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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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INTERNATIONAL NEWS

China to invest more in overseas infrastructure to bolster trade

China's commerce ministry will invest more in building overseas warehouses and promote the development of smart logistics platforms overseas, according to the country's commerce minister Wang Wentao, who recently said more policy reforms will be introduced in favour of foreign trade and smooth operation of industrial and supply chains will be ensured.

In February, China's State Council issued a statement approving the establishment of more cross-border e-commerce pilot zones in 27 cities and regions. It now brings the overall tally of pilot zones to 132, covering almost all provincial-level regions in China, from coastal industrial powerhouses like Jiangsu, Zhejiang and Guangdong to inland areas.

An updated list with expanded items of imported retail goods for cross-border e-commerce took effect recently, Wang said. The list, issued in April 2016, has been optimised several times and its commodity categories kept increasing, official Chinese media reported.

China's total goods imports and exports expanded by 21.4 per cent year on year to 39.1 trillion yuan (about $6.2 trillion) last year.

Source: fibre2fashion.com– Mar 03, 2022

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Bangladesh spends Tk 35,000 cr for importing cotton

The import-based cotton use in textile and apparels sector is the main barrier for Bangladesh. Almost 97 percent of cotton have to import in Bangladesh for mitigating the present demand. But the Cotton Development Board (CDB) has planned to increase 20 times production hike in 10 years. The country's main export product is apparels and textiles. Extensive employment has been created in this sector with huge foreign exchange earnings. However, there are various problems in this sector of most exports. Import dependence is one of the major obstacles in this sector, especially for yarn. Cotton is required for making yarn, almost all of which has to be imported from outside the country. It has to spend about Tk 35,000 crore every year. Cotton production in the country is less than 2 percent of the demand.

At present there is a demand of about 75 lakh bales of cotton per year in Bangladesh. In contrast, the country is producing only one lakh 6 thousand bales, which can't meet even two percent of the demand. Due to this, more than 6 million bales of cotton have to be imported from abroad every year to meet the deficit. So that the expenditure is about Tk 35,000 crore.

Meanwhile, the US Department of Agriculture (USDA) has forecast that the demand for cotton in Bangladesh will increase further this year (2022). According to the latest report of the company, domestic consumption of cotton in Bangladesh will increase in the current financial year. Demand for this specialty has grown significantly as more and more international garment retailers and brands are shifting their work orders from other countries to Bangladesh.

The US agency predicts that this year, Bangladeshi mills and spinners will use 610,000 bales of cotton, which is 3.52 percent more than the previous year.

In such a situation, the data of the Cotton Development Board (CDB) says that in the fiscal year 2020-21, cotton has been cultivated in 44,000 hectares of land in the country. At that time the production of cotton was one lakh 6 thousand 26 bales.

However, the CDB is reporting an increase in cotton production every year. According to the agency, the country's cotton production in the 2015-16 fiscal year was one lakh 53 thousand bales, which has increased by 23 thousand bales in the last five years. The company is moving ahead with a target of 2 million bales of cotton production by 2041 to reduce import dependence. Production in the country is increasing due to the recent innovation and cultivation of hybrid varieties of cotton by the Cotton Development Board.

Additional Director of the CDB said Md. Fakhr Alam Ibn Tabib told that due to bad weather and scarcity of land, the production of cotton is not going to increase more than the demand. Even then the production in the country is gradually increasing. Attempts are being made to increase production 10 times in the next 20 years.

“While the average production of cotton per hectare in Bangladesh is a little over 7 bales, the production in other cotton producing countries of the world is above 10 bales.”

Due to the shortfall in production compared to the demand, huge amount of cotton has to be imported every year. In the 2019-20 financial year, 61 lakh bales of cotton had to be imported. Although no definite information was available for the fiscal year 2020-21, the amount is more than 6 million bales due to the good order of the garment industry, said the concerned. According to the statistics, in the fiscal year 2019-20, 19 per cent of the total cotton imported into the country was from India, 13 per cent from Mali, 12 per cent from the United States and 10 per cent from Brazil and Benin. The rest of the cotton is imported from some other countries. Meanwhile, in the fiscal year 2020-21, only 32 percent of cotton came from India. It is followed by Brazil (15%), Benin (12%) and the United States (9%).

Under such circumstances, Bangladesh has become the second largest importer of cotton in the world. As the readymade garment industry is particularly dependent on cotton imports, Bangladesh ranks second only to China in terms of imports.

More than 84 percent of readymade garments exported from Bangladesh are made of cotton. But in this case the global picture is completely different. Overall, 7 percent of the world’s readymade garments are hand-knitted. Due to lack of supply of cotton and demand for hand-knitted garments, Bangladesh is also moving in that direction. Former president of the Garment Manufacturers and Exporters Association (BGMEA) and chairman of the Sterling Group Siddiqur Rahman told that we do not have the capacity to produce so much cotton. There is no land. Even then, if it could be increased as much as possible, it would be a great benefit to the garment sector.

He said that because of this (less supply of cotton) demand-price is better so we have to go for manmade (hand woven) clothes. The future of cotton clothing is not good now.

The ability to spin cotton in Bangladesh is in a very good condition. Local spinners are able to supply 95 per cent of the yarn in the knitting sector and 40 per cent in the oven sector. The annual consumption of yarn and cloth in the country is about 950,000 tons and 630 crore meters. At present there are 433 yarn factories and 726 textile factories in Bangladesh are in operation. There are also 19 synthetic spinning mills and eight acrylic spinning mills.

According to the Bangladesh Textile Mills Association (BTMA), the country's annual yarn spinning and textile production capacity is 3.3 billion kg. Bangladesh has the capacity to use 11.5 million bales of unrefined cotton annually.

BTMA vice-president Fazlul Haque told that the demand for cloth has increased in other parts of the world as the situation in Corona is improving. As a result, local mill owners have increased their capacity. This will increase the demand for cotton this year.Cotton is cultivated in more than 75 countries of the world. India, China, United States, Pakistan and Brazil are among the countries representing cotton production.

Source: fashionatingworld.com– Mar 02, 2022

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Cotton production to rise to 26.11 million tonne in 2021/22

Cotton production in the 2021/22 season is currently projected to rise to 26.11 million tonne and consumption is likely to remain steady at 25.67 milliontonne, as per the March 2022edition of Cotton This Month published by the International Cotton Advisory Committee.

The cotton industry today is struggling to supply the fibre to the spinners as the COVID pandemic has disrupted global shipping across many industries. But the cotton supply chain is longer and more complex than it is for most other commodities, especially since so much of the production in the West has to be shipped halfway around the world to the countries where it's transformed into textiles.

Those challenges are forcing countries to adapt by streamlining their supply chains. China, Vietnam and Pakistan imported large amounts of cotton from the United States in 2020/21.

Given Australia's geographic proximity to East and South Asia, this provides a distinct advantage to Australia when shipping ocean freight to Bangladesh, Pakistan and Vietnam. Australia is clearly capitalising on their increased production capacity and impressive yields, especially in the 2021/22 season.

The Secretariat's current price forecast of the season-average A index for 2021/22 ranges from 101 cents to 120 cents, with a midpoint at 109 cents per pound.

Source: fashionatingworld.com– Mar 02, 2022

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Pak-Uzbekistan PTA to boost trade in various sectors: Dawood

Adviser to Prime Minister on Commerce and Investment, Abdul Razak Dawood Wednesday said that after the finalization of Pakistan and Uzbekistan,Preferential Trade Agreement (PTA), there was a huge potential for trade growth in various sectors including textile.

He said this while addressing the 'Pakistan-Uzbekistan Business Forum' along with the Deputy Prime Minister, Minister of Investments and Foreign Trade of Uzbekistan Sardor Umurzakov organized by the Ministry of Commerce here.

The adviser hoped that the promotion of trade between the two countries would increase regional trade besides providing trade connectivity to the Russian Federation and European markets.

Dawood said that the PTA would increase bilateral trade between Pakistan and Uzbekistan.

The signing of the agreement would take place during the Uzbek President's visit to Pakistan on March 3 to 4, to facilitate bilateral trade and transit trade to boost trade ties between the two countries and also enhance the connectivity with Afghanistan, the adviser said.

Razak Dawood said President of Uzbekistan, Shavkat Mirziyoyev would pay visit to Pakistan to discuss ways to improve the bilateral economic and trade relations and also would sign various bilateral trade agreements.

He said that a strong economic bloc could be established among Pakistan and Afghanistan and the five Central Asian countries, which would enable trade in goods to reach Russia and European countries.

He said that there was a possibility of mutual agreement for smooth transactions between the central banks of the two countries.

In addition, the facilitation of transit trade between the two countries will be discussed.

An agreement had already been reached in that regard and now transit trade trucks would be able to supply goods between Pakistan, Afghanistan, and Uzbekistan, which would boost trade in the region, Razak said.

Similarly, the promotion of transit trade and the free moments of trucks would usher in a new era of trade promotion in the region, he said.

Meanwhile, Deputy Prime Minister and Minister for the trade of Uzbekistan said that Pakistan and Uzbekistan bilateral trade increased by 70 percent in last two months of January- February.

He urged for industrial and investment cooperation between the two countries and said that business communities from both needed to jointly work for increasing the bilateral trade between.

He said that the 350 million markets of Pakistan, Afghanistan, and Central Asian countries could play a significant role in world trade.

The deputy prime minister said that leadership on both sides agreed to the promotion of bilateral trade and regional economic integration.

He said that after the visit of Prime Minister Imran Khan in July 2021, new avenues of mutual relations and cooperation were opened between the two countries, which also opened the way for the development of trade and economic relations.

He said that the traders and business community of both the countries had to play their due role in promoting trade in the region.

In that regard, the government of Uzbekistan would provide all possible facilities to Pakistani traders, he added.

He said that the government of Uzbekistan would take steps to make legal and financial and visa issues as easy as possible for the business community. He said that the business community of the two sides could share their mutual experiences and get the benefits from the experience of each other for increasing the economic connectivity.

Meanwhile, five Memorandum of Understandings (MOUs) signed between the private sector of the two sides to enhance cooperation in different potential sector including textile, fertilizer, weaving and dyeing, construction and menthol supplies.

Source: app.com.pk – Mar 02, 2022

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Bangladesh: Exports rise by 30.46pc in July-Feb

Bangladesh's export earnings in the July-February period of the current financial year 2021-22 increased by 30.46 per cent to $33.84 billion from $25.86 billion in the same period of the previous fiscal year due to an outstanding performance by readymade garment products.

Export earnings in February 2022 grew by 34.54 per cent year-on-year to $4.29 billion from $3.19 billion in the same month of 2021, according to the Export Promotion Bureau data released on Wednesday.

The EPB data showed that export earnings from RMG in the eight months of FY22 fetched $27.49 billion, which is 30.73 per cent higher than the earnings of $21.03 billion in FY21.

'Export earnings growth is very positive and we have taken some initiatives to maintain the trend,' Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, told New Age.

He said that the prices of products increased on the global market due to the price hike of raw materials and at the same time exports also increased in quantities.

'Hopefully the growth will continue, but we are in tension over the Russia-Ukraine war,' Faruque said.

Export earnings from woven garments increased by 28.23 per cent to $12.42 billion in July-February of FY22 from $9.69 billion in the same period of the previous fiscal year.

Earnings from knitwear exports in the eight months of FY22 grew by 32.87 per cent to $15.06 billion from $11.34 billion in the same period of FY21.

Export earnings from home textiles increased by 35.98 per cent to $993.76 million in the July-February period of FY22 from $730.82 million in the same period of FY21.

Export earnings from leather and leather goods in July-February of FY22 grew by 29.61 per cent to $784.98 million from $605.67 million in the same period of the previous fiscal year.

Earnings from leather-footwear exports in the eight months of FY22 grew by 25.89 per cent to $475.04 million from $377.34 million while other leather products fetched $209.67 million with a 35.32-per cent growth in the period.

Export earnings from jute and jute goods, however, declined by 7.34 per cent in the July-February period of FY22 with $ 799.42 million earnings.

Earnings from agricultural products increased by 28.36 per to $853.2 million in the first eight months of FY22.

Exports of engineering products in the eight months of FY22 grew by 65.05 per cent to $534.38 million from $342.44 million in the same period of the previous fiscal year.

Earnings from pharmaceutical exports stood at $130.57 million, posting a 21.28-per cent growth.

Export earnings from frozen and live fish increased by 20.44 per cent to $407.1 million and the earnings from shrimp export grew by 39.48 per cent to $313.28 million in the eight months of FY22.

Source: newagebd.net– Mar 02, 2022

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EURATEX urges EU to control rising oil & gas prices in Europe

Notwithstanding the industry support to the sanctions in place against Russia, European organisation EURATEX has highlighted that companies are at risk of stopping their production if energy and gas prices continue to rise. The energy crisis that started at the end of last year has been worsening in the last week. Prices of energy, gas and oil have been skyrocketing.

Benchmark European gas prices at the Dutch TTF hub rose by 330 per cent last year, while benchmark German and French power contracts have more than doubled, EURATEX said quoting Reuters data.

The textile and clothing industry is facing an unprecedented situation. Many companies are considering shutting down production because of energy costs.

EURATEX supports the measures taken by the EU in the Ukrainian-Russian conflict but asks the European Union and Members States to compensate the situation by supporting their industries. Companies need access to energy at reasonable prices, may those be subsidies, removing environmental levies or VAT from bills and price caps, EURATEX said in a media release.

The transfer to renewable and cleaner sources of energy needs to speed up, so to guarantee less dependency. But it is a long process that cannot be achieved in the forthcoming months. That is why Europe should urgently look at the available options to control such market shocks.

Source: fibre2fashion.com– Mar 03, 2022

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Trade fair organier Messe Frankfurt suspends events in Russia

Messe Frankfurt Group, the world's largest trade fair, congress and event organiser with its own exhibition grounds, has suspended all events in Russia following the invasion of Ukraine. Events like Techtextil Russia, Heimtextil Russia and Texcare Forum Russia are some of the events that were scheduled by Messe Frankfurt Russia in 2022.

"The Russian invasion of Ukraine poses an unprecedented threat to peaceful coexistence in Europe. Messe Frankfurt supports all sanction measures taken by the Federal Government," Messe Frankfurt said in a media release.

The Messe Frankfurt board of management has decided to suspend events of its subsidiary Messe Frankfurt RUS until further notice.

Source: fibre2fashion.com– Mar 03, 2022

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NATIONAL NEWS

E-Bill system will end 'rent seeking' in govt contracts: Finance minister Nirmala Sitharaman

Finance Minister Nirmala Sitharaman on Wednesday said the new Electronic Bill (e-Bill) processing system will stop any possible 'rent seeking' in the clearance of dues to contractors or suppliers of government departments.

The e-Bill processing system, which was announced in the Budget, was launched on Wednesday. It will be implemented across all central ministries and departments and suppliers and contractors will now be able to submit their claim online, which will be trackable on a real-time basis.

Speaking at the 46th Civil Accounts Day, Sitharaman said this will ensure end-to-end digitisation and make the payment process transparent by using technology not just within the government departments, but extending the second leg to the citizen's use.

The e-Bill, she said, will shut even "any small window which is available" for "misuse in terms of rent-seeking", as a contractor or supplier to the government will be able to file their claims digitally.

"Put your claim with digital signatures, and you do not have to come to government offices. Your payment reaches (to you) as soon as your claim reaches with a digital signature," Sitharaman said.

The civil accounts officers, she said, have ensured that the common man who works with the government will not have to wait for months, or not even go and meet officials, seeking the release of their dues.

She said that even other countries are taking note of India's public finance management system (PFMS), which has helped in providing relief directly to the people during the pandemic.

Giving details of the e-Bill system, Additional Controller General of Accounts Dharitri Panda said currently, the claimants are required to submit physical copies of bills to the departments for scrutiny. With the e-Bill initiative, claimants would be able to submit digitally signed bills on the PFMS and check status without approaching offices.

"The system will provide huge convenience to suppliers and contractors... It will have a shorter bill payment cycle, a more effective audit trail... It will be an effective tool to facilitate uninterrupted government disbursements in pandemic like situations," she said.

The e-Bill system has been rolled out on a pilot basis in eight ministries. It will be implemented in all ministries and departments in a phased manner in 2022-23.

Source: thehindubusinessline.com– Mar 02, 2022

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India's exports rise 21.88 per cent in February to $33.81 b; edge closer to annual target of $400 billion

Concerns over Russia-Ukraine crisis weigh on exporters

Sharp increase in exports of engineering goods, petroleum products, gems & jewellery and chemicals pushed up India's total goods export in February by 21.88 per cent (y-o-y) to $33.81 billion, per preliminary data released by the government on Wednesday.

With total goods exports in the April-February 2021-22 period at $374.05 billion, an increase of 45.8 per cent over the same period last year, exporters are closer to meeting the target of $400 billion set by the Commerce & Industry Ministry for FY22.

The on-going conflict between Russia and Ukraine, however, is a growing concern for sectors such as engineering goods, which have a market in Russia, due to uncertainty over payments as well as rising freight costs.

Trade deficit widens

Goods import increased 34.99 per cent to $55.01 billion, widening trade deficit to $21.19 billion from $13.12 billion in February 2021. The increase in imports is attributable to sectors including petroleum, electronics, gold, coal and chemicals.

Imports in April 2021-February 2022, at $550.12 billion, were 59.21 per cent higher than imports in the same period last fiscal, almost doubling the trade deficit to $176.07 billion compared to $88.99 billion in the comparable period of 2020-21.

The value of non-petroleum exports in February was $29.70 billion, registering a growth of 18.04 per cent over the year-ago period. The value of non-petroleum imports came in at $39.96 billion with a growth of 26 per cent over non-petroleum imports in February 2021.

Exports took a beating in 2020-21, declining 7 per cent to $292 billion, with Covid-19 disruptions affecting manufacturing, both globally and within the country. However, with a revival in global demand, exports have been on a growth track in the on-going fiscal.

“With monthly exports crossing the $30-billion mark for the 11 th consecutive time during the fiscal, we are on course to cross the $400-billion exports target for the fiscal,” said A Sakthivel, President, FIEO. This would translate into a growth of over 40 per cent over exports in the previous year.

Global situation, a challenge

While the engineering goods sector is on track to achieve its export growth target of $107 billion in 2021-22, the Russian invasion of Ukraine is proving to be a challenge. “Among the CIS countries, Russia is the biggest export market for Indian engineering goods. Exclusion of Russia from the SWIFT payment system would, therefore, mean delayed payment realisation for exporters,” said Mahesh Desai, Chairman, EEPC.

The ongoing geopolitical crisis has already pushed up the prices of key commodities, especially crude and metals. “The shipping cost, which has already been going through the roof, would further hurt the exporters,” he said. In case the crisis continues, there could be spillover effects elsewhere, too, and that means impact on trade deepening, he added.

Sakthivel said while the government had announced a slew of measures to support exports, the need of the hour was to soon announce an extension of the interest equalisation scheme, extend the input duty reimbursement scheme RoDTEP to EOUs, SEZ and Advance Authorisation and also expand usages of RoDTEP and RoSCTL scrips.

Source: thehindubusinessline.com – Mar 02, 2022

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Exporters want China route revived for shipments to CIS countries

Indian exporters have sought resumption of exports to the Commonwealth of Independent States (CIS) countries through China, following Russia's invasion of Ukraine.

The CIS countries include Ukraine, Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan and Uzbekistan.

Exports to these nations have stopped as there is no movement of ships through the Black Sea.

The proposed route -India to Qingdao by ship and from there on to CIS by railways - has been non-operational for over a year.

The suggestion was made at a meeting between the commerce and industry ministry and stakeholders.

"Three-four meetings with exporters and the finance ministry have happened on ways to minimise the impact of the conflict," an official said, adding that the situation is fluid and the government is keenly watching developments.

At present, a large volume of cargo exported to the CIS countries moves via Russian Railways. "We have proposed this route via China to CIS countries as Indian banks will be reluctant to deal with documents showing en-routing through Russian ports for CIS-destined goods," said an exporter.

"We should explore the possibility of restarting exports through Qingdao by discussing with a few major shipping lines or Container Shipping Lines Association," said Ajay Sahai, director general, Federation of Indian Export Organisations (FIEO).

An industry representative said the government has the option of reviving the Rupee-Ruble mechanism even though a similar one with Iran had limited success as many buyers had expressed their inability to make payments in a foreign currency or from a third country.

Exporters have suggested using the Russian currency for such payments.

They also sought all export benefits for payments received in that currency as is currently available for exports in free foreign exchange.

Russia may look to India for its food and chemical needs, another industry representative said, as these are its key imports. However, a blocked transit route is not only impacting current exports but the possibility of increased shipments.

Source: economictimes.indiatimes.com– Mar 03, 2022

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Container lines suspend Russia bookings as sanctions on Moscow bite

Global container lines including Maersk, MSC, CMA CGM, Hapag-Lloyd and ONE Alliance have suspended cargo bookings to and from Russia to stay clear of the sanctions imposed by the US, the UK and EU on Moscow for invading Ukraine.

The move, being implemented globally, will dash India's hopes to continue trading with Russia, its 25 th largest trading partner, by exploring payment alternatives after Russian lenders were shut out by the US and the EU from the SWIFT international payment system.

"As the stability and safety of our operations is already being directly and indirectly impacted by sanctions, new Maersk bookings within ocean, air and intercontinental rail to and from Russia will be temporarily suspended, with the exception of foodstuffs, medical and humanitarian supplies (bar dual-use items)," the Danish carrier, owned by A P Moller-Maersk A/S, said in an advisory.

The suspension began on March 1 and cover all Russian gateway ports, Maersk said. "As Maersk acts in full compliance with legal regulations and its policies, we cannot receive from or make payments to any sanctioned Russian banks, or any other sanctioned party," it said.

Unpredictable impacts

"At AP Moller-Maersk, we are deeply concerned by how the crisis keeps escalating in Ukraine. We are closely following the ever-evolving situation with governments posing new sanctions against Russia and the regular adjustments that are being made to the list of restrictions. With that in mind, we now see the clear need to establish new and revise existing processes of accepting and handling bookings," Maersk stated.

The carrier said it is also beginning to see the effect on global supply chain flows such as delays and detention of cargo by customs authorities across various transshipment hubs – overall resulting in unpredictable operational impacts.

Geneva-based Mediterranean Shipping Company SA (MSC) said it has introduced a “temporary stoppage on all cargo bookings to/from Russia, covering all access areas including Baltics, Black Sea and Far East Russia” with immediate effect, the carrier said in a customer advisory.

French box line CMA CGM S A also said on Tuesday it has “decided to suspend all bookings to and from Russia as of today and until further notice”. From February 24, CMA CGM had suspended all vessel calls to Ukraine.

MSC had previously put a temporary stop on all fresh bookings for Odessa (the largest Ukrainian seaport and one of the largest ports in the Black Sea) and Chornomorsk (located on the north-western shore of Black Sea at Sukhyi Estuary, to the south-west from Odessa).

Change of destination

MSC also informed customers that all cargo booked for Odessa and Chornomorsk, that are in transit, and awaiting, for connection at transhipment ports, will be declared as ‘End of Voyage’, at any convenient port.

Cargo owners and shippers were asked to decide if a change of destination needs to be performed or the cargo needs to be returned to the port of loading.

German line Hapag-Lloyd AG said it will offer free change of destination (COD) for containers in transit to and from Russia and Ukraine, as well as free booking cancellation for inbound cargo to both countries. It had earlier stopped booking cargo to and from Ukraine and temporarily suspended booking to and from Russia.

Source: thehindubusinessline.com– Mar 02, 2022

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MSME Ministry to discuss 'MSMEs as growth engine for economy' at DPIIT webinar tomorrow

The Ministry of MSME will lead a session titled "MSMEs as the Growth Engine for Indian Economy" at the "Make in India for the World" webinar organised by the Department for Promotion of Industry and Internal Trade (DPIIT) on 3rd March, 2022.

For this session, the focus sectors that have been identified are Furniture, Leather & Footwear, Gems & Jewelry, Textiles, Food Processing and the moderator will be Vinod Kumar, President, India SME Forum.

This session will conclude with remarks from concerned Secretaries in M/o Micro Small and Medium Enterprises, M/o Food Processing Industries and M/o Textiles. Industries Principal Secretaries of States of Haryana, Madhya Pradesh, Assam and Tamil Nadu will deliver remarks in the session.

The webinar will also include discussions on a paradigm shift in manufacturing in India and realising the trillion-dollar goal in Exports.

The objective of the webinar is to sustain momentum of Union Budget 2022 by synergizing efforts with all stakeholders on various initiatives taken for boosting manufacturing, increasing exports and strengthening the MSMEs.

By leveraging stakeholders' expertise and experience, an Action Plan for the Industry's way forward and monitoring framework for effective implementation of growth reforms in areas of manufacturing, exports and MSMEs will be finalised.

Prime Minister Narendra Modi will deliver a special address to all participants on the vision of 'Make in India for the World,' its convergence with Union Budget 2022 and the expectations from the Webinar.

Minister for Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Piyush Goyal will be delivering the concluding remarks for the event.

Source: knnindia.co.in– Mar 02, 2022

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Gujarat's spinning units fear weakening of global yarn demand

Having been hit already by a spike in cotton prices, the spinning industry in Gujarat is fearing decline in the international as well as global demand of cotton yarn due to the ongoing Russia-Ukraine tension.

Over the past six months, over 600 spinning units across Gujarat have been facing challenges of continuous increase in cotton prices, says Chintan Thaker, president, Welspun Group adding, "Over the period of time cotton prices have jumped from nearly Rs 5,000 per candy (356 kg per candy) to around Rs 80,000 per candy at present. As a result, production cost of spinning mills and composite textile units have gone up sharply. Interestingly, prices of cotton yarn are not increasing due to limited demand."

Thaker, also chairman of Assocham-Gujarat, says spinning units are in a Catch-22 situation; on one hand prices of cotton have inflated and on the other hand, fabric makers are unwilling to pay higher prices of yarn. Even bigger player like the Welspun group are feeling the heat of enhanced cotton prices despite captive consumption of yarn, he said, adding that already such firms took huge orders when cotton prices were hovering at Rs 42,000-Rs45,000.

"With cotton prices having almost doubled, most of the export-making units are making loss as they are bound to fulfil the orders. Now geo-political issues between Ukraine and Russia are an add-on factor… If the prices of crude oil increase, production cost will further go up. There would be adverse an impact on logistic cost too," he said.

Following Russia's invasion of Ukraine, international market sentiments have already changed, says Bharat Boghra, chairman of Spinners Association – Gujarat adding, "Overall textile demand would go down if the war situation continues for a longer period. Cotton fabric makers have become more cautious in buying cotton yarn. Compared to last month, prices of cotton yarns have dipped by Rs 40 per kg.

Not only Gujarat, but India's textile strength lies is in value-added exports. A recent hike in input cost and the added factor of the Russia-Ukraine war are having adverse impact on important textile clusters across the country, which include Ahmedabad. Higher cotton prices and uncertainty due to war between the two eastern European countries have also encouraged traders to hoard cotton, says a spinning unit owner requesting anonymity. According to him, due to such activities, cotton may become even dearer for spinning units.

Source: financialexpress.com – Mar 03, 2022

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What industries expect from the next GST council meeting?

ST law is often criticized as a complex law. The complex nature of GST law can be gauged from the fact that since its implementation, taxpayers have been facing various issues viz.

multiple tax slabs, classification disputes, denial/blocking of credit which results in hampering free flow of credit, denial of exemption benefit, long list of compliances, delay in operationalization of returns, etc. At the same time, GST Council, Board and/or Governments have continuously tried to resolve the issues raised by the taxpayers.

Of late, the GST Council has been focusing on simplification and rationalization of tax rates.

This is to ensure reduction in classification related disputes and to augment necessary resources. In this regard, some key decisions were taken by the GST Council in its last (45 th) GST Council meeting. Even in the upcoming meetings, it is expected that the GST Council will likely continue with the rationalization of the tax rates. In fact, to this end, the GST Council has constituted a Group of Ministers (GoM) headed by Sh. B. S. Bommai, the Chief Minister of Karnataka. This GoM is expected to give its report before the next GST Council meeting, which is expected to happen in last week of December.

Simplification and Rationalization of tax rates

In its upcoming meeting, the GST Council is likely to take decision on simplification of rate structure under the GST. For this, it is expected that the GST Council would deliberate on merger of two tax slabs (i.e. 12% & 18%) and recommend a single tax slab of 15%. It is expected that this would reduce disputes pertaining to classification of goods/services under 12% or 18%.

On the basis of report of GoM, the GST Council will also review the supplies which are exempt under the GST and give its recommendations to help in expanding tax base and in eliminating breaking of credit chain. Besides, the GST Council may also discuss and recommend revision of tax rates. This is being done with an aim to increase the GST revenues and to ensure seamless flow of credit throughout the supply chain.

Correction of inverted duty structure

In its last meeting, the GST Council had recommended revision in rate of tax in textile and footwear sector. This is to correct the inverted duty structure prevalent in these sectors. On these lines, the GoM would study the other industries which are operating under the inverted duty structure and which require correction. However, these rate changes would be given effect to from January 2022. Perhaps the GST Council may consider recommending equalizing the rates of input and output supplies. This is because merely increasing the rate of tax on output supplies would lead to increase in the cost of commodities, which is not favorable to the industry or the end consumer.

This decision will bring major relief to taxpayers who are unable to claim refund of unutilized credit availed on input services, in view of restriction under Rule 89(5) of the CGST Rules. This restriction was recently upheld by the Hon'ble Supreme Court in the case of VKC Footsteps India Pvt. Ltd. Besides, it is urged that the GST Council considers the recommendations of the Hon'ble Supreme Court in VKC Footsteps (supra) for correcting certain anomalies in the formula for calculating the amount of refund that can be granted.

What more do industries expect?

This decision of the GST Council is aimed at simplifying tax rates as well as correcting the inverted duty structure. This is a welcome move in furtherance of the goal of 'One Nation One Tax'.

However, the industries also expect GST Council to deliberate and decide various other issues, one of them being inclusion of petroleum products within the GST net. In its last meeting, the Council took a view that inclusion of petroleum product within the GST net is not appropriate at this stage.

However, there is likely discussion on this issue in light of a PIL filed in the Hon'ble Kerala High Court, wherein the Hon'ble High Court has issued notice to the Union Government seeking its reply on this very aspect.

Source: timesofindia.indiatimes.com– Mar 03, 2022

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Will lead efforts for trade pact in Indo-Pacific: USTR

The United States has said it will lead efforts to craft a trade arrangement in the Indo-Pacific region that would include provisions on high-standard labour commitments, environmental sustainability, cooperation in the digital economy, and sustainable food systems.

In its trade policy agenda for 2022, the US Trade Representative said that the specific content of the trade arrangement will be developed through extensive consultation with trading partners, a broad base of stakeholders, and the Congress.

Referring to the Indo-Pacific Economic Framework, the USTR said: "We will use this framework to address a range of important areas of economic cooperation, including: fair and resilient trade (including labour, digital and other elements); supply chain resilience; infrastructure, decarbonization, and clean energy; and, tax and anti-corruption".

The US had last year indicated that it is not in favour of inking new trade agreements. "USTR will lead efforts to craft a trade arrangement with parties that includes provisions on: high-standard labour commitments, environmental sustainability, cooperation in the digital economy, sustainable food systems and science-based agricultural regulation, transparency and good regulatory practices; competition policy and trade facilitation," it said.

Last year at the India-US Trade Policy Forum, New Delhi agreed to allow imports of American pork and pork products.

"In 2022, USTR will continue to work with India to finalise market access for cherries and alfalfa hay," it said.

On the issue of Digital Services Tax (DST), the USTR said that it is prepared to examine all options if other countries move forward with new taxes.

India introduced a digital service tax called equalisation levy in 2016 on online advertisements whose scope was then widened to impose a 2% tax on non-resident e-commerce firms with a turnover of Rs 2 crore.

Last year, the US reached agreements with India, Turkey, Austria, France, Italy, Spain, and the UK suspending the application of DSTs during the interim period prior to full implementation of Pillar 1 of the OECD framework.

Source: economictimes.indiatimes.com– Mar 03, 2022

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UP: Mau Weavers seek restoration of power subsidy to survive post-COVID struggle

Weavers of the Mau district in Uttar Pradesh have demanded to restore the fixed-rate electricity bill system and to reduce the tax on raw materials so that the textile industry could survive.

After the COVID-19 pandemic, weavers of Mau are struggling to get back on track and are seeking the government's support in boosting the famous weaving tradition of Mau.

Power loom weavers are being charged as per actual meter readings from January 2020 after the government withdrew the 'flat rate' subsidy.

Talking about the woes faced by weavers in the town, president of weaver's forum Arshad Jamal told ANI, "Weavers only want flat-rate subsidy (power tariff fixed per month). Electricity was given at cheaper rates previously but the Bhartiya Janata Party (BJP) government scrapped it. Each family in Mau works on power loom and without the subsidy, it has been difficult for the weavers to survive."

"We want the subsidy and reduction of GST on raw material to stand in the competition. We don't have automatic machines to compete so the government should give us some relaxations," he added.

The power subsidy was introduced by the Mulayam Singh Yadav government in 2006. Weavers would pay less than Rs150 per month for looms that consumed one horsepower of electricity. However, with an order in December 2019, unit-based consumption was made mandatory. This has raised the bills to around Rs3,000 per month.

Jamal further added, "Business is down after the pandemic. Demand has reduced as compared to that of pre-pandemic times. Threads used in the textile are getting expensive with 18 per cent GST which eventually makes the clothes expensive. Hence the weavers lag behind in competition and suffer."

Power loom owner Mohammed Hanzala Fareed said that power subsidy is the need of the hour since weavers are not able to make their ends meet.

“During the tenure of the Samajwadi Party, flat rate subsidy was provided which was beneficial for the weavers. But after the BJP’s decision to scrap the Flat rate subsidy, the weavers are unable to meet ends. Hence we want the subsidy back and the electricity should also be provided 24×7. Weavers are right now under debt and if nothing is done, then weavers will be forced to die by suicide,” Fareed said.

The textile sector is under one district one product (ODOP) scheme of the state government but weavers claim that benefit has not reached the beneficiaries.

“Mau Textile work is under ODOP but if you check the facts, then it clearly shows no one got the benefit as this scheme is very rigid and not that beneficial to weavers,” weaver president Jamal said.

The Mau district is known for its textile product and apparel manufacturing industries. There are establishments that process fibre into fabric and fabric into clothing and other textile products. In Mau, almost every household has a loom that is used for making sarees, loincloths, suits, etc. The sarees made here are beautifully embroidered by craftsmen with Zari yarn.

Historically weaving in Mau started during the time of emperor Jahangir which is now facing hardships to make ends meet.

Source: theprint.in – Mar 02, 2022

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