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INTERNATIONAL NEWS

Brexit hurt EU-UK trade: French ministry

Brexit has hurt two-way trade between the European Union and Britain, with the auto, textile and aviation sectors the worst hit, the French economy ministry said on Thursday.

The ministry released data on the sidelines of an EU ministerial meeting in Paris dedicated to reviewing the fallout from Britain's departure from the bloc a year ago.

EU exports to Britain fell by 15 per cent in the first 10 months of last year compared to the same period in 2019, before the pandemic, according to the French economy ministry.

EU imports from Britain sank by 30 per cent over the same period.

The Covid-19 pandemic has also had a major effect on trade flows between the two sides.

But the EU's total imports and exports exceeded 2019 levels during the first 10 months of last year, according to data from the bloc's Eurostat agency.

The new trade deal between Britain and the EU that took effect at the beginning of 2021 re-established customs checks at the border, creating an administrative burden for transport firms.

It also created delays and added complexity for firms that relied on prompt, regular shipments.

British retailer Marks & Spencer closed many of its Paris shops after struggling to keep perishables on the shelves.

Some 80 per cent of trade with Britain goes through France, which has hired 700 customs officers and created a bar-code system that allows trucks to go through the border without stopping after getting approval to do so before travelling.

Nine out of 10 trucks go through customs without stopping now, compared to one quarter in the first weeks of 2021, according to the French economy ministry.

But the trucks carry less merchandise than before Brexit, it said.

“This massive challenge was met without a hitch,” European Commission’s customs office director general Gerassimos Thomas said.

But trucks have faced queues as long as 10 kilometres at Channel ports in Britain this month, with some blaming the bottlenecks on Brexit.

The delays have been attributed to several factors, including the UK government implementing further customs controls at the start of January.

Trucks now take longer to pass through Channel ports as their paperwork is verified.

Logistics UK, which represents an array of road, rail, sea and air operators, urged the French and UK government on Monday to hold “constructive” talks on the issue.

Source: bolnews.com– Jan 27, 2022

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US economy regained speed in Q4 at 6.9%, 2021 growth best since 1984

U.S. economic growth accelerated in the fourth quarter as businesses replenished depleted inventories to meet strong demand for goods, helping the nation to post its best performance in nearly four decades in 2021.

Gross domestic product increased at a 6.9% annualized rate last quarter, the Commerce Department said in its advance GDP estimate on Thursday. That followed a 2.3% growth pace in the third quarter. Economists polled by Reuters had forecast GDP growth rising at a 5.5% rate. Estimates ranged from as low as a 3.4% rate to as high as a 7.0% pace.

The economy grew 5.7% in 2021, the strongest since 1984. It contracted 3.4% in 2020, the biggest drop in 74 years.

Growth last year was fueled by massive fiscal stimulus as well as very low interest rates. The momentum, however, appears to have faded by December amid an onslaught of COVID-19 infections, fueled by the Omicron variant, which contributed to undercutting spending as well as disrupting activity at factories and services businesses.

Last year's robust growth supports the Federal Reserve's pivot towards raising interest rates in March.

Fed Chair Jerome Powell told reporters on Wednesday after a two-day policy meeting that "the economy no longer needs sustained high levels of monetary policy support," and that "it will soon be appropriate to raise" rates.

The sharp rebound in growth last year could offer some cheer for President Joe Biden whose popularity is falling amid a stalled domestic economic agenda after the U.S. Congress failed to pass his signature $1.75 trillion Build Back Better legislation. It, however, diminishes prospects of more money from the government.

ALL ABOUT INVENTORIES

Inventory investment accounted for the bulk of the increase in GDP growth in the fourth quarter. Businesses had been drawing down inventories since the first quarter of 2021. Spending shifted during the pandemic to goods from services, a demand boom that pressured supply chains.

Growth last quarter was also lifted by a jump in consumer spending in October before retreating considerably as Omicron spread across the country. Consumer spending, which accounts for more than two-thirds of economic activity, has been hampered by shortages of motor vehicles and other goods. A global chip shortage is hurting production.

Reduced household purchasing power, with inflation way above the Fed's 2% target, also hindered consumer spending at the tail end of the fourth quarter.

The Omicron-driven outbreak in infections has also impacted the labor market, though this is likely temporary. Employers are desperate for workers, with 10.6 million job openings at the end of November.

A separate report from the Labor Department on Thursday showed initial claims for jobless benefits dropped 30,000 to a seasonally adjusted 260,000 during the week ended Jan. 22.

Despite the anticipated soft patch in the first quarter because of challenges from the never ending pandemic, the worst inflation in decades, supply chain bottle necks and upcoming interest rate increases, the economy is expected to soldier on this year, with growth estimates as high as 3.9%.

Source: business-standard.com– Jan 27, 2022

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Cambodia-Vietnam trade volume touches $9.3 bn in 2021

Cambodia-Vietnam trade volume touched $9.3 billion last year—a rise of 75 per cent compared to 2020 figures—despite the impact of the pandemic. Prime Minister Hun Sen and visiting Vietnamese foreign minister Bui Thanh Son recently discussed the issue and agreed to cooperate and sustain this momentum. Both committed to cross the $10-billion mark in 2022.

The reopening of direct flights between Vietnam and Cambodia will enable easy travel.

In 2021, Vietnamese companies poured more than $88.9 million into four new projects in Cambodia. This raised Vietnam's total investment to over $2.84 billion, making it one of the five largest foreign investors in the neighbouring country.

Import and export revenue between the two countries was $8.63 billion in the first 11 months of this year, a dramatic rise of 84 per cent compared to the same period last year, data from the trade office showed.

The two-way trade revenue between the two countries soared to $9.3 billion by the end of 2021, up to $4 billion over 2020.

Twenty four out of 29 groups of Vietnamese products exported to Cambodia saw positive growth in the 11 months compared to the same period last year, including vegetables, tubers and fruits, animal feed and raw material, petrol and oil, fertiliser and others.

Vietnam and Cambodia posted total import and export revenue of over $5.32 billion in 2020, a slight increase of 0.84 per cent compared to 2019.

Source: fibre2fashion.com– Jan 28, 2022

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Egypt's garment exports rise by 41% to $2.49 bn in 2021 over 2020

The Egyptian apparel sector's exports rose by 41 per cent in 2021 to $2.49 billion compared to $1.457 billion in 2020, according to Marie Louise, head of Apparel Export Council of Egypt (AECE), who recently noted that these figures are the highest for Egypt's garment export sector, and it is a historical increase that has not been achieved before.

She revealed that 23 new factories joined the AECE in 2021 and the council succeeded in re-attracting 11 small and medium readymade garments (RMG) factories under a policy of the council aiming to facilitate export conditions.

Services provided by the council like promotional and marketing services are being expanded and it has embarked on a number of initiatives to develop e-marketing tools for its exporters by updating or creating websites, photographing RMG products, designing an electronic catalogue and preparing a promotional video about the most important competitive advantages enjoyed by the Egyptian RMG industry, she was quoted as saying by Egyptian media reports.

Louise said the council succeeded in attracting small fashion designers to create a new generation of exporters within the council's strategy, which is based on attracting new factories and fashion designers in order to create a boom in Egyptian exports.

Several events, exhibitions and conferences are expected to be held this year aiming primarily to develop Egyptian exports and facilitate the export process and solve any problems that may hinder manufacturers and exporters in the RMG sector.

Source: fibre2fashion.com– Jan 28, 2022

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Export opportunities abound for Vietnam

Erkut Duranoglu, chief representative of Vestel Electronics Vietnam, said he never expected the global pandemic would teach his company a practical lesson in risk management.

But teach it did.

His company had been considering an alternative supply chain in Asia to utilise cost-reduction opportunities arising from the constantly developing supply chain amid the pandemic.

Turkey-based Vestel Electronics, Europe's biggest consumer electronics plant, which supplies to more than 500 brands world-wide, wanted to explore Việt Nam and its neighbouring markets to "mitigate the geographical risk of China-centric procurement."

"We had been considering and analysing various countries such as Việt Nam, India, Indonesia, Malaysia, and Thailand.

"We chose Việt Nam for good reasons. It was becoming the most suitable country as an alternative production hub for the world, next to China," Duranoglu told Việt Nam News in a telephone interview.

"All in all, that is how we decided on establishing our representative office in HCM City in February 2021 in addition to our existing offices in (mainland) China and Taiwan."

Experts said the US-China trade war and the pandemic have pushed companies to diversify supply chains outside of China, which has given rise to the 'China plus one' strategy in which multinational firms are moving to other countries.

Sam Hui, general manager of Global Sources, an international B2B sourcing platform company based in Hong Kong, told Việt Nam News: "Việt Nam has become the most popular destination under the strategy, due to its low costs, proximity to China and multiple trade agreements.

"Under the policy, as demand for Vietnamese products increases, we expect an overall improvement in the manufacturing capability, product design, quality control, and export volumes."

Nguyễn Văn Thân, chairman of the Việt Nam Small and Medium-sized Enterprises Association, said: “Việt Nam with a population of 100 million has a strategic location, an affordable yet well trained workforce and a friendly environment for foreign investment.

The country has achieved impressive results in its COVID-19 vaccination campaign, having among the highest immunisation rates in the world, he said.

The free trade agreements it has signed with India, the EU and other Southeast Asian countries have enabled Việt Nam to surpass other countries in terms of attracting FDI, he added.

A 2030 master plan for transport infrastructure includes construction of 5,000km of expressways, a deep-water port, high-speed rail routes, and completion of the Long Thành international airport in Đồng Nai Province near HCM City.

These have added to the attraction it holds for foreign investment, according to Thân.

Recently Danish toy production company Lego signed an MoU with the Vietnam–Singapore Industrial Park Joint Stock Company to build a new factory worth US$1 billion in the southern province of Bình Dương.

LG Electronics has decided to expand its production facilities in the north.

According to the European Business Review, Việt Nam will be one of the leaders in 2022 for companies to source, manufacture and export from.

Most sought-after sourcing destination

Hui, general manager of Global Sources, said, “Việt Nam has the potential to be one of the most sought-after sourcing destinations for buyers world-wide.”

A 2021 survey by the company said, “Việt Nam has consistently ranked the number one destination from where buyers plan to source from Asia, outside China, over the next 12 months, followed by India, Cambodia and Bangladesh.”

Buyers said their top three pain points in sourcing from Việt Nam are product quality, choice of suppliers and delivery time.

Electronic products, apparel, fashion accessories, tableware and kitchenware, home appliances, and hardware products are key products buyers look for.

At a recent conference for connecting supply and demand organised by Global Sources in co-operation with Bình Dương Province authorities, major international buyers like Target Australia Sourcing Group (Australia), AEON TopValu (Hong Kong), W.H. Smith (the UK), Metro Sourcing (Hong Kong), and Walgreens (the US) said Việt Nam is their preferred sourcing destination.

“This shows there is strong demand for sourcing from Việt Nam among buyers around the world,” Hui said.

“With such strong demand, Vietnamese suppliers should act fast to grab the opportunity and promote their companies and products to buyers world-wide.”

The company surveyed more than 1,200 respondents in all regions, including in the US, India, mainland China, Australia, the UK, Hong Kong, and South Africa.

‘Sourcing from home’

Nguyễn Văn Thân, chairman of the Việt Nam Small and Medium-sized Enterprise Association, said: “Businesses should be aware that buyers have shifted from their traditional sourcing channels like trade shows to a new online model, ‘sourcing from home.’

“The model has proven convenient, safe and effective during the pandemic.”

Buyers want to source directly from manufacturers and are looking for Vietnamese suppliers who are digitally ready to match their sourcing needs, he said.

“As the sourcing process becomes digitised, it is inevitable that Vietnamese suppliers will adopt digital transformation.”

In 2020 the association began a programme to promote 40 export-oriented suppliers of products ranging from garments and furniture to handicrafts on a B2B platform and connect them with global buyers, he said.

The survey showed 90 per cent of the respondents who want to source directly from Việt Nam do not have an office in the country.

Due to the pandemic, 60 per cent plan to use the online marketplace and 35 per cent will appoint sourcing agents in Việt Nam.

While international tradeshows are still very popular among buyers, the online marketplace remains the preferred option, the survey found.

Quách Kiến Lân, CEO and founder of GreenYarn Bảo Lân Company, which makes environment-friendly fabrics for export, said the pandemic has put businesses in a difficult situation, which requires them to constantly search for solutions to survive.

The fashion and textile industry is under pressure due to the pandemic, he said.

“The good news is global buyers are now looking closely at Việt Nam to see how well the country is rebounding from the pandemic.”

They see the need to move their production to Việt Nam.

However, the uncertainty and lack of information about local suppliers often leaves buyers disappointed when searching for the right producers in Việt Nam since they do not know where to look.

Meanwhile, most suppliers in the textile industry still use traditional methods such as face-to-face meetings and trade shows to find buyers, but the pandemic has made this unfeasible, Lân said.

“To find new clients and diversify markets during the pandemic we have shifted from traditional platforms such as trade shows to online tools.

“Shifting to online channels may require businesses to adjust, but it is the management and mindset that makes the process successful.”

Supply chain crisis

The pandemic has caused a supply chain crisis not only in Việt Nam but globally.

Experts said the country's output would not normalise until the middle of this year.

Duranoglu said his office did not start operations until last November because of the latest COVID outbreak that began in April last year.

Though global supply chain disruptions have caused uncertainty for businesses, Việt Nam has been adapting rapidly by amending laws to improve its business climate, he said.

"Việt Nam's notable strength is its stable economy, which has been growing despite the impact of the current outbreak. Although I am quite new to the country, I have personal experience that Vietnamese people are likely to honour promises.

"I believe Việt Nam has a concrete foundation to bounce back much stronger in 2022."
Experts said to meet the requirements of global buyers, manufacturers should study prices, consumer tastes and trends in those markets, and have labels and packaging in English as well as the local language.

In choosy markets like the US, the EU, Japan, and South Korea, exporters should be prepared to face technical barriers that could change without warning, they said.

Duranoglu said: "We export to 157 countries with our main market being Europe. But now we are looking for alternative regions to grow. Việt Nam is one of them. It is not only a strategic location for us to develop an alternative supply chain but also an attractive market to be in with our products.

"The pandemic has taught all of us a lesson about the importance of not putting all your eggs in one basket."

Source: asianews.network– Jan 27, 2022

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UN-WTO report underrates Bangladesh's RMG industry progress: BGMEA

The recent United Nations (UN)-World Trade Organisation (WTO) joint report has underrated the progress of Bangladesh's readymade garments (RMG) sector in some cases, according to the country's apparel manufacturers, who recently disagreed with a few indicators that show Bangladesh behind Vietnam and said the report underrated the progress made by the domestic industry.

The competitiveness report, titled 'The Textile and Clothing Sector in Asian Graduating Least Developed Countries: Challenges and Ways Forward', scores Bangladesh lower than Vietnam on 10 indices out of 12.

In product quality, lead time and sustainability, Bangladesh's RMG sector is not as good as that of Vietnam, it says. Bangladesh scored 3.5 and Vietnam scored 4.5 in both the product quality and lead time indices. In sustainability, Bangladesh scored 2, while Vietnam scored 3.5.

Bangladesh is ahead of Vietnam and China only on two indicators—price and tariff advantage.

According to the report, Bangladesh is little ahead in most of the indicators than three other least developed countries (LDCs) of Asia—Cambodia, Laos and Nepal.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the report specifically mentioned environmental compliance-related risks as a downside for sourcing from Bangladesh.

"But the industry has made a huge stride to transform workplace safety, workers' wellbeing, and environmental sustainability; the rating seems to be inappropriate," he said.
Through the joint initiatives of the government, entrepreneurs, buyers and ILO, a paradigm shift has happened in the area of structural, fire and electrical safety, he was quoted as saying by Bangla media outlets.

"We took a zero tolerance policy in ensuring compliance across the sector," he said.

With 155 LEED certified green factories, Bangladesh has the highest number of green garment factories in the world, he said.

“While assessing the competitiveness, the report stresses the need for vertical integration, raw material sourcing, innovation, flexibility, agility and speed to market. We have also prioritized all these points,” he said.

The sector has also identified diversification, value addition, innovation, technological upgrades, and re-skilling and upskilling as our core priority areas, added the BGMEA president.

Source: fibre2fashion.com– Jan 27, 2022

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NATIONAL NEWS

India-Central Asia Virtual Summit

Prime Minister Shri Narendra Modi hosted the first India-Central Asia Summit in virtual format on 27 January 2022, which was attended by Presidents of the Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Turkmenistan and Republic of Uzbekistan. This first India-Central Asia coincided with the 30th anniversary of establishment of diplomatic relations between India and Central Asian countries.

During the Summit, Prime Minister Modi and the Central Asian Leaders discussed the next steps in taking India-Central Asia relations to new heights. In a historic decision, the Leaders agreed to institutionalize the Summit mechanism by deciding to hold it every 2 years.

They also agreed on regular meetings of Foreign Ministers, Trade Ministers, Culture Ministers and Secretaries of the Security Council to prepare the groundwork for the Summit meetings. An India-Central Asia Secretariat in New Delhi would be set up to support the new mechanism.

The Leaders discussed far-reaching proposals to further cooperation in areas of trade and connectivity, development cooperation, defence and security and, in particular, on cultural and people to people contacts. These included a Round-Table on Energy and Connectivity; Joint Working Groups at senior official level on Afghanistan and use of Chabahar Port; showcasing of Buddhist exhibitions in Central Asian countries and commissioning of an India-Central Asia dictionary of common words, joint counter-terrorism exercises, visit of 100 member youth delegation annually from Central Asian countries to India and special courses for Central Asian diplomats.

Prime Minister Modi also discussed the evolving situation in Afghanistan with the Central Asian leaders. The leaders reiterated their strong support for a peaceful, secure and stable Afghanistan with a truly representative and inclusive government. Prime Minister conveyed India's continued commitment to provide humanitarian assistance to the Afghan people. A comprehensive Joint Declaration was adopted by the leaders that enumerates their common vision for an enduring and comprehensive India-Central Asia partnership.

Source: pib.gov.in– Jan 27, 2022

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Union Budget 2022-23 to be presented on 1st February, 2022 in Paperless form

The Union Budget 2022-23 is to be presented by the Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman on 1st February, 2022 in Paperless form.

To mark the final stage of the Union Budget making process, sweets were provided to the core staff due to undergo “lock-in” at their workplaces, instead of a customary Halwa ceremony every year in view of the prevailing pandemic situation and the need to observe health safety protocols.

To maintain the secrecy of Budget, there is a “lock-in” of the officials involved in making the Budget. Budget Press, situated inside North Block, houses all officials in the period leading up to the presentation of the Union Budget. These officers and staff will come in contact with their near and dear ones only after the Budget is presented by the Union Finance Minister in the Parliament.

In a historic move, the Union Budget of 2021-22 was delivered in paperless form for the first time. A “Union Budget Mobile App” was also launched for hassle-free access of Budget documents by Members of Parliament (MPs) and the general public. The Union Budget 2022-23 would also be available on the Mobile App after the process of Budget presentation has been completed on 1st February 2022 in the Parliament.

The mobile App allows complete access to 14 Union Budget documents, including the Budget Speech, Annual Financial Statement (commonly known as Budget), Demand for Grants (DG), Finance Bill etc. as prescribed by the Constitution. The mobile app is bilingual (English & Hindi) and is available on both Android and iOS platforms.

The App can also be downloaded from the Union Budget Web Portal (www.indiabudget.gov.in). The budget documents will also be available for download by the general public on Union Budget Web Portal (www.indiabudget.gov.in).

Source: pib.gov.in– Jan 27, 2022

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RBI may raise reverse repo rates

A reverse repo rate hike in the coming monetary policy is a fait accompli given that the overnight call rates have surged past the rate the RBI provides banks for parking their excess funds. If the budget deficit numbers are more than 6.5 percent of the GDP, then even the repo rate hike may be on the table.

The Reserve Bank of India's monetary policy committee (MPC) which is expected to give its verdict on the rates in less than a fortnight on February 09, will hold its meeting amidst waning concerns over the impact of the rise in Omicron infections on India's revival story and rising worries on retail inflation levels crossing the upper end of the mandated band of 2-6 per cent.

Given this backdrop the MPC is most certain to raise the benchmark policy rates. " With the Indian economy sustaining a strong recovery, the RBI will be more amenable to raising interest rates in response to the persistence of high inflation" said Prasanjeet Basu, chief economist at ICICI Securities. " We expect the policy rate to rise by 50bp over the course of 2022". The repo rate the rate which the central bank lends is unchanged at 4 percent and the reverse repo rate the rate at which it borrows from banks is unchanged at 3.35 per cent since May 2020

As the recent surge in Omicorn variant has failed to derail the economy in a big way, growth may not be as much of a concern, rising rates in the overnight call money rates, the case for a rate hike becomes stronger. "The markets may have factored in that the current omicron will result in a endemic stage in the covid cycle and thus a faster normalization of economic activities" said S K Ghosh, group chief economic advisor, State Bank of India." Interestingly, for India, with TREP and call rate currently at much higher than reverse repo rate, we believe the stage is set for a reverse repo normalization.

"Even though the fiscal deficit is likely to fall by 0.5% of GDP, it is likely to rise in rupee terms. Adding on a higher repayments bill for the year, borrowings are set to rise" said Pranjul Bhandari, chief India economist at HSBC " The tax buoyancy may not be as strong in FY23 for two reasons – excise duty collections are set to fall, led by the cut in oil taxes. And if the informal sector recovers somewhat, then the forced formalization-led tax revenue growth may cool off a bit".

Moreover the proposed monetary tightening by the US Fed also puts pressure towards a rate hike. India is much more comfortable in our external balances with the current account deficit at less than 2 percent of GDP compared to the 5 per cent during the taper tantrum of 2013. But weekly forex reserves growth has almost remained flat at $635 billion since September after it touched $639 billion.

Source: economictimes.indiatimes.com– Jan 28, 2022

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Central Board of Indirect Taxes and Customs celebrates International Customs Day, 2022

The Central Board of Indirect Taxes and Customs (CBIC) and all its field formations observed the International Customs Day, 2022 today. The theme for this year, as given by the World Customs Organisation (WCO) was "Scaling up Customs Digital Transformation by Embracing a Data Culture and Building a Data Ecosystem".

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman and Union Minister of State for Finance Shri Pankaj Chaudhary congratulated the CBIC today on the occasion of International Customs Day 2022, by way of their tweets. The Finance Minister appreciated the CBIC for ensuring the supply chain security, even during the COVID-19 Pandemic. Smt. Sitharaman also recognised the data culture and rapid digital transformation in Indian Customs, while urging the CBIC to work more on this front.

In line with the Finance Minister's earlier directions during visit to Nhava Sheva Customs, the field formations of CBIC conducted an outreach on this occasion, to spread awareness about the multitude of initiatives undertaken by Indian Customs in the recent past. Simultaneously, an effort was made to elicit feedback from various stakeholders, who are integral to the working of Customs.

Delhi, Hyderabad and Mumbai Customs organized virtual interactive sessions and panel discussions on the topic 'Scaling up Customs Digital Transformation by Embracing a Data Culture and Building a Data Ecosystem',which was followed by a feedback session to seek inputs from the private stakeholders. Online Quiz competitions were also organised by Mumbai and Bangalore Customs Zones, for creating awareness among stakeholders. Chennai Customs Zone inaugurated a modernized and revamped Turant Suvidha Kendra.

Kolkata Customs Zone organized a webinar and distributed the pamphlets of ATITHI App at Netaji Subhash Chandra Bose International Airport to promote the awareness regarding Customs laws and procedures at the airport, for passengers. Respective field formations also organised their local celebrations to commemorate this day.

A formal function to mark this event was also organised at the Ministry of Finance, North Block, New Delhi, in the afternoon, which was attended through the virtual mode. This was graced by the Chairman CBIC, Sh. Vivek Johri, Members of the Board, senior officers and all the field formations and Directorates under CBIC.

The Chairman CBIC congratulated all the officers of the department on this occasion. He also urged the officers to focus on better service delivery and work towards enhancing predictability and transparency in their day-to-day decision making. On the digital front, he exhorted the officers to have a fair understanding of the automated systems and be active users, so as to provide a meaningful feedback for strengthening the data culture in the organisation.

19 officers of the CBIC and 1 person from the private sector were awarded the WCO Certificate of Merit on this day, in recognition of their contribution towards their services, in relation to this year's theme, adopted by the World Customs Organisation.

Source: pib.gov.in– Jan 27, 2022

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India Budget 2022-23: Industry seeks removal of import duty on cotton

Ahead of the forthcoming Union Budget 2022-23 to be presented by finance minister Nirmala Sitharaman in the Parliament on February 1, the Indian textile industry is seeking removal of import duty on cotton, as it has become costlier than ICE cotton. Currently, cotton import attracts 5 per cent basic customs duty and 5 per cent agri infra development cess.

In its pre-budget consultation with the finance minister, the Confederation of Indian Textile Industry (CITI) has emphasised on the removal of 10 per cent import duty. If the government removes the duty, rising cotton prices are expected to come under control due to the psychological pressure.

India generally imports only extra-long staples, organic and sustainable cotton, but the removal of import duty will also lead to more import of medium and short staple cotton.

Industry has also suggested reduction of basic customs duty on backing textile fabric, a raw material used for making man-made textile carpets, from 25 per cent to 10 per cent.

Further, there is a suggestion that the 2.5 per cent duty payable on dissolving grade (DG) pulp should be removed. Industry bodies said that there is shortage of around 50 per cent of soft wood DG pulp. It is imported from Europe, North America and South Africa. It is used to make high quality viscose rayon. “Duty free import of viscose fibre is allowed under the ASEAN Free Trade Agreement but the duty payable on import of pulp is not justified for this,” they said.

CITI and other industry organisations have also raised the demand to increase rates of duty drawback. After the implementation of GST in November 2017, there was a huge cut in the rates of duty drawback for the entire textile value chain.

Therefore, taxes of central and state governments are not being reimbursed. Duty drawback was increased on January 28, 2020 on some items, but rates of many products are still lower than before November 2017.

Earlier the rate was between 3 to 5.1 per cent, which is lower than 1.6 per cent even after increase in January 2020. The industry said that duty drawback should be increased to encourage the textile and clothing industry to achieve a target of $350 billion by 2025.

Industry representatives have also demanded increase in the duty drawback on viscose stable fibre from 1.5 per cent to 1.9 per cent on the lines of man-made fibre.

CITI has also raised issues related to GST in its pre-budget suggestions. It said that duty credit scrips should be allowed for payment of IGCST, CGST and SGST.

Currently, it can utilise duty credit scrips only for payment of Basic Customs Duty and Customs Cess. Due to the existing limits, exporters are not able to fully utilise duty credit scrips. As a result, they have to use their liquidity for GST payments.

Source: fibre2fashion.com– Jan 27, 2022

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Budget 2022: Exporters seek PLI-like scheme for container manufacturing

To address the issue of container shortage in the country, exporters have sought an incentive scheme for container manufacturing on the lines of the Production Linked Incentive scheme to encourage domestic manufacturing by addressing some of the cost disadvantages.

Exporters' body FIEO, in its list of demands for Budget 2022, has also called for an extension of the Emergency Credit Linked Guarantee Scheme (ECLGS) that has helped businesses, particularly the MSMEs, deal with the COVID-19 crisis.

"Shortage of containers, abnormal increase in freight and space constraints on ships are impacting our exports. Therefore, the budget should draw a road map for addressing these issues," according to a statement issued by FIEO on Thursday. Indian exports seem set to reach the milestone of $ 400 billion as the order booking position of exporters across sectors was extremely encouraging, said the release.

Last fiscal, India's exports were around $291 billion largely owing to Covid-19 disruptions.

The exporters body also proposed developing an Indian shipping line to help meet India's growing export needs and save on shipping charges. "We may be remitting over $75 bn or more as freight charges this year. An Indian shipping line, which gets 25 per cent of this business can save $17-20 billion on a recurring basis annually," the release pointed out.

This figure will increase as India moves towards trillion-dollar merchandise exports, it pointed out, adding that some tax concessions may be needed so that such ships are encouraged to register in India.

Source: thehindubusinessline.com– Jan 27, 2022

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Cotton prices to rule firm as growers hold on to produce for better returns

Indian cotton prices are likely to rule firm near record highs over the next couple of months as growers prefer to hold on to their produce to fetch better returns than rush to the agricultural produce marketing committee (APMC) yards.

"Currently, daily cotton arrivals across the country are 1.5 lakh bales (170 kg each) compared with two lakh bales during this time of the year. It is a clear indication that growers are holding back to ensure that they get good prices," said Rajkot-based Anand Poppat, raw cotton, cotton yarn and cotton waste trader.

19% lower arrivals

According to the Gujarat Cotton Trade Association (Gujcot), the pressing of cotton bales by ginners in the western State was lower during November and December compared with the same period a year ago.

The association said arrivals have been below expectations this year, though they are able to meet demand. It, however, said spinning mills had ample stocks and have avoided any panic buying.

The US Department of Agriculture (USDA) Indian post said arrivals this season (October 2021-September 2022) were 19 per cent lower at 134.8 lakh bales, though they matched the past three-year average.

Jayanta Roy, Senior Vice-President and Group Head, Corporate Sector Ratings, ICRA, said spinning companies had bought stocks at a lower cost from the previous season and had benefitted in terms of profitability during the first half of the current fiscal.

Current prices

On Thursday, ginned cotton was quoted at ₹75,500-76,000 a candy (356 kg) in Gujarat for delivery within the State and ₹76,000-76,500 for delivery to mills in the south. Maharashtra ginners quoted ₹1,000 a candy higher than Gujarat rates.

"Prices are higher for the south because payment usually gets delayed," said Poppat. Gujcot said prices had dropped a tad last week after having increased to ₹76,000 with rates on MCX also pulling back simultaneously. On Thursday, cotton for delivery in February was quoted up at ₹36,760 a bale (₹78,925 a candy).

Domestic cotton prices have surged to record highs this season as global prices have skyrocketed to an 11-year high on firm demand and tight supplies. Cotton for delivery in March on the Intercontinental Exchange, New York, is currently quoted at 121.59 US cents a pound (₹74,250 per candy).

The USDA said cotton growers expect prices to rise 20-30 per cent from current levels.

Balance tight

Indian cotton is ruling at a premium as some of the multinational trading firms have hedged their risk in European futures. Fears of the domestic crop being affected by unseasonal rains have also resulted in prices ruling high.

The Committee on Cotton Production and Consumption (CCPC), a body of all stakeholders formed by the Government, estimated the crop at 363.18 lakh bales this season against 353.84 lakh bales last season. Poppat estimates the crop would be 330-348 lakh bales, while the Cotton Association of India, a body of traders, has pegged the output at 348.13 lakh bales in its latest revision. The USDA's Indian post estimates the crop at 354.75 lak bales.

"Besides, the demand-supply balance is tight. This is one reason why farmers are tending to hold back their produce," said Poppat. The CCPC has estimated the carryover stocks to next season at 56.28 lakh bales compared with 73.2 lakh bales to this season. Last week, prices dropped when arrivals increased. Immediately, growers slowed bringing cotton to the APMC yards, he said.

Export demand

With the Indian rupee dropping to over 75 to the dollar, export demand has picked up, he said. "Exporters are not rushing in to buy huge quantity. They are buying only in smaller lots," the Rajkot-based trade said.

Until last weekend, 25 lakh bales of cotton have been exported, according to traders. Though buyers abroad feel Indian cotton is costly, Bangladesh continues to buy for immediate requirement, said Gujcot.

The USDA Indian post has estimated exports at 76 lakh bales, though the Committee on Cotton Production and Consumption, a body of all stakeholders set up by the Government, has pegged the shipments at 45 lakh bales compared with 75.9 lakh bales last season.

Gujcot said spinning mills were covering only immediate cotton requirements as the yarn market is dull but ICRA said there was a recovery in domestic and export demand.

The ratings agency said in the first nine months of the current fiscal, cotton yarn prices were 36 per cent higher than the last fiscal on an average despite a 42 per cent rise in cotton prices during the review period.

Bangla top cotton buyer

ICRA's Roy said the inclusion of all cotton yarn exports under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme from January 2021 onwards (as notified in August 2021) also supported margins.

Nidhi Marwaha, Vice President and Sector Head, Corporate Sector Ratings, ICRA, said healthy growth in Bangladesh's apparel exports are driving export demand. "While China remained the largest export market for Indian cotton yarn till last fiscal despite a moderation in its share in recent years, Bangladesh has overtaken China this year, accounting for 40 per cent share in first half of the fiscal. ICRA Ratings expect this demand to sustain for the next 9-12 months at least," she said.

The USDA's Indian post also expects strong demand for cotton yarn and value-based cotton textiles to continue sustaining the Indian textile sector.
"Firm cotton prices in India are here to stay. We don't see prices dropping. Even if they drop, it will not be a sharp fall. A rise in consumption and a delicate demand-supply balance will support prices," Poppat said.

Source: thehindubusinessline.com– Jan 27, 2022

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Budget 2022 Expectations: 'Textile sector expects fund allocation for skill development, automation and replacement of old machinery'

The Union Budget 2022-23 is expected to be presented by the Union Minister of Finance Nirmala Sitharaman on February 1, 2022. In the previous budget, the main focus of the government was on health and rural infrastructure development. However, this year, it is expected that the government can make many important announcements to strengthen the economy and empower the common man.

The garment and textile industries have huge potential to contribute towards the vision of 'Atmanirbhar Bharat' and expect to look forward to a favourable consideration in the upcoming budget 2022.

Speaking on the expectations from Budget 2022 on the garment and textile sectors, Ranjana Rani, co-founder, Draax Fashions said: "The garment and textile sectors are labour-intensive, and both the sectors need to be looked different than other industries. There are certain issues, which have been specific to this sector, and addressing them in a timely manner will help the entrepreneurs unlock their true potential. The garment industry is facing inflationary pressure with increase in prices of raw materials, packing, and freight."

Simultaneously, other initiatives like providing soft loans for the initial couple of years for buying raw materials and the introduction of a bill discounting mechanism through government implementing agencies would go a long way to help the sector. In short, access to affordable funds at minimal collateral would be the key for the industry to flourish, she added.

At the same time, bringing drawback in exports to 18 per cent instead of 4 per cent will encourage exports from India and help the sector immensely, added Ruchi Jain, co-founder, Draax Fashions.

"The government also needs to encourage women entrepreneurs, particularly belonging to the MSME segment. Reducing income tax rate for at least 5 years would incentivise the creation of more manufacturing facilities and help generate employment," Jain further added.

A one-time subsidy on capital expenditure, especially the purchase of machinery, would reduce the setup cost. A large part of the industry is still using traditional tools and technology, which needs upgradation. “We expect a specific fund allocation for skill development, automation and replacement of old machinery to new efficient machines,” Rani mentioned.

“We need to encourage more domestic production of fabrics/yarn and reduce dependency on imports. Further, measures need to be taken to increase the export competitiveness of the sector, which is losing to countries like Bangladesh and Sri Lanka in recent years. An increase in RoDTEP rates is urgently needed,” Jain said.

Source: zeebiz.com– Jan 25, 2022

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India-Uzbek PTA talks gather momentum coinciding with Central Asia summit

The first round of joint working group meetings with Uzbekistan was held in the first week of January and the inter-governmental commission on trade is also scheduled this month.

"A trade pact with Uzbekistan is of strategic importance, especially after the political changes in Afghanistan," said an official, who did not wish to be identified.

India and Uzbekistan had signed a joint statement in September 2019 to carry out a joint feasibility study for entering into negotiations for a preferential trade agreement (PTA).

The proposed PTA will contribute to fast-tracking India's connectivity to the landlocked region and vice versa. Smoother connectivity will also enable India to boost PTA, said an expert on Central Asia. The PTA with Uzbekistan will also enable India to tap into the markets of Tajikistan and Kyrgyzstan.

The Indo-Uzbek PTA is also expected to contribute to the proposed free trade agreement (FTA) between India and the Eurasian Economic Union. Talks between India-Eurasian Economic Union have gained momentum and negotiations are expected to be held in the near future. The proposed India-Uzbek PTA and FTA between India and Eurasian Economic Union is politically significant, raising India's stakes in the region. Russia has thrown its weight behind India's moves to increase presence in Central Asia and Eurasia.

In April-November 2021, India's exports to Uzbekistan amounted to $176.22 million, led by pharmaceuticals, mechanical equipment, vehicle parts, services, optical instruments and equipment. India's imports from Uzbekistan, at $14.58 million during the period, consisted largely of fruit and vegetable products, services, fertilisers, juice products and extracts, and lubricants.

The official said India is keen to export goods worth $500 billion next year, which is why it is scouting for new markets through trade agreements.

Notable Indian investments in Uzbekistan by Indian companies include those in the field of pharmaceuticals, amusement parks, automobile components and hospitality industry. Indian firms like GMR have expressed interest in investment in airports, development of the air corridor and Navoi cargo complex in Uzbekistan. Mumbai's Kokilaben Dhirubhai Ambani Hospital has expressed interest in setting up a specialty hospital, according to a note of the external affairs ministry.

In October 2019, Amity University and Sharda University opened campuses in Tashkent and Andijan respectively. Indian institutions like iCreate are actively cooperating with Uzbek counterparts for promoting the startup ecosystem in Uzbekistan and training entrepreneurs in setting up incubators.

Dev IT has entered into bilateral cooperation in field research, technologies, startups and innovations with budding Uzbek partners. NTPC is also participating in various tenders, including solar PV power plants and consultancy assignments for gas projects in Uzbekistan.
Meanwhile, India and Uzbekistan are in talks for a bilateral investment treaty.

Source: economictimes.com– Jan 27, 2022

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Capital Goods: Govt notifies Phase II guidelines to enhance competitiveness

Union Ministry of Heavy Industries on Tuesday notified guidelines of Phase II of the scheme to enhance competitiveness in the Indian Capital Goods Sector to encourage technology development and infrastructure creation.

The scheme on 'Enhancement of competitiveness in the Indian Capital Goods Sector' was notified in November 2014 to encourage technology development and infrastructure creation.

The objective of Phase II is to expand and enlarge the impact created by the Phase I pilot scheme to provide greater impetus by creating a strong and globally competitive capital goods sector that contributes at least 25 per cent to the manufacturing sector, the notification says.

The components under the Scheme for Enhancement of Capital Goods Sector Phase II include identification of technologies through Technology Innovation Portals - Six Web-based open manufacturing technology innovation platforms developed by CPSEs namely BHEL, HMT, autonomous bodies namely CMTI and ARAI; centre under autonomous body- iCAT and educational and research institution namely IIT Madras under the CEFC component of phase I of the scheme.

The idea is to bring the country's technical resources and the industries on to one network to kick start and facilitate the identification of technology problems faced and systematically crowdsource solutions to facilitate start-ups and angel funding of Indian innovations. These platforms will identify technological solutions to the issues and challenges posed by the industry.

The components also include setting up four New Advanced Centres of Excellence and augmentation of Existing Centres of Excellence. The advanced CoEs shall fulfil the needs of the development of high risk futuristic technological products like high tech machine tool aggregates, controls, guides, motors, high precision components, hydraulics, high tech textiles machines, electronic parts and other strategic mother technologies, including those identified through technology and Innovation platforms that are indigenously required by the Capital Goods Sector, the notification said.

N. Ramesh Babu, V Balaraman Institute Chair and head of Department of Mechanical Engineering, told BusinessLine that IIT Madras has already set up the Advanced Manufacturing Technology Development Centre, one of the manufacturing open technology platforms under the scheme. This was finalised in the last one year and industry people can come into this and pose their problems with students and experts for a solution. Anybody can come forward to solve the problem, he said.

According to the Centre, the total Funds utilised under the Scheme on 'Enhancement of Competitiveness in Indian Capital Goods Sector' in the financial year 2020-21 is ₹54.22 crore.

Source: thehindubusinessline.com– Jan 27, 2022

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Protectionist stance or free trade: Why Budget 2022 should consider the impact of trade tariffs on Indian exporters

Over the past few years, import tariffs and India's attitude towards free trade have been a point of contention for many economists. Since 2014, India has on average seen a 5% rise in average tariff rates. Arvind Subramanian and Shoumitro Chatterjee have pointed out that India has raised import tariffs on over 3200 goods from most favored nations, which signals a protectionist stance to shield domestic industries.

However, on the same hand, the government has, rightfully, come up with bills and policies which promote the export of products from India (Foreign Trade Policy 2015-20 and the recent re-establishment of the US-India Trade Policy Forum) and encourage manufacturing and assembly lines (Production Linked Incentive Scheme or PLI) to be set up in the country itself.

One can argue that these policies override one another given India's retaliation from its trade partners. This could partly be because of increasing protectionism pre-covid and partly as a response to counter India's increased import tariffs on raw materials and intermediate goods. Although the government's move carried the right intent of encouraging foreign manufacturers to set up shop in India, it actually led to increased tariffs by India's largest trade partners i.e., the US and the UAE.

In order to study the effect of such tariffs on India's exports, let's evaluate four product groups which the government has been focusing on over the past few years namely, textiles and clothing, capital goods, food products, and agricultural raw materials, and chemicals, fuels, and metals. For these product groups, we tried to check the sensitivity of India's export growth to two variables: a) import tariffs imposed by India and b) retaliatory tariffs imposed by our trade partners from 2011-19. For this analysis, we have used data from the WITS portal.

The reason for taking the time period between 2011-19 and not the years prior to that is because of the size of the trade. From 2000-2010, India did not hold a big market share in the export of any product and the proportion of expenditure on Indian imports by its trade partners was negligible compared to their total import bill. Therefore, the elasticity of demand for Indian products was not affected by tariff impositions. Also, during 2000-2010, India was still in the phase of expanding its trade base by reducing all tariffs and making the economy more open, and therefore, there were no retaliatory tariff hikes by trade partners which is what this article intends to study.

Textiles and Clothing

A major proportion of India's export growth in this sector comes from MSMEs. They have greatly benefited from the change in definition and the PLI scheme.

However, MSMEs in this industry face difficulties caused by tariff as well as non-tariff barriers. Covid-19 induced lockdowns reduced the capacity utilization ratio significantly for some MSMEs compared to larger companies due to their substantial dependence on export demand at times and the need for a continuous influx of skilled workers to grow.

We found textiles and clothing exports over the 2011-19 period have been elastic to changes in tariffs imposed on such products by India's trade partners. Every 1% increase in tariff rates reduces the sector's export growth by 1.1%.

It is important to note that retaliation on tariffs does not come on similar products but comes on products where the demand is more elastic. Countries tend to increase tariffs on those products for which they want to reduce external dependence. For India, materials for manufacturing like electronic items, metals, etc. make up the list where tariff hikes are prevalent. However, this is not the case for India's trade partners, i.e. they have different trade policies and raise tariffs on product categories where they face a trade deficit. For example, the US has a trade deficit of $ 8 billion with India for textiles, and therefore raised tariffs on Indian textiles when India raised tariffs on goods imported from the US.

Capital Goods

The capital goods industry is one where every Indian government has tried to push for an increase in exports but has not quite achieved that feat. The trade demand for capital goods is linked more to capital expenditures globally rather than tariff barriers. Analysis shows that for every 1% increase in Global Gross Capital Formation (GCF), there is a 2.7% growth in Indian exports. Even though this number looks good, it is not, relative to the higher base of growth for GCF. A 1% increase in GCF equates to an increase of approximately US$ 230 billion globally and a 2.7% increase in Indian exports equates to roughly US$ 1.5 billion which is less than 0.01% of a potential increase in global trade.

This problem can be attributed to the history of inverted duty structure on these goods, the high cost of inputs, and technological obsolescence.

Indian exports are mostly focussed on heavy earth moving equipment and heavy electricals which is surprisingly also the largest import category within capital goods. Important foreign markets, with high Capex potential, don’t encourage the import of Indian capital goods because Indian standard-setting bodies at times lack recognition. India’s major export partners like the US, UAE, Germany, etc. are countries with which India doesn’t have free trade agreements (FTAs), once again making capital goods from the country expensive. India has therefore not been able to fully utilize its FTAs given such non-tariff barriers and low competitiveness.

Inverted duty structure and high costs mean that businesses find it cheaper to import capital goods into India rather than buy them domestically. Specifically, an inverted duty structure means that the tariffs on imports of finished goods are lower than that on raw material needed to make these capital goods. Mainly, high tariffs are on imports of steel and electronic equipment, which are essential raw materials used for such goods, and currently, China is our main supplier for these.

The domestic cost of production for capital goods, however, has risen in tandem with these tariffs. Indian manufacturers prefer importing Chinese steel and electronic equipment due to better metallurgical advances and better technology, and they are relatively cheaper even after paying import tariffs. China is able to produce at lower rates than India because of its larger capacities and supply reserves. In 2019, China produced 996 million metric tonnes of steel which is over 53% of the world’s total supply. This makes China the price setter in the industry.

While the government needs to address the issues that place domestic producers at a disadvantage, the capital goods sector also needs to invest and upgrade domestic technological and production capabilities to emerge as a globally competitive producer and exporter. The government should facilitate these efforts to improve technological depth through adequate investments and incentives.

Food Products and Agricultural Raw Materials

Food products and agricultural raw materials is a product group that is rather inelastic to tariff changes by India's trade partners and nontariff barriers as was proven by the covid-19 pandemic. However, there have been other trends that need to be acknowledged in this space.

The agricultural import bill for cereals like wheat and maize has seen a 9,675% increase, especially from 2013 to 2016, making it difficult for local farmers to explore the market. The government also abolished the import tariff on wheat, maize, rice, and other food crops in order to bring down food inflation and also reduced the harvest stored in government food storage facilities. These policies, especially at a time when the country's farmers were facing the uncertainty around demonetization, left them with little working capital available for production. This coupled with problems like low productivity per hectare, a large domestic market to cater to led to a fall in India's agricultural raw material exports.

Although, the government has managed to replace some of the export loss of agricultural raw materials through processed food products thus giving an industrial outlook to India's agricultural sector. This is a great opportunity to move away from exporting primary products and promoting value addition within the sector.

Analysis shows that despite an increase in tariffs by India's trade partners on processed food products and agricultural raw materials originating from India, exports have not been too sensitive to these hikes and sustained around $ 6 to $ 7 billion from 2011 to 2019. The use of digital facilities, technology, and an increased focus on value addition has done well for the Indian food processing industry. However, there still remains a cap over the potential growth rate of food products as long as things are not improved on the ground level.

Chemicals, Fuels, and Metals

The chemical industry has historically given high returns to shareholders over the long term. Indian chemical companies have given a CAGR of 15% in total returns to shareholders from December 2006-2019, according to research by Mckinsey and Co. It has been a consistent value creator with upcoming opportunities and a strong long-term growth story. Stricter regulations for Chinese chemical companies, trade conflicts, increasing technology, and consolidation in the sector globally provide an opportunity for Indian companies operating in the industry to scale up their operations and increase global market share from the present 4%.

However, chemical trade is dependent on the economic cycle in various countries since it serves as an important raw material/intermediary good for the production of final goods.

India has been a net importer in the industry with a trade deficit of approximately $ 15 billion. For the industry to grow and corner more market share, reforms are needed at the ground level since the trade volume is inelastic to change in tariff differentials. Indian companies need to scale up and use technology and analytics to improve margins. Building self-sufficiency in areas like petrochemicals and ramping up export in specialty chemicals (adhesives, agrochemicals, construction chemicals) is a good way forward.

Conclusion

Out of the product categories analyzed, we see that most of the industries face problems at the ground level which need to be addressed in order to remove the cap from their growth potential in terms of domestic and international trade. We also saw that inverted tariff structures cause problems in India's trade which is something that needs to be addressed for many industries.

Import tariffs do harm export growth and put a cap on their potential which would not exist in the case of free trade between countries. However, there are also problems around the availability of credit, current logistical infrastructure, product quality control, and regulations among others that need to be addressed for India to boost its export growth further.

Source: economictimes.com– Jan 28, 2022

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'We want to create 46 lakh jobs by 2030'

What has been the government's achievements on the industrial front?

Our primary aim is to bring in investments worth ₹23 lakh crore and create jobs for 46 lakh people by the end of 2030. To achieve this, we held three investment conclaves and signed 109 MoUs entailing a cumulative investment of ₹56,229.54 crore and envisaging jobs for over 1.74 lakh persons. New industrial zones and industrial land banks are being developed to establish sector-specific clusters for electronics, food and furniture.

We are also delivering uninterrupted power supply to most industrial establishments. Initiatives have been taken to promote clean energy through renewable energy sources. A FinTech cell, an export cell and a work-lab cell (to strengthen the collaboration between the academia and the industry) have been formed. We are also promoting southern districts through special incentives.

So how do you intend to promote southern districts?

Steps are being taken to open new industrial parks in Virudhunagar, Ramanathapuram, Thoothukudi, Sivaganga, Theni, Kanniyakumari, Pudukottai, Dindigul and Tirunelveli. Work is in progress in six of these districts. For setting up industrial complexes and development centres, SIPCOT will allocate land with 50% subsidy and 100% exemption from stamp duty.

Around 522.60 acres at Sipcot industrial estates/industrial development centres at Nilakkottai, Pudukottai, Manamadurai, Thoothukudi and Gangaikondan have been allotted at 50% subsidy. More than 624.68 acres of industrial land has been provided at 50% subsidy to 169 factories in the SIPCOT industrial parks in southern districts. These benefits will be extended to new SIPCOT parks in the nine districts.

SIPCOT will come out with food parks in Theni and Thoothukudi. A detailed project report is being prepared. There are plans to set up a 1,500-acre industrial park in Virudhunagar (Kumaralingapuram, E. Muthulingapuram and Tulukkapatti villages) and a project report is being prepared. Besides, the Chennai-Kanniyakumari expressway will be implemented with financial assistance from Asian Development Bank.

What is the status of the Chennai-Kanniyakumari industrial corridor project?

To start with, two terminals — Madurai-Dindigul-Virudhunagar and Thoothukudi-Tirunelveli — will be given priority. The master plan for phase-I has been completed.

What is the update on the FinTech City?

Tamil Nadu Industrial Development Corporation is identifying and appointing a project management consultant. The FinTech cell is working with FinTech firms, payment service providers and industry thinktanks to increase user adoption and encourage digital payments. The cell is also working with industry stakeholders for curating courses to develop talent pool in the FinTech space.

Everyone seems to be wooing Elon Musk on Twitter to invest in their States, but has anyone from Tamil Nadu reached out to Tesla?

Tweets don't translate into investments. The tweet is just a small trigger. We need to have a lot of talks. Yes, we have shared details of incentives and the electric vehicle ecosystem in Tamil Nadu with them. We have informed them of the speedy approvals for land parcels. The challenges, including waiving of import duty, are within the realm of the Union government.

Ford will wind up operations at its Chennai plant as part of its revamping strategy. How does the State intend to handle this?

The government is closely monitoring the situation. We are ready to extend all assistance to Ford to revive production. We have reached out to other car manufacturers and in case any one of them comes forward, we will provide all assistance.

The Foxconn issue has opened up the Pandora's box in terms of living standards of workers in the industrial belt, where many women are employed. How do you ensure living standards are good for industrial workers?

As soon as the issue broke out in Foxconn, the government intervened and held meetings. The management has plans to arrange hostel facility for 5,400 women employees. Around 1,600 have resumed work. Earlier this week, the Foxconn top management met Chief Minister M.K.Stalin and detailed the measures being taken for the welfare of employees. We asked them to bring in new investments. In the long run, SIPCOT is in advanced stages of taking up industrial housing which will benefit industrial workers.

A recent study shows Tamil Nadu has emerged as the most attractive investment destination in the first 9 months of FY 2022. What led to this?

It is due to the multiple policy initiatives taken by the State. A life sciences promotion policy, a research and development policy, a footwear policy and an updated EV policy are on the cards. The single window portal 2.0 has helped industries. Another 100 services are being planned to be offered through the single window portal by this year. The State has repealed, subsumed or amended archaic Acts and rules to reduce the burden of compliance. Reforms to reduce and simplify over 300 such mandates were introduced and 165 obsolete/redundant Acts were repealed.

How supportive is the Centre when it comes to industrial development in Tamil Nadu?

We have not had issues on industrial projects. We had discussions on the defence corridor and have identified some projects. We also had discussions with Commerce Minister Piyush Goyal on the textile park.

Will you take forward the MoUs signed in the two Global Investors' Meet held during the AIADMK regime?

We will not drop anything. There is no discrimination. We want industrial growth.

An interview is incomplete without asking the Industries Minister about the status of the second airport.

Four sites near Chennai have been identified. The government and TIDCO have requested the Airports Authority of India (AAI) to depute a team to evaluate them. AAI will send a team shortly. Once the site is finalised, TIDCO will appoint consultants for preparing a techno-economic feasibility report and selection of a developer.

Source: thehindu.com– Jan 28, 2022

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GST portal allows interest calculation

The GST Network has made interest calculation functionality operational on the GST portal, a move which will improve ease in filing return for small businesses.

The businesses and taxpayers can now calculate interest on delayed payment while filing their monthly tax payment form GSTR-3B. In a notification, the GST Network said the system will compute interest on the basis of the tax liability values declared by the taxpayers, along with the details about the period.

Source: economictimes.com– Jan 28, 2022

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