TEXPROCIL NEWS CLIPPINGS

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INTERNATIONAL NEWS

US' Baldwin partners with Blutec to serve Mexican textile industry

Baldwin Technology Company Inc has forged a new partnership with Blutec S.A. de C.V., which now represents Baldwin's full range of innovative spray systems and corona/plasma treaters for wovens, knits and nonwovens in Mexico. Blutec is a leading agency in the textile sector, representing many of the most reputable textile machinery manufacturers worldwide. Present in the Mexican market for more than 25 years, Blutec is committed to collaborating with companies on the forefront of textile manufacturing technology, including Brückner, Mahlo, EFI Reggiani, Ferraro and now, Baldwin.

Baldwin's precision spray systems for finishing and remoistening use non-contact spray technology to provide optimal controlled coverage of the exact amount of liquids needed to achieve the specific characteristics of the fabric, saving customers time, money and valuable resources. Because only the required amounts of water and chemicals are applied, water consumption can be reduced by up to 50 per cent, contributing to considerably improved productivity in the finishing process, Baldwin said in a media release.

In addition, these solutions can process a wide range of low-viscosity water-based chemicals—such as softeners, antimicrobial agents, durable water repellents, flame retardants and more for woven fabrics, knitted textiles and nonwovens.

"We are pleased to partner with Blutec in Mexico," said Rick Stanford, Baldwin's vicepPresident of Global Business Development for textiles. "We find that this organisation has an excellent reputation in the Mexican textile industry, with a portfolio of machinery principals that provides excellent synergy for Baldwin and our product lines. We're extremely excited to be onboard." Daniele Uslenghi, Blutec's general manager, said: "The textile industry in Mexico is looking for solutions to help reduce manufacturing costs. Baldwin's precision spray technology provides savings in energy, water and chemistry."

Source: fibre2fashion.com– Feb 16, 2022

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US, China major trading partners of Germany in 2021

The United States ranked first in 2021 among the countries to which Germany exported, followed by China and France, according to the Federal Statistical Office (Destatis). Germany exported goods worth €1,375.5 billion and imported goods worth €1,202.2 billion last year. Exports were up by 14 per cent and imports by 17.1 per cent over 2020 figures.

Exports last year were 3.6 per cent and imports 8.9 per cent above the level of the pre-COVID year 2019.

The foreign trade balance showed a surplus of €173.3 billion in 2021. This means that the German export surplus declined for the fifth year in a row, Destatis said in a press note. In 2020, the surplus amounted to €180.4 billion.

Exports to the United States increased by 18 per cent to €122.1 billion compared with the 2020 figure. Exports to China totalled €103.6 billion (plus 8.1 per cent on the previous year), followed by France with €102.3 billion (plus 12.6 per cent).

Most imports to Germany came from China in 2021. Goods to the value of €141.7 billion were imported from there (plus 20.8 per cent on a year earlier). The Netherlands ranked second among the countries for imports to Germany, accounting for goods worth €105.6 billion (plus 21.4 per cent). The United States came third with a value of €72.1 billion (plus 6.5 per cent).

Germany exported goods worth €117 billion and imported goods worth €110.0 billion in December last year. Compared with December 2020, exports increased by 15.6 per cent and imports by 27.8 per cent in that month.

In December 2021, German exports were up by 0.9 per cent and imports by 4.7 per cent over November figures that year after calendar and seasonal adjustment. Most exports were to the United States in the month; they increased by 16.7 per cent to €10.7 billion over the December 2020 figure.

Most imports to Germany came from China in December 2021. The value of the goods imported from there was €14.6 billion (plus 42.3 per cent on the same month a year earlier). Imports from the United States rose by 13.6 per cent to €6.4 billion in December 2021.

The foreign trade balance showed a surplus of €7 billion in December 2021. In December 2020, the surplus amounted to €15.1 billion. The calendar and seasonally adjusted surplus in December 2021 was €6.8 billion.

In December 2021, Germany exported goods to the value of €63.3 billion to the member states of the European Union (EU), while it imported goods to the value of €56.3 billion from those countries.

Exports of goods to countries outside the EU amounted to €53.7 billion in December 2021, while imports from those countries totalled €53.6 billion. Compared with December 2020, exports to third countries increased by 8 per cent and imports from those countries by 32.5 per cent.

Source: fibre2fashion.com– Feb 16, 2022

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Pakistan to review textile sector energy rates annually

Pakistan will review the special energy rates granted to the textile industry by the government each year, taking into account prices offered by its competitors in the region, the country's top commerce official said on Wednesday.

The move is part of the South Asian nation's latest textile policy, approved by the government on Tuesday, which seeks to consolidate recent growth in a sector that accounts for 60% of Pakistan's exports.

"One of the main objectives is...to give our textile industry internationally competitive electricity and gas rates," Abdul Razzaq Dawood, special advisor to Pakistan's Prime Minister on Commerce, said at a news conference.

Energy rates for textile exports have been fixed in recent years, despite global shortages and rising prices.

"Every year, we will determine (prices) at the time of the budget," Dawood said.

The country's textile export target for this financial year is $21 billion, compared to $15.5 billion the previous year, when total exports amounted to $25.3 billion.

The textile policy should have been finalised months ago, but was delayed by differences between various ministries over the sweeping financial incentives and support traditionally given to the sector as Pakistan embarks on a fiscal tightening push.

Last month, the government removed tax exemptions given to a number of sectors in a bid to meet performance criteria set out in a International Monetary Fund (IMF) support programme to curtail its budgetary deficit. read more

The IMF has also asked Pakistan to review electricity tariffs to remove growing circular debt in its energy sector.

Dawood said the new textile policy would maintain incentives such as reduced duty on raw material imports, refinancing schemes and duty drawbacks, in a bid to maintain growth momentum.

Pakistan competes with the likes of India, Bangladesh and Vietnam in the textile export sector and will be looking at the energy rates offered in these and other countries when determining support for its own industry.

Source: reuters.com– Feb 16, 2022

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UK inflation rises at fastest rate in almost 30 years

Inflation in the United Kingdom has risen at the fastest rate in almost 30 years as increased costs for energy, housing and transportation squeezed household budgets.

The consumer price index ticked up to 5.5per cent in the 12 months through January and was up from 5.4per cent the previous month, the Office for National Statistics said Wednesday. The latest figure is the highest since March 1992, when inflation reached 7.2per cent.

By comparison, U.S. consumer prices jumped 7.5per cent last month — the highest rate in 40 years — while they increased to a record 5.1per cent in the 19 countries that use the euro.

U.K. consumers are reeling from a surge in utility bills fueled by increased demand for energy worldwide as the global economy recovers from the COVID-19 pandemic. Household natural gas prices jumped 28.3per cent over the past year and electricity prices rose 19.2per cent. By comparison, U.S. gas prices increased 23.9per cent and electricity prices rose 10.7per cent.

The pain is only going to get worse for British consumers. The nation's energy regulator has announced a 54per cent increase in gas and electricity prices that will hit 15 million households in April, the same month that income taxes are set to rise by 1.5per cent.

"We understand the pressures people are facing with the cost of living," Treasury chief Rishi Sunak said in a statement. "These are global challenges, but we have listened to people's concerns and recently stepped in to provide millions of households with up to 350 pounds to help with rising energy bills." The Bank of England said earlier this month that it expects inflation to peak at 7.25per cent in April. On Feb. 3, the bank increased its key interest rate to 0.5per cent in an effort to curb inflation.

Capital Economics, which provides economic research to investment banks and money managers, expects the central bank to increase its key rate to 1.25per cent this year and 2per cent in 2023.

The new inflation data "will add more pressure on the Bank of England to raise interest rates rapidly," said Paul Dales, chief U.K. economist for the firm.

Source: financialexpress.com– Feb 16, 2022

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Textiles caused 3rd highest pressures on water, land use in 2020: EEA

Compared with other consumption categories in 2020, textiles caused the third highest pressures on water and land use, and the fifth highest use of raw materials and greenhouse gas (GHG) emissions, according to a European Economic Area (EEA) briefing that provides updated estimates of textiles' life-cycle impacts on the environment and climate.

The briefing, titled 'Textiles and the environment: The role of design in Europe's circular economy', says per average person in the EU, textile consumption required 9 cubic metres of water, 400 square metres of land, 391 kg of raw materials, and caused a carbon footprint of about 270 kg. The vast majority of the resource use and emissions took place outside of Europe.

The briefing also looks at how circular business models and design can reduce the negative impacts from textile production and consumption by retaining the value of textiles, extending their life cycles and increasing the usage of recycled materials. This requires technical, social and business innovation, supported by policy, education and changes in consumer behaviour.

A key aspect to increase textile products' circularity is their design. Circular design, such as careful material selection, timeless look or garment multi-functionality, can allow for longer use and reuse of products, extending the life cycle of textiles, the briefing says.

According to the EEA briefing, optimising resource use and reducing emissions at production stage would also mitigate negative impacts as would better collection, reuse and recycling of discarded textiles.

Textiles are a major source of microplastic pollution as well, mainly through wastewater from washing cycles, but also through manufacturing, wearing, and end-of-life disposal of garments. Another EEA briefing 'Microplastics from textiles: towards a circular economy for textiles in Europe' looks at this specific type of pollution, highlighting three key prevention measures: sustainable design and production, controlling emissions during use and improved end-of-life processing.

According to that EEA briefing, pollution could be reduced, for example, by using alternative production processes and pre-washing of garments at manufacturing sites with proper filtering of wastewater. Other promising measures that could be introduced or scaled up include integrating filters into household washing machines, developing milder detergents, and generally taking better care of garments.

Source: fibre2fashion.com– Feb 16, 2022

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New Zealand-China FTA upgrade to enter into force in April

The New Zealand-China Free Trade Agreement (FTA) upgrade, signed in January 2021, will enter into force on April 7 this year, according to New Zealand's minister for trade and export growth Damien O'Connor. Both the countries have ratified the upgrade protocol. New Zealand's primary industry exports are forecast to hit $50 billion this year, he said.

"We will soon be concluding our FTA negotiations with the UK, which will remove tariffs on our exports and create new market opportunities for New Zealand businesses. Our free trade negotiations are progressing with the EU for access to a market of 450 million people," O'Connor said on the government's official website.

"Goods and services exports between China and New Zealand reached $20.1 billion in the year ending June 2021. New Zealand businesses will benefit from up-to-date rules underpinning our trade. This upgrade modernises the original 2008 New Zealand-China FTA to ensure it remains fit for purpose," he said.

"The Upgrade also includes new market access commitments in goods and services, and additional trade facilitation measures. In terms of goods, the Upgrade will deliver further market access improvements, resulting in tariff-free access for 99 per cent of New Zealand's $4 billion wood and paper trade to China, once fully implemented. Our existing FTA will also be augmented by new chapters in e-commerce, competition policy, government procurement and the environment," he said.

"Separately, from 1 January 2022, most New Zealand dairy products to China are entitled to duty-free access for the first time as a result of ongoing implementation of the existing FTA. This will directly benefit many of New Zealand's rural exporters to China, and is expected to result in additional savings of $180 million per annum at current export volumes," O'Connor added.

Source: fibre2fashion.com– Feb 16, 2022

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Bangladesh's uniform exports fetch half a billion dollars

Bangladesh has turned into a major sourcing hub for uniforms for the military, navy, air force, fire brigade and police for countries around the world as local garment manufacturers have enhanced their capacity and diversified products.

The country has also been a good source to supply dresses to the army of the North American Treaty Organisation (Nato), an intergovernmental military alliance, for many years.

However, manufacturers mainly supply the uniforms indirectly: international retailers and brands place work orders with Bangladeshi factories and they supply the products to the forces.

For instance, Team Group, a garment exporter, supplies uniforms to the Belgian army and Kosovo police through a buyer.

"Currently, I am making uniforms for the army of Belgium and the police of Kosovo. The quantity is small but I have the capacity to produce a lot," said Abdullah Hil Rakib, managing director of the company.

Last year, Team Group exported garment items, mainly outerwear, worth $36 million. Uniforms account for nearly 2 per cent of the shipment to the countries, mainly in Europe.

Uniforms of forces, personal protective equipment, technical clothes, medical bed sheets and medical clothes have a huge market worldwide, according to Rakib.

"Bangladesh needs to improve the capacity to grab the globally value-added garment markets."

The global market size of technical clothing items is more than $370 billion. Of over $31 billion garment exports from Bangladesh, defence dresses fetch between $400 million and $500 million annually, according to industry insiders.

The growing production of uniforms indicates that Bangladesh is gearing up to capture more market shares in the high-end value-added garment segment. And like Rakib, many garment factories are producing uniforms for the forces in many countries.

Although Snowtex, an outerwear exporter, does not produce uniforms for defence forces, it makes and ships similar dresses for customers. It also produces work apparel and outerwear for farmers, engineers, firefighters and other professionals.

Snowtex's Managing Director SM Khaled says the market of outerwear is growing at a faster rate because of higher demand.

The company is set to export $300 million worth of garment items in 2022, which will include $50 million worth of outerwear.

Urmi Group, another garment supplier, used to manufacture uniforms for the Belgium army a few years ago, albeit in a small quantity.

"We have the potential to grab the market as we are diversifying products," said Asif Ashraf, managing director of the group, adding that buyers either supply fabrics or nominate suppliers to make the uniforms for forces.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), thinks Bangladesh's next growth potential lies in the high-end value-added garment items.

"Accordingly, the industry is switching to technical and high-end value-added garment items. A good number of garment factories are already supplying uniforms to fire departments in many countries."

The BGMEA is carrying out a study in collaboration with an Indian firm to find out the markets of uniforms so that local manufacturers can raise their share in the segment. The outcomes of the study might be known within the next two to three months.

Local garment producers have targeted two kinds of uniforms: professional and school uniforms.

Currently, many factories are exporting school uniforms to European nations.

However, making professional uniforms is complicated and expensive as it needs a lot of coarse yarn. As Bangladesh does not produce cotton, Pakistan is performing strongly in the segment since the country is a major producer of the key textile raw material, Hassan said.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, says currently, some mills are producing military and tent fabrics and supplying them to other countries.

“Many mills are capable of producing uniform fabrics as they have upgraded technologies.”

Manufacturing fabrics for professional uniforms requires strong printing technologies in which Bangladesh is already a good performer, the entrepreneur added.

“Bangladesh is investing to produce man-made fibre. So, local weavers can supply the required fabrics to garment makers for the production of more uniform fabrics.”

Source: asianews.network – Feb 16, 2022

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Canada Goose registers 26.2% rise in Q3 sales

In its third quarter ended January 02, 2022, globally renowned outerwear brand Canada Goose, registered a 26.2 per cent rise in sales. As per an Apparel Resources report, known for its parkas and jackets, the brand's non-parka revenues surged by 74.9 per cent. Its global online revenues grew 28.1 per cent while direct-to-consumer (DTC) revenues grew to Can$ 445.4 million from Can$299.4 million. Most of this increase was driven by higher sales from existing retail stores, complemented by online growth and retail expansion.

The brand's DTC revenue in Mainland China surged 35.1 per cent while its wholesale revenues declined to Can$ 136.7 million this quarter. Gross profit grew 66.8 per cent to Can$ 413.8 million from Can$ 316.4 million in Q3' 21. Canada Goose has lowered total revenue guidance in the current quarter from Can$ 1.090 billion to Can$ 1.105 billion, compared to previous guidance in the range of Can$ 1.125 billion to Can$ 1.175 billion. The decision was driven by the brand's lower than expected revenue and retail traffic in APAC and EMEA in the current quarter.

Founded in 1957, Canada Goose sells a variety of jackets, parkas, vests, hats, gloves, shells and other garments through various sale channels,

Source: fashionatingworld.com – Feb 15, 2022

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NATIONAL NEWS

India economy to grow at quickest pace among large nations, says FinMin report

The Indian economy is poised to grow at the quickest pace among the league of large nations on the back of various initiatives taken by the government in Budget 2022-23, said the Finance Ministry's Monthly Economic Review. "The current year may as well end with an economic reset manifest of a post-COVID-19 world...Manufacturing and Construction will be the 'growth drivers', triggered by the PLI schemes and public capex in infrastructure," the review report said.

Agriculture, which continues to see a constant increase in net sown area and crop diversification, will strengthen food buffers while benefiting farmers through generous volumes of procurement at remunerative minimum support prices and income transfers through PM KISAN scheme, it added.

Observing that the IMF in its January 2022 update has lowered its global growth estimate for 2022, it said India is yet the only large and major country listed by the IMF whose growth projection has been revised upwards in 2022-23. "In a testimony to the resilience of its people and the farsightedness of its policymaking, the Indian economy that contracted by (-)6.6 per cent in 2020-21 is now projected in 2022-23 to grow the quickest among the league of large nations," it said.

The report said the Budget 2022-23 has strengthened the direction set for India's economy by the previous year's budget.
The capex budget, higher by 35.4 per cent over current year's budget estimates and rising to 4.1 per cent of GDP after inclusion of grants-in-aid to states for capital works, will power the seven engines of Gatishakti to reduce the infrastructure gap and facilitate private investment in the country, it said.

On the impact of third wave of COVID-19, it said, overall economic activity remained resilient and this is reflected in robust performance of several high frequency indicators like power consumption, PMI manufacturing, exports and e-way bill generation.

"Once the uncertainty and anxiety caused by the Covid-19 virus recedes from people's minds, consumption will pick up and the demand revival will then facilitate the private sector stepping in with investments to augment production to meet the rising demand. Barring external shocks "geo-political and economic" this scenario should play out for the Indian economy in 2022-23," it said.

The Budget has targeted a nominal GDP growth of 11.1 per cent in 2022-23 with a GDP deflator of 3.0-3.5 per cent. The implied real growth component of just about 8 per cent is close to the forecast in Economic Survey, 2021-22 as well as 7.8 per cent projected by the Monetary Policy Committee (MPC) of the RBI in its meeting of February 2022.

The unchanged repo and reverse repo rate along with the MPCs accommodative stance prioritise growth during these uncertain times and reinforce the investment orientation of the budget.

Source: financialexpress.com – Feb 16, 2022

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Govt releases draft MSME policy; proposes 8 'action areas' to overhaul the sector

Ease of Doing Business for MSMEs: The MSME Ministry has released the draft National Policy for Micro, Small and Medium Enterprises (MSMEs) in India, proposing multiple measures to promote competitiveness, technology upgradation, cluster and infrastructure development, procurement of MSME products and dedicated credit support. India doesn't have an MSME policy till date, however, efforts have been underway since around 2015 when the One Member Committee under the chairmanship of former Cabinet Secretary Dr Prabhat Kumar was constituted by the Ministry of MSME to help in formulating the policy. The committee had submitted its recommendations in January 2017.

A draft consultation paper for the MSME policy was released before 2017 as well. With the new draft floated last week by the Office of the Development Commissioner (DC-MSME) seeking feedback and suggestions by February 28, 2021, the government has highlighted eight "specific action areas" to "build a vibrant ecosystem for the rapid growth of the MSME sector." These areas included:

Intergovernmental Role and Responsibility across national and state governments and district level authorities. Among the measures suggested for the central government, the draft sought developing Standard Operating Procedures (SOP) for registration of MSMEs and to review the framework for regulating and funding arrangements covering the Reserve Bank of India, SIDBI, other public and private lenders in line with incentives to promote competitive enterprises. For state governments, the draft opined developing State Policy on MSME in line with the national policy and measures for encouraging enterprises to register as MSMEs.

Legislation/Regulatory Framework for MSMEs in India: To accelerate the resolution of cases filed against delayed payments, the draft policy suggested the creation of more facilitation councils, preferably one at every district instead of only one council existing at state levels currently. Moreover, Under the Insolvency and Bankruptcy Code, 2016, MSME dues should be given priority over all other unsecured payments after settling dues of employees when a company goes into liquidation or approaches National Company Law Tribunal (NCLT).

The draft also suggested reimagining MSMED Act as a comprehensive and holistic "MSME Code" to bring clarity regarding the regulatory norms pertaining to the entry, continuance, or exit of MSMEs, documentation and declaration procedures under several regulatory statutes.

"District level FCs would be certainly helpful because otherwise, people have to travel to state councils to make their representations. Emphasis should also be on making councils effective in giving quick implementable decisions. Not many state FCs are active in taking decisions in reasonable time although there has been improvement in the last two years. Decision taken by FCs must be within a given timeframe and implementable without MSMEs having to further pursue their cases through the courts to get their payments," Ashok Saigal, MD, Frontier Technologies and Co-Chairman, CII National MSME Council told Financial Express Online.

Comments from the office of DC-MSME were not immediately available for this story.

Access to Finance/ Financial assistance for MSMEs: To improve MSMEs' access to finance, the draft suggested uniformity in various loan application formats; developing customised products for the financing needs based on expected cash flows; using substitute information like a bank statement, GST data, standardized scorecards to evaluate the creditworthiness of MSMEs; switching from the balance sheet or turnover based working capital financing to cash flow based, or supply chain/ cluster-based financing; and disposing loan applications with in-principal approvals within 7-10 days.

Source: financialexpress.com – Feb 16, 2022

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India-UAE deal on Friday to double bilateral trade to $100 billion

India and the United Arab Emirates (UAE) will on Friday sign a Comprehensive Economic Partnership Agreement (CEPA), with an aim to more than double the bilateral trade in goods to $100 billion within five years.

The first round negotiation was launched five months ago.

Under the trade deal, both countries are expected to give duty-free access to a large number of items across various sectors from April 1, officials said. "Duty for some (other) items will be reduced in a phased manner," an official said, on condition of anonymity.

India-UAE CEPA will be the first of the bunch of trade agreements that India aims to ink with other developed nations over the next few months.

WHAT'S THE PACT

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- Duty for some (other) items will be reduced in a phased manner, an official said
- India-UAE CEPA will be the first of the bunch of trade agreements that India aims to ink with other developed nations over the next few months

UAE is India's third-largest trading partner and the second-largest export destination after the US. Thani bin Ahmed Al Zeyoudi, UAE's minister of state for foreign trade will be in New Delhi during the signing of the trade pact.

Separately, Prime Minister Narendra Modi and the Crown Prince of Abu Dhabi and Deputy Supreme Commander of UAE Armed Forces HH Sheikh Mohamed bin Zayed al Nahyan will hold a virtual summit on Friday.
"Both leaders are expected to lay out their vision of the historic and friendly relations between the two countries, at a time when India is celebrating 75 years of its Independence as Azadi Ka Amrit Mahotsav and UAE is

celebrating the 50th anniversary of its foundation. The two leaders will also discuss bilateral cooperation and exchange views on regional and international issues of mutual interest," an official statement said.

India's items of interest are textiles, jewellery, footwear, leather products and handicrafts, while that on UAE's side are fintech, food, medical equipment, petrochemical equipment and byproducts, among others.

India's major exports to the UAE include petroleum products, precious metals, stones, gems and jewellery, minerals, food items such as cereals, sugar, fruits and vegetables, tea, meat, and seafood, textiles, engineering and machinery products, and chemicals. India's top imports from the UAE include petroleum and petroleum products, precious metals, stones, gems and jewellery, minerals, chemicals and wood and wood products.

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

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India-UAE FTA on February 18: Jewellery, garments among key products to get duty relief

India and the UAE are set to grant each other duty-free market access in hundreds of products as they prepare to clinch a full-fledged free trade agreement (FTA) on February 18, in what is going to be New Delhi's first such pact with any economy in over a decade.

The comprehensive economic partnership agreement (CEPA), as the FTA is formally called, will be announced by Prime Minister Narendra Modi and the crown prince of Abu Dhabi Sheikh Mohamed bin Zayed al Nahyan at a virtual summit. It will be followed by due processes of ratification by the two sides. Earlier, both the sides were aiming to sign an interim agreement first by December 2021, which was to be followed by a broader FTA by March 2022.

Sources told FE that India had identified more than 1,000 products across sectors, including gem & jewellery, textiles & garments, leather, spices, engineering goods, chemicals and poultry, where it wanted duty concessions from the UAE under the FTA. Both the sides started formal negotiations from September 23 last year.

While the UAE, India's third-largest export destination, currently imposes a 5% duty on textiles & garments and jewellery, certain steel products are taxed at 10%. These three segments alone made up 34% of India's $16.7 billion exports to the UAE last fiscal and 43% in the pre-pandemic year of FY20.

The UAE has also prohibited poultry imports from India on concerns of bird flu. Seeking the lifting of the ban, New Delhi has highlighted that it has been strictly adopting the safety norms stipulated by the World Organization for Animal Health.

For its part, Abu Dhabi, too, has sought duty concession across broad range of products, including in food items such as dates and confectionary.

Gem and Jewellery Export Promotion Council chairman Colin Shah said the proposed FTA will help drive up India's gem and jewellery exports to the UAE to as much as $10 billion by FY23 from just $1.2 billion in FY21 (when the shipments were hit by the pandemic).

The UAE accounts for 80% of India's plain gold jewellery exports and 20% of its studded jewellery shipments. Abu Dhabi is also a gateway to the entire West Asian region, Shah said.

Both sides are aiming to raise bilateral merchandise trade to $100 billion in five years following the signing of the pact from about $43 billion in FY21. It also aims to more than double bilateral services trade to $15 billion during this period. The negotiations with the UAE are a part of India's broader strategy to forge "fair and balanced" trade agreements with key economies and revamp existing pacts to boost trade. The move gained traction after India pulled out of the China-dominated RCEP talks in November 2019. India is also engaged in talks with Australia, the UK and the EU for FTAs.

Source: financialexpress.com– Feb 17, 2022

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E-way bills' generation picks up, indicates spurt in consumption, GST receipts

The number of e-way bills generated for inter-state trade in goods under the goods & services tax (GST) system stood at 23.59 lakh a day in the first 13 days of February, 14% higher than in the first 16 days of the previous month, reflecting a pick-up in commerce after the spread of the Omicron variant of Covid-19 subsided.

Generation of e-way bills had declined 4% on month to 22.2 lakh in January, compared with 23.1 lakh in December. E-way bills stood at 3.07 crore in the first 13 days of February.

E-way bills generation is a proxy of GST revenues.

Gross GST collections came in at Rs 1.41 lakh crore in January (December sales), the highest mop-up in the history of the comprehensive indirect tax that was launched in July 2017.

Even though e-way bills generation has declined by 4% in January over December, the GST collections could still be around Rs 1.3 lakh crore for February (January sales) going by the recent trend.

Bills generation at 7.35 crore in October was the highest monthly data, thanks to a spurt in goods dispatches for stocking ahead of the festival season by shopkeepers and traders.

Source: financialexpress.com– Feb 17, 2022

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Don't scrap the SEZ Act: Way forward is to make SEZs favourable investment destinations

The FM's Budget-speech announcement that new legislation would replace the SEZ Act came as a shock amid reports that the government was considering a new lease of life for SEZs. This disruptive change in the policy needs a serious relook. With 425 formal approvals, 376 SEZs have been notified in the country. Of this, 268 are in operation, hosting over 5,600 units that provide employment to 2.6 million and contribute around 20% of exports. The SEZs are the most successful industrial hubs in terms of private investment.

Notwithstanding severe criticism, policy reversals, and government apathy, vast industrial infrastructure, covering 57,000 hectares of land, is already up in the country, developed chiefly with private investments. A total investment of Rs 6.29 lakh crore is locked in SEZs, of which Rs 5.93 lakh crore is in newly notified zones.

A disaggregated analysis shows that the newly notified SEZs offered an opportunity to IT companies to avail economies of scale. To this date, India remains one of the most preferred outsourcing destinations for IT-enabled services. It has managed to upgrade to higher value-added activities even though the outsourcing industry is becoming extremely competitive with the rise of the Philippines and several other centres. In a comparative analysis of SEZs in India and China co-authored with Yu Zheng, I have shown that, as of September 2018, the total employment generated in the newly notified IT SEZs exceeded the employment they had proposed. The newly notified manufacturing SEZs had fallen 85% short of the proposed employment. Yet, they accounted for 56% of the total investment locked in the SEZs (both in development and production). Even if the Jam Nagar refinery, the single largest contributor to manufacturing exports, is excluded, they contributed around 49% of the total SEZ exports.

Nevertheless, it is fully recognised that the manufacturing SEZs are not able to attract investors to leverage the industrial capacity generated in them. But is it due to the SEZs themselves or the inconsistent SEZ policies? In general, the promise of a distinct set of rules, single-window governance, high-class infrastructure, and a secured environment in a geographically delineated area is appealing to national and international investors. This is manifested in the explosion of the SEZs the world over. A 2019 UNCTAD shows that the SEZ number swelled from 176 in 1986, across 47 countries, to about 5,400 by 2019 with 500 in the pipeline in 147 economies. SEZs have become the preferred destination for investment, particularly by exporting firms. In today's world, where industrial production is increasingly organised into global production networks developed and driven by MNCs, SEZs are being used as springboards to get integrated with these networks. The SEZs are serving to promote not only trade, FDI, industrial growth, and diversification but also spatial rejuvenation, urbanisation, border development, regional integration, and international relations. But leveraging the SEZs requires a strong bureaucratic understanding of the philosophy and prerequisites underlying the SEZs and strategic competencies to make the right choices to set clear direction and capability to implement the policy effectively.

Unfortunately, in the policy circles of India, SEZs are still seen from the conventional lens of direct tax incentives. It is assumed that the SEZs have lost relevance and identity after the sunset clause has set in. Following orthodox thinking, the government's focus is on improving India's ranking in the World Banks' ease of doing business index. While the country jumped 79 positions between 2014 and 2019, private investment dynamism is yet to be seen. This is where the SEZs pitch in. In my recent quantitative studies in progress, based on the firm-level data of 9000 odd firms in India, both inside and outside SEZs compiled by the World Bank, I find that various infrastructural facilities are rated statistically significantly higher SEZs than those outside them. Further, the SEZ firms rated security, government inference, and corruption as considerably less serious obstacles than others. Also, SEZ firms are more competitive in export intensity, meeting order quantities and delivery dates' commitments, and facing import regulations in international markets, than their domestic counterparts. Clearly, SEZs matter.

The way forward is not to replace the SEZ Act but to make SEZs favourable investment destinations. One of the most serious obstacles is the policy restrictions on domestic sales. This is not allowing firms to avail economies of scale and insure against the export market risks. Following the worldwide patterns, there is a need to allow SEZ firms to sell domestically after refunding the duties foregone on imported materials. Local sales strengthen SEZs' linkage with regional industries due to the incentive to localise and facilitate technological transfer from SEZs to domestic companies. China used this policy very effectively to create domestic production capability. Second, allow the IT firms to provide domestic market services in rupee rather than the foreign currency. Finally, offer production-, investment-, or employment-linked incentives to firms in the SEZs to incentivise growth, and create a level playing field with the rest of the firms; unleash competition in the domestic markets instead of protecting from SEZ firms.

It is high time that the high-pitched rhetoric on Make-in-India and self-reliance was supported by serious efforts to understand the evolutionary dynamics of industrialisation and the SEZs the world over, and perceive SEZs beyond a narrow set of beliefs.

Source: financialexpress.com– Feb 17, 2022

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Chitra Ramkrishna, the NSE CEO who let a faceless conman 'yogi' make all key decisions

The curious case of former NSE CEO Chitra Ramakrishna and the invisible hand of a yogi who virtually ran India's largest exchange Chitra Ramkrishna, the former CEO and MD of NSE, India's largest stock exchange with a combined market capitalisation of close to $4 trillion, was guided by a yogi residing in the Himalayas for the appointment of Anand Subramanian, little-known in the industry, as the exchange's chief operating officer (COO) in 2013. The appointment cost NSE ₹5 crore.

The revelations are part of SEBI's final order on Friday after a probe against Ramakrishna, NSE, and four others. The order was released on Friday and available on the market regulator's website.

Ramkrishna referred to the unknown yogi as "Sironmani" [the exalted one] and shared with him information such as NSE's five year projections, financial data, dividend ratio, business plans, agenda of board meeting, and even consulted him on employee performance appraisals.

Ramkrishna was ousted from NSE in 2016 for her role in the co-location and algo trading scam and abuse of power in the appointment of Subramanian. The probe found that Ramkrishna ran NSE with impunity. No one from the senior management, board, or the promoters — which include big government institutions and banks — ever objected to her ways. Instead, Ramkrishna was given ₹44 crore as pending dues and salary when she left NSE.

SEBI's probe revealed that Ramkrishna communicated with the yogi, whom she had never met, over email, for almost 20 years and he guided her to appoint Subramanian as the second in command at NSE. "Their spiritual powers do not require them to have any such physical coordinates and would manifest at will," Ramkrishna told SEBI. The contents of the email were not denied by her.

On January 18, 2013, Subramanian was offered the role of Chief Strategic Advisor at NSE for an annual compensation of ₹1.68 crore against his last drawn salary (as per his claim) of ₹15 lakh at Balmer Lawrie. In March 2014, Ramkrishna approved a 20 per cent increment to Subramanian and his salary was revised to ₹2.01 crore. Five weeks thereafter, Subramanian's salary was again revised upwards by 15 per cent to ₹2.31 crore as

Ramkrishna dubbed his performance to be A+ (exceptional). By 2015, his cost-to-company had zoomed to ₹5 crore, he was given a cabin next to Ramkrishna and granted first-class international air travel. All this was in accordance with the yogi's instructions.

An email from the unknown yogi even carried the diktat that Subramanian be exempt from the contractual 5-day work week and instead be asked to come only for three days and allowed to work the rest of the time at will.

Another email on September 5, 2015, from the yogi told Ramkrishna, "SOM, if I had the opportunity to be a person on Earth then Kanchan is the perfect fit. Ashirvadhams." On December 30, 2015, Ramkrishna told the Yogi in her reply, "SIRONMANI, struggle is I have always seen THEE through G, and challenged myself to on my own realise the difference." 'SOM' refers to Ramkrishna, and 'Kanchan' and 'G' refer to Subramanian, the SEBI probe revealed.

These findings were confirmed by Dinesh Kanabar, the then Chairman of NSE nomination and remuneration committee. Subramanian had all the powers of the MD and CEO, and was flying first class, but remained a consultant on paper. SEBI had observed that there was a glaring conspiracy of a money making scheme involving NSE's boss with the unknown person.

An email dated February 18, 2015, from Ramkrishna to the unknown yogi, reads, "The role and designation of Group Chief Coordination Officer is fine and we could take that forward. I have a small submission, can we make this as Group President and Chief Coordination Officer? And over a time frame as you direct we can move the entire operations of the exchange under G and redesignate him as Chief Operating Officer? Seek Your guidance on the path forward on this Swami If this meets with your Highness' approval, then parallelly could we coin JR (Ravi) as Group President Finance and stakeholder relations and Corporate General Counsel?"

The reply reads, "I have the following questions that will place all of you in an awkward situation. I buy your argument and analysis, interesting but have not got my answers from your own concerns. If on one hand I call JR a President who is a KMP (key management person) the other person, how can he/she be excused? Is it subjective? Competitors bring new faces much below par at intelligent levels and functional expertise, they bring all as COO and VP, we are bringing a legitimate case here which needs introspection. I have never suggested any changes in reporting of trading and other verticals, I am only trying to initiate the importance of levels within the organisation. So from a strategic perspective, can I bring the title Group COO since subsidiaries also report to him and acceptable to all. Larger the thoughts, clearer our stand, postures become easier. ASHIRVADHAMS, a revert on this is good for one and all. GNANA VEL."

The SEBI order said, "It is not unusual that the whip of an arbitrary and dictatorial reign would cause any employee to be reluctant in filing a complaint against its top leader in fear of the repercussions. This is evident from the various anonymous complaints received by SEBI against Ramkrishna, from which these proceedings have emanated and various irregularities unearthed."

Yet, Ramkrishna was made NSE's MD and CEO in 2013 with a powerful politician in Delhi backing her, sources told BusinessLine. A forensic audit showed that only Ramkrishna and Subramanian were imaged/checked while the laptops assigned to them were disposed of as e-waste by NSE. Even their personal emails were not available for forensic audit.

Ramkrishna told SEBI that at the time, neither the compensation committee, NRC, nor the board of the NSE had ever raised any query in relation to these issues, nor was any issue in this regard ever brought to her attention. Ashok Chawla, a former bureaucrat in the Finance Ministry and then Chairman of NSE, accepted Ramkrishna's resignation due to personal reasons and the board appreciated her sterling contribution to the growth of the organisation.

For all this, SEBI's punishment to Ramkrishna is paltry. Ramkrishna has now been barred from capital markets for three years and SEBI has directed the NSE to forfeit the excess leave encashment of ₹1.54 crore and the deferred bonus of ₹2.83 crores.

Source: thehindubusinessline.com– Feb 12, 2022

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