry is concerned, it is currently staring at the dawn of a bright future that upholds the promise of growth. The recent China+1 policy adapted by manufacturers in addition to the slowdown in China will enable sourcing destinations such as India to grab a significant share of the global textile market.

Our manufacturing prowess coupled with ease of access to raw materials and labour force has already made us a preferred destination for sourcing by leading global brands of repute to source products. It is the opportune time for the government to provide desired support in terms of sops to the textile industry to propel its growth further and significantly enhance the industry position globally.

Textile and apparel industry, contribute majorly in export earnings and employment generation, is expecting changes in taxes, PLI scheme, and customs duty in the upcoming Budget. The garment and fabric export industry suffered heavily last year due to an over 100 percent increase in cotton fibre prices.

This crisis was further accentuated due to the levied 10 percent customs duty on the import of cotton fibre. To ease supply, this duty should be revoked.

Also, since cotton yarn prices have increased by about 78 percent, this year has had an impact on the sector significantly. If the import of cotton yarn is made duty-free it would help in increasing supply domestically.

Extend RODTEP scheme for deemed exports

Last year, the government re-introduced the Rebate of State and Central Taxes and levies (ROSCTL) for Garment exports and Remission of Duty and Taxes on Export Products (RoDTEP) for the yarn and fabric industry. These schemes helped the industry to get rebates of embedded central and state taxes. Additionally, to encourage value-added exports wherein the fabric export is converted to garment export, the RODTEP scheme should also be extended for deemed exports. Further to boost exports, the ROSCTL scheme should be extended also to advance license so that the garment manufacturers are encouraged to buy fabric for their exports indigenously.

To combat the shortage of short-staple spinning capacity in the country, a PLI scheme should be introduced for cotton textiles. Sops for Textile parks in terms of capital expenditure on utilities like ETP etc. can enhance price competitiveness.

The consumers and trader associations had expressed their displeasure on the GST hike on textiles and apparel, urging the government to reconsider its decision. The Indian textile industry has bounced back very strongly this year compared to last fiscal with the restrictions and lockdown in certain cities. India's T&A exports are estimated to have increased to $40 billion. The industry exports are growing at a healthy level of approximately 20 percent registered in all segments from fiber, yarn, fabric, apparel to home textile, etc.

With a goal to achieve T&A exports of 65 billion and above by 2025, there is a dire need for radical reforms that just do not address recovery but accelerate the pace of growth for the Indian economy.

The author is the Chairman and Managing Director of Raymond Limited.

Source: firstpost.com– Jan 25, 2022

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Chinese investments into Indian start-ups hit a 3-year high in 2021

Notwithstanding the geo-political tension between India and China and despite India banning over 100 Chinese apps, investments from China into the Indian startup ecosystem picked up in 2021 after hitting a slump in 2020. Investments from Chinese venture capital, private equity, accelerators and incubators was at $14.13 billion across 268 rounds in 2021, up from $3.95 billion across 225 rounds in 2020, according to data sourced from Tracxn. In 2019, Chinese investors had invested $6.68 billion in Indian start-ups across 232 deals.

"Chinese investors cannot afford to stay out of India entirely since the latter is the biggest market outside China for investments. Though there is this geopolitical situation, eventually there will be co-existence. For instance, in smartphones there has been similar fluctuations but today 65-70 per cent smartphones sold in India are from China," Faisal Kawoosa, Founder and Chief Analyst, techARC, told BusinessLine.

This comes even as Indian authorities have been scrutinising companies with Chinese investments. Last year several popular apps including TikTok were banned citing security concerns. Some of the cryptocurrency exchanges with Chinese investors, including WazirX are also being investigated for alleged money laundering activities.

Analysts suggested that the fresh investments coming in are "soft investments" where the control is retained by Indian promoters. The big ticket deals are now being done with investors in the US and UK. Start-up investments from the US grew 264.64 per cent from 2020 to 2021. Investments from US hit $21.55 billion across 825 rounds in PE-VC deals, up from $5.91 billion in 2020 across 622 rounds. The US had invested around $8.55 billion in 2019 across 577 rounds.

Ashish Sharma, MD & CEO, InnoVen Capital, told BusinessLine, "Until 2019, Chinese investors were very prominent especially in late-stage start-ups. Tencent, Alibaba, Xiaomi were very active. Last year, the amount of funding was almost 3X of what was the run rate in India but Chinese investors were pretty much a side show. There were only a few investments that happened like deals done by Tencent through some other structure outside China. Overall, there weren't many new investments from Chinese investors. They had only participated in rounds of some of their existing portfolio companies, may be even in the form of convertible debt."

Subdued outlook

Investors reckon that funding from China is likely to be subdued in the coming year, while more funding from other geographies would get re-allocated to India.

"Given the geopolitical and macroeconomic factors, we expect fund inflows to increase from almost every foreign region where investors were earlier primarily focused on China. Given the US-China tensions as well as the pending India-China issues, it is possible that the declines from last year continue for some time, creating more of an opening for other foreign investors to reallocate to India," Nitin Sharma, Partner, Antler India and Global Blockchain Lead, Antler, told BusinessLine.

"I don't expect Chinese investors to be back in India any time soon, since the geo-political situation between the two countries remains at a standstill. Furthermore, large Chinese investors have their hands full navigating the regulatory changes in their domestic market and have reduced focus on overseas investments. Even if Chinese investors were to come back, most founders wouldn't be keen to raise capital from them and are in fact looking to provide exits to their Chinese investors," InnoVen's Sharma added.

Source: thehindubusinessline.com– Jan 24, 2022

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Minimal penal duties imposed against Indian exports by trading partners in April-Dec 2021

A majority of countervailing duty (CVD) investigations and reviews carried out by other countries against Indian exports in the April-December 2021 period have resulted in imposition of minimal duties ranging between 3 and 6 per cent, according to the Commerce & Industry Ministry.

In a CVD investigation against export of stainless-steel cold rolled products by the European Commission (EC), active intervention of India's Trade Defence Wing (TDW), through consultations, resulted in imposition of duty margin as low as 0.45 per cent, an official statement issued on Monday pointed out.

In another successful negotiation, the CVD administrative review conducted by the US for 2019 against export of polyethylene terephthalate film, sheet & strip from India, resulted in a preliminary duty of 2.82 per cent against 11.67 per cent imposed earlier for the year 2018. CVDs are tariffs levied on imported goods to offset subsidies made to producers of these goods in the exporting country.

'Constantly striving'

"The TDW has been constantly striving to ensure that minimal or no trade remedial measure is applied on Indian goods by other countries," the release said.

Operating under the Directorate General of Trade Remedies (DGTR), an arm of the Commerce & Industry Ministry, the TDW was established in 2016, and has been the nodal point for extending support and defending the interests of Indian exporters in investigations undertaken by other countries against India.

TDW officials prepare the country's defence in investigations launched against Indian exports by coordinating with other departments of the Centre as well as States.

Source: thehindubusinessline.com– Jan 24, 2022

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Exporters seek support measures in Budget to boost shipments

Exporters have demanded support measures, including enhanced allocations for RoDTEP scheme, high import duty on plastic finished goods, setting up of an Indian shipping line and reinstating exemption for duty free import of critical inputs for leather products, in the forthcoming Budget to promote growth of the country's outbound shipments. They have also suggested fiscal incentives to address logistics challenges, and reduction of income tax on partnerships and LLP's to support MSME players.

The Federation of Indian Export Organisations (FIEO) said that there is a need to encourage large Indian entities to build an Indian shipping line of global repute as it would help reduce dependence on foreign shipping lines.

It said that the export sector is facing major issues due to rising freight cost and its dependence on global shipping companies.

"Overseas marketing is a big challenge for exporters, more so for MSMEs, as it entails a very high cost. We need to bring the Double Tax Deduction Scheme for Internationalizations to allow exporters to deduct against their taxable income...A ceiling of USD 5 lakh may be put under the scheme so that the investment and tax deduction are limited," FIEO Director General Ajay Sahai said.

Mumbai-based exporter and Chairman Technocraft Industries Sharda Kumar Saraf said that Reimbursement of Duties & Taxes on Export production (RoDTEP) is one of the most important tools to support export marketing, but its present budget of about Rs 40,000 crore, is inadequate.

"We hope the finance minister will take cognizance of this fact and provide a suitable budget for RoDTEP," Saraf said.

Plastics Export Promotion Council of India (Plexconcil) Chairman Arvind Goenka suggested that the import duty on plastic finished goods should be atleast 5 per cent higher than polymer raw materials.

"For instance, import duty on PVC Resin is 10 per cent and that on value added PVC goods is also 10 per cent thereby there is no incentive to boost domestic production," Goenka said.

Council for Leather Exports (CLE) Chairman Sanjay Leekha recommended reinstatement of the exemption for duty free import of critical inputs for leather garments and footwear; and extension of the basic customs duty exemption for import of lining and interlining materials.

These measures would promote value addition within the country and make the products competitive in the global markets as compared to the goods of competing countries, besides boosting exports, Leekha said.

He has also recommended reinstatement of basic customs duty on import of wet blue, crust and finished leathers as the exemption was removed last year.

Sharing a similar view, Chairman of Farida Group Rafeeq Ahmed said that steps for the labour intensive sector - leather in the budget will help in creating more jobs and pushing exports.

"The government should consider removing import duty on finished leather. Measures should be announced for setting up micro parks for the sector," Ahmed said.

Hand Tools Association President S C Ralhan said that the government should announce some provisions to promote container manufacturing in India.

"Budget should also consider extending income tax concessions forMSME exporters," Ralhan said.

During April-December 2021-22, exports rose 49.66 per cent to USD 301.38 billion.

Source: economictimes.com– Jan 24, 2022

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'One District One Product' (ODOP) initiative of Centre churning big success stories in J & K, North East , Uttar Pradesh

As a major boost to Centre and State collaboration in promoting products under the One District One Product (ODOP) Initiative – a State Conference was held on 21st January, 2022 by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry. The Conference was chaired by Smt. SumitaDawra, Additional Secretary, Department for Promotion of Industry and Internal Trade (DPIIT) and was attended by Principal Secretaries and other key officers of the Industries Departments of all States.

Smt. SumitaDawra, Additional Secretary, DPIIT opened the meeting with a special address that focussed on the successful activities undertaken under ODOP so far and best practices across the states.

This was followed by a deep dive into the 'Changing Narratives for the Manufacturing Sector in Jammu & Kashmir' by Shri. Ranjan Prakash Thakur, Principal Secretary Industries, Jammu & Kashmir. Herein, the ODOP Initiative's work in Jammu & Kashmir especially its successes in trade facilitation for walnuts and apples was discussed.

The ODOP initiative's facilitation of Jammu & Kashmir's representation at the Dubai Expo 2020 and successful buyer-seller meets as well as focused trade discussions conducted therein were also highlighted. The rest of the states would also soon be facilitated to participate in events at an international level.

The state of Uttar Pradesh was also able to bring attention to the remarkable success of the UP ODOP Model wherein artisans and producers from all districts of the state have been promoted and assisted under One District One Product (ODOP). The presentation was made by Shri. Navneet Sehgal, Additional Chief Secretary, Micro Small and Medium Enterprises (MSME) and Export Promotion, Uttar Pradesh.

UP provides a template for states to successfully implement and take forward the goal of creating each district as a hub for economic development through the product synonymous with it.

Smt. Swapna Debnath, Additional Director, Dept. of Industries and Commerce, Tripura outlined a roadmap for 'Promoting remote districts and boosting local economy'. This included a discussion on the successful collaboration between the State Govt and the ODOP Team thus far, and the next steps that would be taken to promote product development and exports from all the 8 districts of Tripura.

Following the presentations from the States, the ODOP Initiative being facilitated by Invest India under DPIIT made a presentation on the scope of work under ODOP, the activities undertaken so far, and the way forward in fostering the vision of balanced regional economic development.

Invest India highlighted some of the existing stories of economic empowerment through trade facilitation, capacity building and product development.

Some key examples referred to included design trainings for Molela artisans in Rajsamand District, Rajasthan; skill trainings for Muga Silk weavers from Kamrup, Assam, sustained year-year trade facilitation of Lakadong Turmeric from West Jaintia Hills, Meghalaya and the promotion of ODOP products from across districts and categories at international events such as the Dubai Expo 2020.

ODOP's work in e-commerce onboarding and its close association with large e-commerce players to support rural artisans in leveraging web-based sales through dedicated storefronts for ODOP was also discussed.

A roadmap for further State engagement with the ODOP Initiative was also laid out. Through the sharing of sellers' data from the States, the ODOP team would take forward trade facilitation with buyer leads. Further, the appointment of a nodal officer in every state to work hand in hand with the ODOP Initiative would ensure the success of future activities under the same.

The Conference was well received by the participants and some including Hage Tari, Principal Secretary, Industries from Arunachal Pradesh expressed their keen interest in participating and wholeheartedly supporting the same in his state. All the principal Secretaries also eagerly shared contact details and sought to stay connected and updated on the ongoing activities under ODOP.

Shri B. Ramanjaneyulu, Director, DPIIT concluded the Conference with A Vote of Thanks and Closing Remarks. He urged the Industries Departments from all States and Union Territories to ensure active support for the successful implementation of the ODOP initiative across the length and breadth of the country, to propel the economy towards the goal of Aatmanirbhar Bharat. He also apprised the participants on the inclusion of 'One District One Product' initiative as a category for assessing the performance of Civil Servants being considered for the annual Prime Minister's Awards for Excellence in Public Administration.

The successful States Conference marks the recognition of the outstanding success of the ODOP Initiative, while recognizing that it is a first step towards further impactful work towards the vision of Aatmanirbhar Bharat and #VocalforLocal.

Source: pib.gov.in– Jan 24, 2022

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Cotton spinners likely to report double-digit growth in revenues in FY22

Indian cotton spinners are likely to report double-digit revenue growth and all-time high profits in 2021-22, mainly driven by high demand and realisations, according to a report.

While the growth is primarily being led by all-time high realisations, which have sustained for much of the year, volumes are also estimated to be better than the pre-COVID levels, the report said.

Besides recovery in domestic order, robust growth in export demand has also supported volumes, it added.

Large and mid-scale spinning companies are expected to report robust double-digit growth in revenues and all-time high profits in FY22, with 400-600 bps improvement in operating margins, Icra Ratings said in the report.

Companies, which had higher stocks of lower-cost cotton from the previous season, benefitted more in terms of profitability in H1 FY22.

This apart, the inclusion of all cotton yarn exports under Remission of Duties and Taxes on Exported Products (RoDTEP) scheme from January 2021 onwards (as notified in August 2021) has also supported margins as well as price competitiveness of domestic spinners in the international markets, Icra Senior Vice President and Group Head, Corporate Sector Ratings, Jayanta Roy said.

Meanwhile, the report stated that the slight decline in December 2021 aside, cotton yarn prices remained on a rising trend in the current fiscal, touching all-time highs in recent months.

In 9M FY22, Indian cotton yarn prices averaged 36 months higher than FY21.

On the exports front, following a 5 per cent growth in FY21 despite the pandemic impact, India's cotton yarn exports surged 47 per cent year-on-year in H1 FY22, led by a 130 per cent year-on-year increase in exports to Bangladesh.

Icra expects Indian cotton yarn exports to be at all-time highs in FY22, breaching the previous high recorded in FY14.

"Besides competitive Indian cotton and cotton yarn prices in the international markets, concerns raised by large buying regions, including the US and the EU, on Xinjiang cotton and healthy growth in Bangladesh's apparel exports are driving export demand.

While China remained the largest export market for Indian cotton yarn till FY21 despite a moderation in its share in recent years, Bangladesh has overtaken China this year, accounting for 40 per cent share in H1 FY22," Icra Vice President and Sector Head, Corporate Sector Ratings, Nidhi Marwaha noted.

Icra Ratings expect this demand to sustain for the next 9-12 months at least, she added.

Even as the risk of subsequent pandemic waves remains, Icra expects domestic spinners to sustain healthy volumes in FY23 as well, amid a shift in preference away from Xinjiang cotton and competitive domestic cotton prices.

However, prices are expected to taper as cotton yarn realisations remain unsustainable at current levels, which may affect demand, it said.

This, in turn, would result in some moderation in performance in FY23 from FY22 levels, with turnover likely to correct by 10-15 per cent, though remaining higher than the pre-pandemic levels, said the report.

Despite moderation from FY22 levels due to a possible decline in realisations, Icra expects spinners' business performance to remain healthy and better than the pre-COVID levels in terms of scale as well as profitability in FY23. Considering this, the outlook for the sector is positive, Marwaha added.

Source: business-standard.com– Jan 24, 2022

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India's apparel exports to EU over 5 years grew 2.6%, while Bangladesh & Vietnam galloped at 9.6%

The textile industry has been trying to hold its own in the face of challenges like surge in cotton prices, acute labour shortages and competition from smaller nations such as Vietnam and Bangladesh.

Industry experts mention why FTAs will prove extremely significant for textiles going forward and how the China Plus One sentiment is a time to leverage the opportunity presenting itself. Watch this panel discussion to know more.

https://economictimes.indiatimes.com/small-biz/sme-sector/indias-apparel-exports-to-eu-over-5-years-grew-2-6-while-bangladesh-vietnam-galloped-at-9-6/videoshow/89099048.cms

Source: economictimes.com– Jan 24, 2022

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Goods dispatches pick up: E-way bill generation up 11.5% for week ended Jan 23

E-way bill generation under the goods and services tax (GST) system rose 11.5% to 23.52 lakh/day for the week ended January 23, compared with 21.1 lakh/day in the previous week, indicating a pick-up in goods dispatches. E-way bill generations stood at 4.96 crore in the first 23 days of January with a daily average of 21.57 lakh.

The daily e-way bill generation rose 13% on month to 23.1 lakh in December compared with 20.38 lakh in November. With Covid cases surging after the spread of the Omicron variant of the virus and restrictions imposed in many parts of the country, the shipments got impacted in the first half of January.

E-way bill generation was 7.16 crore for December, the second-highest monthly data since the online system was rolled out on April 1, 2018, reflecting an uptick in demand during the year-end. October e-way bills at 7.35 crore were the highest monthly number, thanks to a spurt in goods dispatches for stocking ahead of the festival season by shopkeepers and traders.

E-way bills fell to a five-month low in November as demand moderated after the festivities. Higher e-way bills generation gets reflected in higher GST revenues. Gross GST collections came in at about Rs 1.3 lakh crore in December (November transactions), despite a 17% on-month reduction in e-way bills generated in November, due to improved tax compliance and better tax administration. The January (December transactions) GST collections will likely exceed December collections by a decent margin.

Source: financialexpress.com– Jan 23, 2022

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