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NEWS CLIPPINGS

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INTERNATIONAL NEWS

INTERNATIONAL NEWS

USA: 'Tone it Down and Stop All the Rhetoric,' Union Boss Says of Port Contract Talks

International Longshore and Warehouse Union (ILWU) President Willie Adams looked to soothe concerns over the outcome of the upcoming dockworker contract negotiations when he told the head of the Port of Los Angeles last week a deal would get done.

Adams made the comments during a videotaped interview with Port of Los Angeles executive director Gene Seroka that also included ILWU coast committeeman Frank Ponce De Leon.

The ILWU represents some 29,000 members and negotiates labor contracts for the workers with the Pacific Maritime Association (PMA), which represents the employers.

Contract season has given rise to speculation of what the implications to retailers and other shippers could be if the two sides fail to hammer out a new contract by the July 1 expiration.

"Right now, nobody's talking about 300 ships sitting in Shanghai. Nobody's talking about the 200 ships in Hong Kong or the 150 ships in Singapore. We're talking about worldwide trade," Adams told Seroka when asked about the concerns around a new contract.

"Nobody's talking about all the money that these foreign companies have made. Everybody ought to just tone it down and stop all the rhetoric. We have been negotiating, the ILWU and our employers, since the 1930[s]. There's adults on both sides of the table, and it's called the process."

Adams' comments in part referenced the logjam that continues to grow as China's zero-Covid policy and lockdown orders that seem to now be jumping from city to city are causing vessel and yard congestion at ports, prompting blank sailings among a number of ocean carriers. The transportation system on land in parts of the country is not much better with proof of negative nucleic acid test results required for truckers, prompting further slowdowns.

National Retail Federation (NRF) president and CEO Mathew Shay wrote to the leadership of ILWU and PMA in February, urging the two to begin talks early.

“NRF’s members are continuing to adjust to the ongoing supply chain disruptions,” Shay said in his letter. “Any kind of additional disruptions at the ports would add further costly delays to our members’ supply chains and likely add to inflation concerns and further threaten the economic recovery.”

Some retailers and other companies put contingency plans in place months ago, ahead of the upcoming West Coast dockworker contract talks, not wanting to chance the possibility of potentially being caught up in a new supply chain snafu.

“Retailers are already planning now for potential disruption for the contract negotiations, so this isn’t something that they’re going to wait on until July 1, when the contract expires,” NRF vice president of supply chain and customs policy Jonathan Gold told Sourcing Journal. “They’re already planning a couple different mitigation strategies.”

That includes bringing product in earlier than usual, similar to strategies employed last year, and the other is looking at the East and Gulf Coast ports, Gold said.

“The ongoing challenge, though, is with all the continued congestion, there are limitations on where they can kind of go because the capacity just isn’t there,” Gold said.

Labor, in the meantime, remains confident about the upcoming talks.

“We will get an agreement and it takes both sides. And, right now we’re getting ready. The other side [the employers], they’re doing what they have to do, but sometime in May, we’re going to sit down,” Adams told Seroka. “We’re going to get an agreement and I wish instead of people writing things and saying that you’re going to throw the baby out with the bathwater or this or that’s going to happen, they ought to be talking about the positive things out of Covid. All the good things that have come out of this.”

Dockworkers continued to work during the pandemic and have been played a critical role in helping realize record-setting months for imports at the ports of Los Angeles and Long Beach, Adams pointed out.

The Port of Los Angeles said it processed 958,674 twenty-foot equivalent units (TEUs) in March for another record-setting month and the facility's best ever first quarter. The neighboring Port of Long Beach said it ended its busiest March ever, moving 863,156 TEUs.

ILWU's Ponce De Leon added in the same conversation with Seroka the fact that workers and employers were able to come to agreements to get through Covid speaks to their ability to get through the upcoming negotiation process.

"We sat down and collectively bargained agreements to get through Covid," Ponce De Leon said. "We sat down and bargained to keep moving, to keep people safe to make sure our ports were opened."

Source: sourcingjournal.com– Apr 18, 2022

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China's economy grows still-weak 4.8% in January-March

Growth crept up from the previous quarter's 4 per cent following a slump triggered by tighter government controls on use of debt by China's vast real estate industry, official data showed Monday. Compared with the previous quarter, as other major economies are measured, growth declined to 1.3 per cent from 1.4 per cent.

First quarter growth was well below the ruling Communist Party's official target of 5.5 per cent for the year. Forecasters have said that will be hard to meet without more government stimulus spending.

Retail spending, factory output and investment in factories, real estate and other fixed assets rose.

The national economic recovery was sustained and the operation of the economy was generally stable, said a government statement.

Authorities have suspended access to Shanghai and some other industrial cities to contain virus outbreaks under the ruling party's zero-COVID strategy to isolate every infected person. Global automakers and other manufacturers have stopped or reduced production due to supply disruptions.

The ruling party already was promising tax refunds to businesses to reverse the slump that began in mid-2021. Last week, Premier Li Keqiang, the No. 2 leader, called for quicker action to get help to struggling entrepreneurs.

Retail sales rose by a modest 3.3 per cent over a year earlier after consumer demand was hurt by a government appeal for the public to avoid travelling during February's Lunar New Year holiday, normally a time for gift-giving and banquets.

Factory output rose 6.5 per cent over a year earlier. Investment in factories, real estate and other fixed assets increased 9.3 per cent, possibly reflecting official orders to banks to lend more easily.

Source: inventiva.co.in– Apr 18, 2022

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US Retail Sales Rose 0.5% in March, But What Does That Really Mean?

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Source: inventiva.co.in– Apr 18, 2022

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Make In America Challenge For India

In March India achieved the target of $400 bn in exports even before the fiscal ended. It had achieved the last fiscal high in 2018, when it recorded exports worth $330 bn. Clearly, India's export sector, plagued by a decade of lackluster performance, is on a roll and has beaten the pandemic.

Commerce minister Piyush Goyal is also optimistic about achieving $1 trillion worth of merchandise exports by 2030. It means the country will have to grow at a CAGR of 14% between 2022 and 2030, increasing its share in global exports to 5% from 0.55% in 2019.

But, there is a glitch. our largest trading partner, the US, has announced its plan to promote its own version of Make in India. In his State of the Union address, US president Joe Biden possibly did a Donald Trump—who emerged as an epitome of anti-globalisation during his presidency—when he said, "We will buy American to make sure everything from the deck of an aircraft carrier to the steel on highway guardrails are made in America."

So, in the face of falling income levels, rising debt, high inflation and a raging war between Russia and Ukraine, is there no difference left between a Democrat or a Republican president in the US?

The China Challenge

The rising tension between the US and China over the years had given birth to the strategy of China plus one. Under the policy, multinational firms moved out of China to other countries, like Thailand, Malaysia, Vietnam and India. It has been investing heavily in its domestic manufacturing sector by providing production linked incentive schemes to invite domestic and foreign firms to make in India and export to the West.

To boost manufacturing in India, the government announced the PLI schemes covering 14 significant sectors of the economy with a total outlay of Rs 3 lakh crore. Apart from domestic players, India expects global companies—mainly from the US—to set up manufacturing plants here.

But, if the world's most powerful country decides to move out of the model of global supply chains, what will be the future of India's export economy in coming years?

President of Ludhiana-based Hand Tools Association S.C. Ralhan is of the view that Biden's speech is more of rhetoric and will not affect India's future exports. "Every multinational company is looking to make profits. If they see value in importing products from India or other countries, why will they try to produce it in the US? Indian exports are doing well, and if the government focuses on incentivising its exporters in the coming years, nothing can stop India from growing."

Apart from the traditional basket of exports that includes gems and jewellery and agricultural items, India has been looking to increase its high value exports in the international markets. Engineering goods exports during the April-January quarter of 2021-22 exceeded their target by 85.3%. On a pro-rata basis, the target for the April-January quarter was $89.4 billion, while actual exports stood at $91.5 billion during this period. The US remained the top export market for engineering goods for the period.

The government data shows that all the top 25 destinations recorded growth during April-January in 2021-22 except Malaysia.
To boost exports, the government has announced measures such as notifying RoDTEP (Remissions of Duties and Taxes on Exported Products) rates and releasing Rs 56,027 cr against pending tax refunds of exporters, among others.

Less Imports, More Exports

While the US may not be able to reduce its imports from the world immediately, it is a fact that globalisation is on the retreat. Aradhna Aggarwal, who teaches international trade at the Copenhagen Business School, Denmark said, "World trade has reduced significantly since 2011. For India to survive the next wave of trade protectionism and anti-globalisation sentiment, the government should focus more on increasing exports rather than reducing imports."

The current Make in India pitch is more inclined to reduce imports, rather than being competitive in exports, according to Aggarwal. "When your focus is entirely on reducing imports from outside, it often leads to cutting down on raw materials that can be used to be competitive in exporting high-end products," she says.

Over the years, China, for example, has created an ecosystem for its export-oriented growth. It not only has created over a 1,000 special economic zones but has also extended loans to Africa and other countries to create a market for its products. Which is why, despite the US trade protectionism, China has not been impacted.

"India's SEZ policy has been a failure. Its industrial parks, including textile and mega food parks have been even less successful, resulting in it losing out on its comparative advantage in traditional products to new production centres in Southeast and South Asia, the Middle East and North Africa," Aggarwal says.

Global Protectionism

Even as the US retreats from being the promoter of global free trade, every country is looking to safeguard its interests by getting into some sort of a regional alliance. The African Continental Free Trade Area became effective from January 2021, while the Regional Comprehensive Economic Partnership (RCEP)—a free trade agreement among Asia-Pacific economies—came into effect from January 2022.

India, which signed more than a dozen free trade agreements (FTA) in the last two decades, has been wary of joining RCEP because the previous trade agreements led to an increase in trade deficit with other countries. A NITI Aayog report pointed out that exports to FTA countries have not outperformed total exports to the rest of the world. India reported a higher trade deficit with South Korea and Japan post signing of FTAs. In fact, India has a trade deficit with 11 of the 15 RCEP nations.

However, for Anupam Manur, a professor at Takshashila Institution, the reason of trade deficit with RCEP lies in India. He says, "Yes, India has a trade deficit with several trading partners, but that is not because of trade agreements. To benefit from trade agreements, India needs to make its domestic industry competitive, focus on increasing productivity and improve the actual ease of doing business. We also need to prioritise and promote industries that can scale up and employ thousands of employees instead of encouraging firms to stay in the MSME sector."

India walked out of RCEP in November 2019 under pressure from the domestic dairy industry, which would have been exposed to competition from New Zealand-based products. Apart from that, India's major concern was an high trade deficit with China.

Ajit Ranade, vice chancellor of the Gokhale Institute of Politics and Economics, in a recent article, argued that by not joining RCEP, India has let go of $6 trillion worth of Chinese exports market. A report by the Peterson Institute on International Trade shows that by not joining the RCEP, India could be looking at a GDP loss of Rs 450 billion, compared to a gain of Rs 4,450 billion if it were an RCEP participant. Manur agrees with this line of thought and warns India against falling for protectionism. "India's reluctance to join RCEP is, firstly, a tacit admission of the lack of productivity of Indian firms and a failure of domestic policy. Secondly, it will hurt India by being cut off from free trade."

As the US, at least in theory, moves towards protectionism and other regional blocks attempt to maximise their interests, India does not seem to have a clear exports roadmap. The $1 trillion target apart, the government needs to be more descriptive about how it plans to evolve and implement this global passage.

Source: business.outlookindia.com– Apr 11, 2022

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Vietnam interested in boosting logistics partnership with S Korea

Stronger Vietnam-South Korea partnership in logistics and measures to encourage bilateral technology transfer will help improve Vietnam's capacity in the field and contribute to turning it into an industrialised nation, director of Vietnam Trade Promotion Agency (Vietrade) Vu Ba Phu told a dialogue organised by the Vietrade and the Korea Trade-Investment Promotion Agency (KOTRA) in Hanoi recently.

The policy dialogue was part of the 31st Vietnam Expo. Phu said Vietnam currently has 69 logistics centres in different scales, mostly in industrial parks.

A number of localities such as An Giang, Ba Ria-Vung Tau, Bac Ninh, Cao Bang, Da Nang and Quang Ninh are calling for investment in their logistics sector, he noted.

With the Fourth Industrial Revolution, traditional logistics centres have evolved into new-generation ones, he said, adding that an action plan to enhance the competitiveness and development of country's logistics sector until 2025 has been implemented to cut logistics cost and improve efficiency.

Along with developing infrastructure system and improving human resources for logistics sector, administrative procedures have been reformed for the sector, a Vietnamese newspaper reported.

According to the ministry of industry and trade (MoIT), the operational capacity of Vietnam's logistics sector in 2021 reached 3.34 points compared to 3.27 points in 2018. Vietnam also entered the list of the top 10 countries with the highest annual logistics sector growth of 14-16 per cent.

South Korea is the largest investor in Vietnam now, with more than 9,200 projects—including several in the logistics sector—under way worth $74.7 billion.

Source: fibre2fashion.com– Apr 18, 2022

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New container liner route linking east China, Vietnam launched

A new container liner route linking Vietnam's Hai Phong and Ho Chi Minh City with Taicang port in east China's Jiangsu province was recently launched, according to the port's administrative committee. Two ships, with capacities of 1,100 twenty-foot equivalent units (TEU) and 1,400 TEU, will be used on the new route, which operates on a weekly basis.

The new route will help boost the development of China's 'dual circulation', the Belt and Road Initiative and the high-quality integrated development of the Yangtze River Delta region, official Chinese media quoted the administrative committee as saying.

Taicang port operates four container liner routes to Southeast Asia, providing convenient logistics services for trade enterprises in Suzhou, a national high- and new-tech industrial base in the province and other cities along the Yangtze river.

Source: fibre2fashion.com– Apr 18, 2022

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Cambodia: Textile-related exports surge nearly a quarter to $3B in Q1

Cambodia exported more than $3 billion worth of garments, footwear, travel goods and other textile-related products in the first quarter of 2022, an increase of nearly a quarter compared to the same period last year, according to data from the General Department of Customs and Excise of Cambodia (GDCE).

GDCE figures show that in January-March, these exports amounted to $3.155 billion, up by $627.8 million or 24.8 per cent year-on-year. The products were not broken down by category. “Travel goods” is a designation that includes suitcases, backpacks, handbags, wallets and similar items.

While unable to provide concrete figures, Garment Manufacturers Association in Cambodia (GMAC) deputy secretary-general Kaing Monika affirmed that garment exports increased in the first quarter from last year. He chalked up the jump in garment exports to the stability of production and favourable external factors such as a continuing shift of influential orders away from China and Myanmar to other countries including Cambodia.

He labelled the current trend as a “positive sign” that growth would likely extend until end-2022, but cautioned that the increase in sales does not necessarily guarantee that profits have been improving.

“As we’re all aware, during the Covid-19 crisis, there were more costs than usual, so despite the increase in sales, there was little profit.

“At the end of the day, we’ve had loads of issues, including those concerning salaries and Covid-related expenses, as well as the suspension of production when workers were absent due to Covid-19. Therefore, exports do not mean that profits will increase,” Monika said.

Cambodia Footwear Association president Ly Kunthai admitted that his association did not have clear figures on footwear exports, but shared that members were receiving “a lot” of orders as countries reopen and roll back Covid-19 restrictions, allowing commodity traffic to gradually edge towards pre-pandemic levels.

"Still, we understand the state of trade between individual countries is better than it had been two years ago," he said.

GMAC data reveal that exports of textile-related products amounted to $11.3896 billion in 2021, a $1.505 billion or 15.2 per cent jump from 2020.

Broken down by category, garments accounted for $8.017 billion, footwear made up $1.390 billion, travel goods were to the tune of $1.490 billion, and other categories clocked in at over $0.49 billion.

Source: phnompenhpost.com– Apr 18, 2022

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Bangladesh: Textiles complain about late payments by apparel exporters

Managing Director of the mill Md Fazlul Hoque said 98% of his sales to local apparel exporters does not meet with timely payment. Their current payment overdue is $15 million.

"We need more working capital and loans thanks to the late payments," Fazlul Hoque, also the vice-president of Bangladesh Textile Mills Association (BTMA), told The Business Standard.

This case is not an isolated one since all the textile mills that supply apparel raw materials to local readymade garment exporters under the back-to-back letter of credit (LC) arrangement face the same problem, according to sector people.

The BTMA on Sunday approached the central bank seeking a solution to the issue. In a letter sent to the Bangladesh Bank, the BTMA demanded the banks be given clear instructions to ensure payment within the stipulated time. The association also demanded interest if the payment was not settled on time.

On the same day, the president of the association Mohammad Ali Khokon met the governor of the Bangladesh Bank and mentioned the issue in detail.

Export-oriented garment factories – the main buyer of yarns and fabrics from local textile mills – have acknowledged the late payment, but the apparel-makers have passed the blame on foreign buyers over payment delays or non-receipt of the bill.

But textile mill owners said apparel makers cannot pay late while importing yarn or clothes from abroad. Then why would they be delaying payment to local millers?

Textile mills send the raw materials to export-oriented garments under the back-to-back LC. The process includes sending the proforma invoice to the garments specifying the rates and when it will be delivered. If the buyer agrees, the concerned mill delivers the raw materials through truck receipt and delivery challan.

There are two types of arrangement for the raw material supplied by the mills. The first one is called "at sight condition", under which the apparel-maker will pay the bank price within five days of receiving the document after sending the goods. The second one is "the condition of deferred payment", which stipulates payment within 90 days after receiving the document.

But the textile mill owners complained that the terms of payment are not being met in either case.

Khorshed Alam, chairman at Little Star Spinning Mills Limited, told The Business Standard that yarn and fabric suppliers are now facing delays in payment by three to six months. In some cases, the payment is made after nine months. As a result, each mill needs about ten times more working capital than the usual, or has to continue production with loans.

"In case of yarn and fabric imports from abroad, the exporter has to be paid within five days after the importer receives the bill of lading from the shipping company," he said.

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) said, "They [textile millers] have approached the Bangladesh Bank. But who do we go to for late export bills?"

"They eventually get the money, but sometimes we do not get it from foreign buyers. We did not get 15% to 20% of the payments during the pandemic."

Refuting payment delays in almost 100% of the cases, Mohammad Hatem cited the example of his own factory, saying the delays might be in 15%-20% of the cases.

He said apparel-makers pay the foreign textile suppliers mostly on time for the sake of the country's image.

According to BTMA sources, the number of textile mills affiliated to the association is over 1,500, while the number of deemed exporters, who supply the raw materials to export-oriented factories, is about 150.

In the 2020-21 fiscal year, Bangladesh's readymade garment export was about $35 billion.

Apart from the late payment, the BTMA mentioned six issues in the letter to the central bank. Those include raising the limit of export development fund (EDF) for textile mills to $40 million from the existing $25 million for one year, tripling the bank loan ceiling (cash credit or back-to-back LC) and waiving interest for the pandemic period, otherwise allowing a ten-year repayment period by adjusting the interest and easing textile mills' access to the central bank's technology upgradation fund.

Source: tbsnews.net– Apr 18, 2022

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Vietnam's textile-apparel sector witnesses stable growth amid pandemic

Vietnam’s textile and garment industry has witnessed stable growth despite the pandemic, recording an export turnover of $8.84 billion in the first quarter of 2022 with an increase of 22.5 per cent over the same period last year. Labour shortage in the sector during the pandemic has directly affected apparel manufacturers' production and business.

Over the past two years, particularly in the fourth wave of the pandemic, Vietnamese apparel firms have been facing difficulties due to disruption of the global supply chain, leading to a temporary closure of many companies.

For example, 8-3 Textile Co. Ltd. struggled with labour shortages worsened by the crush of new COVID cases forcing many into isolation. However, the company was flexible in changing shifts and rotating workers to ensure production and business activities.

The country has changed its strategy from a zero COVID policy to safe and flexible adaptation and effective control of the pandemic while recovering and developing the economy.

Textile and garment manufacturers under the Vietnam National Textile and Garment Group have received orders until the end of the third quarter and the whole year due to their flexibility. The industry is expected to thrive and earn $43 billion in exports this year, according to a Vietnamese media report.

Source: fibre2fashion.com– Apr 18, 2022

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Pakistan: Textile exports increase by 25.43% to $14.242 bln in 9 months

The exports of textile commodities increased by 25.43 percent during the first nine months of the current fiscal year (2021-22) as compared to the corresponding period of last year, the Pakistan Bureau of Statistics (PBS) reported on Saturday.

The textile exports were recorded at $14,242.623 million in July-March (2021-22) against the exports of $11,355.465 million in July-March (2020-21), showing a growth of 25.43 percent, according to the latest PBS data.

The textile commodities that contributed to trade growth included cotton yarn, the exports of which increased by 25.97 percent from $721.216 million last year to $908.487 million during the current year.

Likewise, the exports of raw cotton increased by 1009.03 percent, from $0.593 million to $6.577 million, cotton cloth by 26.51 percent, from $1,419.181 million to $1,795.457 million, cotton (carded or combed) by 100 percent to $1.632 million from $0.064 million exports last year, yarn (other than cotton yarn) increased by 104.53 percent, from $23.560 million to $48.188 million whereas exports of knitwear increased by 34.12 percent, from $2,780.896 million to $3,729.683 million.

In addition, the exports of bed wear increased to $2,448.859 million from $2,052.259 million, showing a growth of 19.33 percent, towels' export increased by 18.42 percent, from $692.110 million to $819.589 million, ready-made garments by 26.24 percent, from $2,268.389 million to $2,863.570 million, art, silk and synthetic textile by 27.63 percent, from $269.201 million to $343.591 million, made-up articles (excluding bed-wear and towels) by 10.84 percent, from 565.680 million to $627.006 million whereas the exports of all other textile materials increased by 20.01 percent, from $473.156 million to $567.841 million.

The only textile commodity that witnessed negative growth in trade was tents, canvas and Tarpulin, the exports of which decreased by 7.87 percent, from $89.160 million to $82.144 million.

Meanwhile, on a year-on-year basis, the textile exports increased by 19.90 percent during the month of March 2022 as compared to the same month of last year.

The exports during March 2022 were recorded at $1,625.253 million against the exports of $1,355.542 million during March 2021.

On a month-on-month basis, the exports of textile from the country however witnessed a decrease of 3.51 percent during March 2022 when compared to the exports of $1,684.313 million in February 2022.

It is pertinent to mention here that the country's total merchandise exports increased by 24.98 percent during the first nine months of the current fiscal year.

The merchandise exports during July-March (2021-22) were recorded at $23.355 billion compared to the exports of $18.687billion during July-March (2020-21), the PBS reported.

On the other hand, the merchandise imports went up by 49.10 percent from $39.489 billion last year to $58.877 billion during the current fiscal year.

Source: nation.com.pk– Apr 16, 2022

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Bangladesh: BGMEA asks India to remove trade barriers for smooth bilateral business

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) made a request for removing export-import related trade barriers to save time and cost and boost bilateral business with India.

BGMEA President Faruque Hassan made the request on Saturday when he paid a courtesy call on Harsh Vardhan Shringla, foreign secretary of India, at his official residence in New Delhi, according to a statement.

BGMEA director Tanvir Ahmed was also present at the meeting. The trio discussed potential areas of cooperation to enhance trade between Bangladesh and India, said the statement. They also talked about existing problems in export-import trade and non-tariff barriers, especially in textiles products trading, and possible means to address them.

"Both neighbouring countries can gain mutual trade benefits by complementing each other, particularly in boosting apparel and textile businesses," Mr Hassan said.

“India is one of the major markets for importing raw materials for our RMG industry. We import man-made fibre, yarn, fabric, chemicals, machinery, dyes etc. Bangladesh is giving emphasis on high-end MMF-based apparel items. India, as a major supplier of textiles including MMF fabrics, can meet the growing demand of Bangladesh.”

On the other hand, India is a promising export market for Bangladeshi readymade garments due to geographical proximity, competitive price and quality, he said. So, both countries have scope to tap into the reciprocal trade benefits, he added.

The BGMEA president requested the Indian foreign secretary for steps to expedite and facilitate trade, especially removing non-tariff barriers and simplifying export-import procedures through the land ports in order to reduce time and cost.

Source: thefinancialexpress.com.bd– Apr 18, 2022

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Time to resume India trade, doors will open: Pak's top industrialist

Pakistan's top industrialist Mian Mohammed Mansha believes it is time his country and India resume trade, and improve relations for their betterment.

Mansha, who heads the Nishat conglomerate, Pakistan's No. 1 business group, told The Indian Express from Dubai where he is at the moment, that there are "many synergies" between the two countries that can come into play once trade begins.

"I feel very passionately that we need to get our things sorted out with India. Now whatever the issues that are impeding, let them be there. But once they come to one another's country, through trade, tourism – religious tourism or normal tourism — I think the doors will start opening," 75-year-old Mansha said.

He said the Kashmir issue had to be resolved with "small steps" to "bring temperatures down". He also spoke on opening up Bollywood to Pakistani actors and India's IPL to Pakistani cricketers.

Earlier this year, the industrialist, counted as the most influential voice of the business community in Pakistan, had called for resumption of trade with India at a meeting of the Lahore Chamber of Commerce and Industry.

Reiterating the statements he made at that meeting, Mansha, whose businesses range from textiles to cement to automobiles, said if India could continue to import from China despite its border issues, there was no reason for Pakistan not to resume trade with India.

"I think there's nothing better than having good relations with your neighbours. And you can't change neighbours," he said, pointing to the advantages that importing from India would give Pakistan.

"I am a businessman. That's why I say that if something is cheaper in India, why should I buy that from another country? The transportation cost is less (from India)," he said. "There are so many products that we could buy. We (the Nishat Group) make Hyundai cars. Hyundai India is very big.

We could buy some parts cheaper from India, than buying from China, for example. And you are also trading with China in such a large way. Your imports from China are huge, and if you look at it, you also have issues with China on the issue of territories and all that."

Trade between the two countries dwindled after India doubled tariffs following the Pulwama attack in February 2019. Later, after India's decisions in J&K that August, Pakistan stopped trade with India.

Last year, days after the powerful Pakistan Army indicated that it had a "geo-economic vision" of South Asia – Pakistan Army chief General Qamar Javed Bajwa outlined this in a speech — Pakistan announced it would begin restricted trade with India for cotton and sugar. However, the decision was abruptly cancelled after several ministers in the then Imran Khan government opposed it.

Last week, Imran Khan was removed as Prime Minister by the country's parliament. Though Mansha said he had not met Shehbaz Sharif, the new Prime Minister, in three-four years, he was aware that Sharif was not against resumption of trade with India.

"What I think is we do need to move ahead on the resolution of the Kashmir issue, we could take small, small steps. I do think we need to lower the temperature," he said, pointing to the "Musharraf formula" that paved the way for cross-LoC trade and bus services that allowed families on either side to meet, interact and do business with each other, though other steps such as reducing military presence on both sides did not take place. Mansha also spoke on the opening of flights from Sharjah as a pointer to the tourism potential of Kashmir.

On trade, Mansha said a beginning could be made with Pakistan importing cotton from India and exporting cement.

"I am in the cement business. We have one big plant, in Chakwal district (of Pakistan Punjab province) where Mr Manmohan Singh was born. We have even preserved the school that he attended. You don't have limestone in Indian Punjab and areas around the border, so it is much cheaper to buy Pakistani cement. We used to export a lot of cement to India, till all this trading abruptly stopped. So it is not a bad idea if we could import cotton, and we could export some cement to India," he said.

"I also deal with cotton textile companies, where we want to use Indian cotton. And we also grow a lot of cotton and now we are buying some cotton from Afghanistan, and from so many other countries that we import. Our cotton seasons are slightly different. When you grow cotton, we don't grow cotton at that time. It would be very good that when our season comes, you could buy it from us. And when yours comes, we could import it from you, rather than paying carrying charges from other countries," he said.

Mansha said investment too should begin. "For example, if Tata invests in Pakistan, you will have employees here… and I think interconnections do build up".

There would be hawks on both sides, he acknowledged, but pointed to the 1978 Camp David accord between Israel's Menachem Begin and Egypt's Anwar Sadat as an example of breaking through mistrust and hostility. He also mentioned the North American Free Trade Agreement (NAFTA), which was treated with suspicion at the beginning, but has been beneficial for Mexico, the US and Canada.

The India-Pakistan cultural relationship, he said, was also important. "Indian movies coming to Pakistan, and Pakistani dramas were being seen in India… Some of our actors got better chances in Bollywood… but the biggest thing we need to start is that our cricketers should be playing in your IPL tournament. And yours could come to the PCL. Cricket is a big business now," he said.

Source: indianexpress.com– Apr 16, 2022

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NATIONAL NEWS

TEXPROCIL welcomes removal of import duty on cotton

The Government has permitted duty-free imports of cotton for the period April 14 - September 30, 2022 vide a notification issued on April 13 by the Ministry of Finance.

Manoj Patodia, Chairman of TEXPROCIL (The Cotton Textiles Export Promotion Council) thanked the Hon'ble Prime Minister Narendra Modi for giving a "Baisakhi" gift to the textile industry, as the measure will benefit the entire textile value chain namely yarns, fabrics, garments and made ups and provide relief to consumers.

He also thanked the Hon'ble Minister of Commerce, Industry, Textiles, Consumer Affairs, Food and Public Distribution, Piyush Goyal for his untiring efforts to ensure that the Indian textile industry maintains its competitive edge in world markets.

Patodia hoped that going forward the prices of cotton which has reached unreasonable levels will stabilise and the textile industry will be able to increase its exports.

Source: bignewsnetwork.com– Apr 19, 2022

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UK PM Boris Johnson to visit India on April 21, hold 'in-depth' talks with Modi

Boris Johnson will become the first British Prime Minister to visit Gujarat when he lands in Ahmedabad this week for a two-day visit to India for "in-depth talks" with his Indian counterpart Narendra Modi, according to Downing Street.

Johnson's first visit to India as UK Prime Minister will begin on April 21 with a trip to Ahmedabad in Gujarat, which is Prime Minister Modi's home state. Investment announcements in key industries in both the UK and India will take place, Downing Street said in a statement on Saturday.

Johnson will then proceed to New Delhi to meet Modi on April 22, where the focus will be on India-UK strategic defence, diplomatic and economic partnership. According to officials on both sides, Johnson will also use his India visit to drive progress in the ongoing Free Trade Agreement (FTA) negotiations launched earlier this year.

"My visit to India will deliver on the things that really matter to the people of both our nations — from job creation and economic growth, to energy security and defence," said Johnson, ahead of the visit. As we face threats to our peace and prosperity from autocratic states, it is vital that democracies and friends stick together. India, as a major economic power and the world's largest democracy, is a highly valued strategic partner for the UK in these uncertain times," he said.

Choice of Gujarat

While in Ahmedabad, Johnson is scheduled to meet with leading businesses and discuss the UK and India's "thriving" commercial, trade and people links. The choice of Gujarat, India's fifth largest state, was linked with it being the ancestral home of around half of the British-Indian diaspora population in the UK.

"In Gujarat, the Prime Minister is expected to announce major investment in key industries in both the UK and India, boosting jobs and growth at home, as well as new collaboration on cutting-edge science, health and technology," the Downing Street statement said.

"The Prime Minister will then travel to New Delhi to meet Prime Minister Modi on Friday (22nd April). The leaders will hold in-depth talks on the UK and India’s strategic defence, diplomatic and economic partnership, aimed at bolstering our close partnership and stepping up security co-operation in the Indo-Pacific,” the statement said.

The Free Trade Agreement (FTA) talks, which will move into their third round later this month, are expected to result in a deal predicted to boost the UK’s total trade by up to 28 billion pounds ($36 billion) annually by 2035 and increase incomes across the UK by up to £3 billion ($3.9 billion).

It emerged earlier this week that at the end of the first two rounds, four out of 26 chapters have been agreed and there has been “significant progress” in the remaining 22 chapters of the FTA. The two leaders are expected to mandate a timeline for the possible completion of the process, initially set for the end of this year.

UK-India Comprehensive Strategic Partnership

Last year, the two prime ministers had agreed on a UK-India Comprehensive Strategic Partnership, announcing more than 530 million pounds ($692 million) in investment into the UK and committing to a deeper bilateral relationship across trade, health, climate, defence and security, and connecting people. India was identified as a priority relationship for the UK in the 2021 Integrated Review and was invited by the UK as a guest to last year's G7 summit in Cornwall, the UK government officials noted.

Downing Street highlighted that the UK is leveraging post-Brexit trade opportunities with India’s growing economy to drive down prices in key commodities for consumers, open opportunities for UK businesses in areas like green tech and services, and create high-wage, high-skill jobs. According to official estimates in the UK, investment from Indian companies already supports 95,000 jobs across the UK, which is expected to be boosted by upcoming announcements and a future free trade deal.

Modi and Johnson last met in person on the sidelines of the COP26 climate summit in Glasgow in November last year. Johnson’s visit next week is seen as long overdue on both sides, having been cancelled twice before due to the Covid-19 pandemic situation.

Source: financialexpress.com– Apr 16, 2022

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Govt to widen crackdown on low-grade imports; Move to hurt Chinese suppliers the most

The government is planning to firm up quality specifications for a broader range of imported products, as it intends to harden a crackdown on the inflows of substandard goods from overseas.

Official sources told FE that the Bureau Of Indian Standards (BIS) has convened a meeting on April 20 of officials from several ministries that oversee the trade of various products or develop standards for them.

“The idea is to identify imported products for which standard specifications are yet to be developed or revised,” said one of the sources. “BIS director general Pramod Kumar Tiwari, who will chair the meeting, will also monitor whether enough testing facilities are in place at the district level and whether common testing facilities can be developed for MSME clusters,” he added.

The move goes beyond the government’s initial plan to formulate standards/technical regulations or put in place quality control orders (QCOs) for 371 key products in the first phase. Imports of these 371 products were to the tune of $128 billion, or a fourth of the total purchases from overseas, in FY19, before the Covid outbreak.

The decision isn’t specific to any country but it could hurt China, as Beijing is the biggest supplier of low-grade products to India.

Nevertheless, keeping with the principle of free and fair trade and to ensure domestic consumers have access to quality products, both Indian manufacturers and foreign suppliers will have to conform to the same standard specifications.

Importantly, it will also prompt domestic producers to collectively enhance the quality of their products so that they will be better placed to take advantage of various trade agreements that the government has forged or is planning to conclude with even developed economies. Recently, it sealed a deal with Australia and is planning to get into free trade agreements with the UK, Canada and the EU.

India’s move to develop technical specifications for products in recent years marks a shift in its approach to curb low-grade imports; its earlier approach was to raise tariffs.

Since substandard products are usually imported at much cheaper rates, they not just pose risks to consumer health and environment but also hit domestic manufacturing because of the price competitiveness.

Concerned about protectionism by stealth adopted by some nations, commerce and industry minister Piyush Goyal has been asking industry associations to flag non-tariff barriers faced by Indian exporters in various countries so that New Delhi can firm up appropriate remedial responses.

The dozens of products where quality control orders have been issued include air conditioner, toys, footwears, pressure cooker and microwave.

The government has also firmed up standards as well as technical regulations for hundreds of products across sectors, including consumer electronics, steel, heavy machinery, telecom goods, chemicals, pharmaceuticals, paper, rubber articles, glass, industrial machinery, some metal products, furniture, fertiliser, food and textiles.

Analysts have said India seems to have taken a cue from developed and major developing nations that have erected non-tariff barriers to target non-essential and substandard imports. For instance, the US put in place as many as 8,453 non-tariff measures, followed by the EU (3,119), China (2,971), South Korea (1,929) and Japan (1,881), according to a commerce ministry analysis in 2020. In contrast, India had imposed only 504 of them.

Of course, non-tariff measures are not always aimed at curbing imports (for instance, safety, quality and environmental standards are put in place by all countries for imported products). But what have often worried analysts is that they can be abused for trade protectionism.

Source: financialexpress.com– Apr 16, 2022

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GST Council may do away with 5% rate; move items to 3% and 8% slabs: Report

With most states on board to raise revenue so that they do not have to depend on Centre for compensation, the GST Council at its meeting next month is likely to consider a proposal to do away with the 5 per cent slab by moving some goods of mass consumption to 3 per cent and the remaining to 8 per cent categories, sources said.

Currently, GST is a four-tier structure of 5, 12, 18 and 28 per cent. Besides, gold and gold jewellery attract 3 per cent tax.

In addition, there is an exempt list of items like unbranded and unpacked food items which do not attract the levy.

Sources said in order to augment revenue the Council may decide to prune the list of exempt items by moving some of the non-food items to 3 per cent slab.

Sources said that discussions are on to raise the 5 per cent slab to either 7 or 8 or 9 per cent, a final call will be taken by the GST Council which comprises finance ministers of both Centre and states.

As per calculations, every 1 per cent increase in the 5 per cent slab, which mainly includes packaged food items, would roughly yield an additional revenue of Rs 50,000 crore annually.

Although various options are under consideration, the Council is likely to settle for an 8 per cent GST (Goods and Services Tax) for most items that currently attract 5 per cent levy.

Under GST, essential items are either exempted or taxed at the lowest rate while luxury and demerit items attract the highest tax. Luxury and sin goods also attract cess on top of the highest 28 per cent slab. This cess collection is used to compensate states for the revenue loss due to GST roll out.

With the GST compensation regime coming to an end in June, it is imperative that states become self-sufficient and not depend on the Centre for bridging the revenue gap in GST collection.

The Council had last year set up a panel of state ministers, headed by Karnataka Chief Minister Basavaraj Bommai, to suggest ways to augment revenue by rationalising tax rates and correcting anomalies in the tax structure.

The group of ministers is likely to finalise its recommendations by early next month, which will be placed before the Council in its next meeting, likely by mid-May, for a final decision.

At the time of GST implementation on July 1, 2017, the Centre had agreed to compensate states for five years till June 2022 and protect their revenue at 14 per cent per annum over the base year revenue of 2015-16.

The GST Council over the years has often succumbed to the demands of the trade and industry and lowered tax rates. For example, the number of goods attracting the highest 28 per cent tax came down from 228 to less than 35.

With Centre sticking on its stand not to extend GST compensation beyond five years, states are realising that raising revenues through higher taxes is the only option before the Council.

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

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Goods exports grow 37% to $18.79 b in the first fortnight of April 2022

India's goods exports posted a growth of 37 per cent (year-on-year) to $18.79 billion in the first two weeks of April 2022 in sync with the performance in financial year 2021-22.

Imports during the April 1-14 period increased 12.24 per cent to $25.84 billion, a rise of 12.24 per cent over the same period of 2021-22, according to the weekly trade alert shared by the Ministry of Commerce and Industry on Monday.

Petroleum imports down

Imports, excluding petroleum, increased at a higher rate of 18.24 per cent, indicating a slowdown in growth of petroleum imports. Exports, excluding POL (petroleum, oil and lubricants), has increased in this period by 23.64 per cent over the same period of 2021-22, per the data shared.

Details on exports and imports of individual items will be shared when the government comes up with the early estimates for the month of April 2022 in the beginning of May.

In 2021-22, India's exports touched a record high of $419.65 billion (growing over 40 per cent), as the world bounced back from the Covid-19 induced slowdown. Imports, too, spiked to $611.89 billion, resulting in a trade deficit of $192.24 billion.

While the World Trade Organization (WTO) has recently revised down its global trade growth forecast for 2022 to 3 per cent from 4.7 earlier due to the impact of the Russia-Ukraine war, Indian exports so far, do not seem to be significantly affected.

FY23 target

Commerce Minister Piyush Goyal had recently said the ministry was in consultations with Indian Missions abroad and various export promotion councils to arrive at a suitable target.

Meanwhile, Foreign Secretary Harshvardhan Shringla, speaking at an event, indicated that the export target was $470 billion.

"Our Missions worked closely with the Department of Commerce to achieve the export target of $400 billion … we have already commenced work on next year's target which has been set at $470 billion.

Missions have been asked to give due attention to achieving the targets set for them and enhancing India's trade and investment engagement with countries they are working in," he said.

Source: thehindubusinessline.com– Apr 19, 2022

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Centre denies reports of GST council planning to raise 5% tax slab to 8%

The Central Government has categorically denied the media reports claiming that the Goods and Services Tax (GST) Council is planning to raise a five per cent tax slab to eight per cent, said the government sources.

The sources confirmed to ANI that there is no such proposal from the Council, this news is speculative and there is no truth in it.

Currently, GST has a four-tier slab structure of 5, 12, 18, and 28 per cent. Besides, gold and gold jewellery attract a three per cent tax.

Last year, GST council formed a Group of Ministers (GoM) on rate rationalisation, headed by Karnataka Chief Minister Basavaraj Bommai, which includes West Bengal Finance Minister Amit Mitra, Kerala Finance Minister K N Balagopal, and Bihar Deputy Chief Minister Tarkishore Prasad.

Sources said that GoM has still not prepared its report on rate rationalisation and it is yet to be submitted to the GST council.

The date of the next meeting of the GST council is also not confirmed yet as the Union Finance Minister Nirmala Sitharaman, who is also the Chairman of the GST Council, is currently in the USA to attend the Spring Meetings organised by the International Monetary Fund and World Bank, G20 meetings besides other associated investment meetings as part of her official visit to the USA beginning April 18, 2022.

The last GST council meeting, which was the 46th council meeting was held on December 31, 2021.

Essential items are either exempted or taxed at the lowest slab of five per cent, while luxury and demerit items attract the highest tax rate of 28%. On the top of the highest slab, a cess is levied on luxury and demerit goods.

Source: economictimes.com– Apr 18, 2022

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Denim companies embrace blended jeans as cotton prices scorch

After more than doubling in a few months and showing no signs of corrections, high cotton prices have compelled denim makers to reconsider their product mix in favour of blended jeans. This means less conventional jeans that are made of almost 100 per cent cotton and indigo dye.

Surging cotton prices, coup-led with other raw materials, have shot up input costs by 30 per cent. Raw cotton prices have more than doubled from Rs 35,000 per candy of 356 kg in mid-2020 to over Rs 75,000 now. With the denim industry consu-ming at least 10 per cent of Ind-ia's cotton, the rise in prices has impacted all kinds of players.

However, while denim makers have been able to pass on much of the cost hike to buyers leading to better realisations in the export market, in the domestic market the industry — including fabric makers, distributors and retailers — has largely absorbed it.

"Over the last 12 months or so, the industry has already seen anywhere between 25 and 40 per cent price hike due to multiple factors including global supply chain disruptions and cotton price hike. End consum-ers at the domestic retail level have taken a 10-15 per cent price hit in denim garments, which is not commensurate with market reality. However, if cotton price continues to remain at current levels, there might be another round of hike in the next 3-6 months," said Gaurav Davda, head, corporate finance & strategic initiatives, Jindal Worldwide Ltd., a leading denim maker with over 140 million metres per annum capacity.

In the current scenario, denim makers are looking at ways to mitigate the input cost rise in the domestic market. Cotton forms nearly 70 per cent of the raw material costs. One solution is to enhance the share of blen-ds in the overall product mix.

"Denim makers are now looking at substitutes for cotton yarn and the most possible way to do that is through blended products. This way, the industry can ensure that least impact is passed on to retail consumers," said Vinay Thadani, chief financial officer of Vishal Fabrics Ltd.

According to Thadani, currently anywhere between six and 10 per cent of the product mix is blended products where raw materials such as viscose and Lycra are used.

“But now, the share of blended products in the product mix could go up to 25-30 per cent, as manufacturers are avoiding fully cotton-based products due to high prices,” Thadani added.

Experts believe while blended products haven’t been so popular among retail consum-ers, the unprecedented rise in cotton prices has forced denim makers to look at it as an alternative.

“Denim makers are being forced to manufacture more blended products since these are un-pre-cedented times with hitherto un-known levels of cotton prices. The other way to mitigate the impact, at least in the domestic market, is by looking at other types of cotton that are of lower price range and coarse count that could be used as blends,” said P R Roy of Diagonal Consulting, a leading textile consulting firm.

The export markets, on the other hand, have been more favourable with the industry being able to pass on the impact to a large extent.

According to Davda, larger players like Jindal Worldwide have had lesser impact due to a wide range of products in differ-ent price ranges offered to international and domestic buyers, which allows transfer of input cost hike to certain categories.

“We offer denim fabrics anywhere between Rs 100 and over Rs 300 per metre. Denim makers, who do not have a large capacity and are unable to cater to all price points, are finding it exceedingly difficult to pass on the cost to buyers. This is because they are able to offer only products in the Rs 100 per metre range, where even a Rs 5 per metre price hike seems huge for buyers,” he added.

Industry estimates peg the denim manufacturing capacity in India at roughly 1.5-1.6 billion metres per annum (bmpa), half of which is organised and led by a few large listed players such as Arvind Limited, Jindal Worldwide, Nandan Denim and Vishal Fabrics. Overall, large players alone control roughly 25-30 per cent of the organised denim manufacturing capacity in the country.

Meanwhile, Vishal Fabrics has announced that the company has added a new denim line that started operations at the end of last month with a total capacity of 10 million met-res per annum (mmpa), even as it plans a second line of another 10 mmpa capacity.

With the two additional lines, its annual cap-acity will increase to 100 mmpa at its Dholi unit in Gujarat.

Source: business-standard.com– Apr 19, 2022

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Widening aperture?

In a span of two months, between mid-February and first week of April, the Government of India has signed two major trade agreements, one with the United Arab Emirates (UAE) and the other with Australia. This has happened at a time when the Indian government has not joined either of the two mega blocs, Regional Comprehensive Economic Partnership (RCEP) — a Chinese initiative — or the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), headed by Japan.

India-UAE CEPA

UAE is India's third-largest trade partner globally, after the United States and China. The UAE is also home to 35 lakh Indian-origin persons. Table 1 reveals that in 2021, India's trade deficit with the UAE was more than USD 15.2.

On February 18, India and the UAE signed the Comprehensive Economic Partnership Agreement or CEPA. The trade deal covers, among other things, free trade, digital economy, government procurement, and strategic areas. The UAE will remove customs tariffs on nearly 80 per cent of the goods, which account for 90 per cent of India's export to the Gulf nation by value.

CEPA also covers 11 service sectors and over 100 sub-sectors, which include business services, telecommunications, construction, education, tourism, nursing, and finance among many others. To protect the interests of domestic producers, India has kept items such as dairy, fruit, cereals, vegetables, tea, coffee, tobacco, dyes, soaps, footwear, petroleum, tyres, toys, aluminium scrap, copper, processed marble etc. out of the trade pact, reports Business Standard.

It is claimed that the deal is set to benefit Indian exports in gems & jewellery, textiles, leather, footwear, sports goods, plastics, furniture, agricultural goods, pharma, medical devices, automobiles, and engineering goods sectors. India has given tariff concessions on gold exports to the UAE, while they have eliminated tariffs on jewellery exports from India.

The UAE has accepted India's request that once an Indian medical product is accepted by the UK, the US, the EU, Canada, and Australia, and goes through the rigorous regulatory process of these countries, such products will get market access and regulatory approval in a time-bound manner of 90 days for being marketed in the UAE. As per a report by Moneycontrol, the UAE is expected to benefit from potentially larger exports of metals & minerals, petrochemicals, petroleum products and dates.

India-Australia CECA

On April 2, India and Australia signed a comprehensive interim free-trade agreement that will provide zero duty exports to 100% tariff lines from India to the Australian market, benefiting labour-intensive sectors besides providing greater access to the services space.

India has kept several sensitive products in the exclusion category such as milk, dairy products, chickpeas, walnut, pistachio nut, wheat, rice, bajra, apple, sunflower seed oil, sugar, oil cake, gold, silver, platinum, iron ore and most medical devices.

According to government estimates, trade in goods is likely to almost double to USD 50 billion in five years from about USD 27 billion at present.

Australia will provide zero-duty market access for 96.4 per cent value of Indian exports (98 per cent of tariff lines) on the first day of implementation of the agreement. Exports of several labour-intensive sectors, currently facing import duty of 4-5 per cent in Australia, will gain from the immediate duty-free access.

These include most textiles and apparel, a few agricultural and fish products, leather, footwear, furniture and sports goods, jewellery, engineering goods, and selected pharmaceuticals and medical devices. Tariffs on the remaining 113 tariff lines, amounting to 3.6 per cent of India's exports, will be phased out in five years.

Australia, too, will gain considerable market access in India with tariffs being eliminated on more than 85 per cent of the Australian goods exports immediately, rising to almost 91 per cent in over 10 years.

While tariffs on items such as wool, sheep meat, coal, alumina, metallic ores, and critical minerals will be immediately reduced to zero, on other products such as avocados, onions, cherries, shelled pistachios, macadamias, cashews in-shell, blueberries, raspberries, blackberries and currants, tariffs will be eliminated over the next few years. Import duties will also be slashed on Australian wines, though not eliminated, reports Businessline.

According to a press release by the Australian government, this agreement has "been built on strong security partnership and joint efforts in the Quad, which has created the opportunity for the economic relationship to advance to a new level", the press release claimed. So the security aspect of the Quad which has been revived to counter the Chinese power in the Indo-Pacific region is one of the objectives of this trade initiative.

According to the Australian government, the benefits of AI ECTA include:

⁕ Sheep meat tariffs of 30 per cent will be eliminated on entry into force, providing a boost for Australian exports that already command nearly 20 per cent of India's market.

⁕ Wool will have the current 2.5 per cent tariffs eliminated on entry into force, supporting Australia's second-largest market for wool products.

⁕ Tariffs on wine with a minimum import price of USD 5 per bottle will be reduced from 150 per cent to 100 per cent on entry into force and subsequently to 50 per cent over 10 years (based on the Indian wholesale price index for wine).

⁕ Tariffs on wine bottles with a minimum import price of USD 15 will be reduced from 150 per cent to 75 per cent on entry into force and subsequently to 25 per cent over 10 years.

⁕ Tariffs up to 30 per cent on avocados, onions, broad, kidney and adzuki beans, cherries, shelled pistachios, macadamias, cashews in-shell, blueberries, raspberries, blackberries, currants will be eliminated over seven years.
⁕ Tariffs on almonds, lentils, oranges, mandarins, pears, apricots and strawberries will be reduced, improving opportunities for Australia's horticulture industry to supply India's growing food demand.

⁕ The resources sector will benefit from the elimination of tariffs on entry into force for coal, alumina, metallic ores, including manganese, copper and nickel; and critical minerals including titanium and zirconium.

⁕ LNG tariffs will be bound at 0 per cent at entry into force.

⁕ Tariffs on pharmaceutical products and certain medical devices will be eliminated over five and seven years.

Table 1 reveals that in 2021, India's trade deficit with Australia was more than USD7.7 billion. After the implementation of the agreement, it is expected that the balance of trade will improve in India's favour. However, India's experiences of the hitherto trade deals, especially with relatively more developed nations, do not justify such optimism.

Why does India need a FTA?

FTA is an agreement between the countries or regional blocs to reduce or eliminate trade barriers, through mutual negotiations, with a view to enhancing trade. It can however be comprehensive to include goods, services, investment, intellectual property, competition, government procurement and other areas. The WTO uses the nomenclature of Regional Trade Agreements (RTAs) to describe FTAs.

As per WTO statistics, as on July 15, 2021, there were 349 trade agreements in force. However, there were notifications of 565 more trade agreements. Every WTO member has at least one trade agreement.

India has signed 13 free trade agreements (FTAs) and 5 preferential trade agreements (PTAs). Please refer to Tables 2 & 3 for details. In the Indian context, the key differences between an FTA and a PTA are that the FTA is comprehensive across a number of areas and has deeper commitments while a PTA is confined to trade in goods and seeks only tariff elimination in terms of a margin of preference (MOP). Moreover, the coverage of a PTA on goods is also limited as compared to an FTA.

The rationales for India's FTAs/ PTAs are:
⁕ Diversification and expansion of export markets.

⁕ Selectively cheaper access to raw materials, intermediate products and capital goods.

⁕ Seeking opening in modes and sectors of India's interest in services.

⁕ Attracting foreign investment to stimulate manufacturing, generate employment and improve competitiveness.

⁕ Geopolitical strategy such as "Act East" or QUAD resulting in FTAs with ASEAN, Japan and Korea and Australia.

As per the FDI data maintained by the Department for Promotion of Industry and Internal Trade (DPIIT), the cumulative investment received, from the first 11 countries/regions mentioned in Table 2, in the last five years (between October 2016 and September 2021) was to the tune of USD 89.46 Billion. However, it is not possible to ascertain if investment from a country has taken place due to the signing of an RTA or any other reason(s).

A cursory analysis of the contents of Tables 2, 3, 4 & 5, reveals a few interesting facts about Indian policy.

⁕ India is moving away from the East and South-East Asian region to North America, Pacific, Europe, Euro-Asia, Africa and middle Asian regions. The targeted regions are relatively more developed.

⁕ The present focus is more on bilateral agreements than multilateral arrangements like RCEP.

⁕ Though China's presence is limited only to its membership in the APTA PTA, implemented in 1975, its trade with India is substantial. In 2021, India had a trade deficit of over USD 65.5 billion with China

⁕ Table 5 clearly reveals with the exception of Bangladesh, Sri Lanka, Nepal, the Philippines and Brazil India has huge trade deficits with all other major trading partners including ASEAN.

Conclusion

As per the WTO report, in 2020, the five major export items in terms of value (USD billion) of India were:

⁕ HS2710 (Petroleum oils, other than crude): USD 26 billion
⁕ HS3004 (Medicaments in measured doses): USD 16. 6 billion

⁕ HS7102 (Diamonds, whether worked or not): USD 15.2 billion
⁕ HS1006 (Rice): USD 8 billion
⁕ HS7113 (Articles and parts of jewellery): USD 7.65 billion
And five major imports were:
⁕ HS2709 (Petroleum oils, crude): USD 64.59 billion
⁕ HS7108 (Gold): USD 21.9 billion,
⁕ HS7102 (Diamonds, whether or not worked): USD15.9 billion
⁕ HS2701 (Coal; briquettes): USD15.9 billion,
⁕ HS2711 (Petroleum gases): USD15 billion.

The export basket shows the absence of any high-end manufactured product. All the major exported items, with the exception of rice, were completely dependent on imported inputs.

Dependence on imported energy products (crude oil, coal, gas) has made India vulnerable to any crisis in the global primary energy market and makes its manufacturing sector uncompetitive and risk-prone. Till India finds a permanent solution to its energy needs and substantially reduces import dependence for its major export items, any new FTA or RTA will not be able to improve India's competitiveness in the global market. Unrestrained export of food items will jeopardise the food security of millions of its hungry citizens. Moreover, liberal imports of agricultural products will put the livelihood of farmers at risk.

Source: millenniumpost.in– Apr 17, 2022

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Hybrid trade negotiation: Let's not face it, set FTAs free

India has recently sealed two free trade agreements (FTAs) - with the UAE and Australia - at record speed. They bear significance of what lies ahead: proposed FTAs with Britain, Canada and the Gulf Cooperation Council (GCC). No doubt a rapidly changing geopolitical scenario helped accelerate the two deals. Yet, what could well be a template for the future has been the deployment of virtual and hybrid modes of negotiation - tools forced upon by Covid circumstances.

Negotiators adopted Cisco's Webex platform for video-calling and text-editing text. According to three negotiators I spoke to, easy editing of text during online meets - use of red colours and brackets to leave out contentious issues for a future date - helped expedite the process in a big way. Small wonder that virtual meetings, equipped with tech tools and without long bureaucratic procedures, offered results much faster than in-person negotiations.

Between November 2021 and February 2022, there were six rounds of talks with the UAE, out of which three were conducted in the physical format, the rest in virtual mode. And then, in a face-to-face meeting, if a critical negotiator failed to turn up, there was no need for any postponement, as the person could still join it via a video call.

In the case of negotiations with Australia, almost all important decisions were taken virtually, with only two rounds of meetings being held physically in New Delhi and in Canberra. In the run-up to the Economic Cooperation and Trade Agreement (ECTA) with Australia, eight groups were formed to handle subjects such as trade in goods, rules of origin, trade in services, technical barriers to trade, etc. Heads of each group from both the countries - 'track leaders' - were given total freedom to choose the date and timing for such virtual meetings, thereby ending the very concept of negotiation 'round'.

India's first attempt to ink an FTA with Australia began in 2011. But after four years and nine rounds of negotiations, the process was abandoned, as both countries were already part of the Regional Comprehensive Economic Partnership (RCEP) talks that aimed at inking an FTA among 16 Asia-Pacific nations. India, however, pulled out of the RCEP negotiations in 2019.

So, how did India and Australia clinch the deal in 185 days of almost total virtual negotiations, when they had failed to make any headway after nine rounds of talks in 2011-2015? The answer is simple. A physical round of negotiations would have meant 25-30 officers flying to Canberra, checking into a hotel, and then attending 9 to 5 meetings for five consecutive days. They would have then returned to India, waited for a month or so for their Australian counterparts to reach New Delhi. Virtual sessions did away with logistical bottlenecks.

In the virtual format, group leaders decide when to talk; Indian negotiators, for example, held some sessions late at night to accommodate the 4.5 hours of time difference with Canberra. In a first, Indian negotiators also held industry consultations - some 200 meetings ahead of the Australia pact - via video calls, thereby saving both time and resources. In the pre-Covid era, commerce ministry officials would hop from one city to another to collect feedback from industry associations.

With the pandemic waning and international travel returning, will GoI revert to physical-only mode of negotiations, jettisoning the virtual and hybrid format? That would clearly be retrogressive.

Source: economictimes.com– Apr 17, 2022

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WPI based rate of inflation for March at 14.55%

The annual rate of inflation is 14.55% (Provisional) for the month of March, 2022 (over March, 2021) as compared to 7.89% in March, 2021.The high rate of inflation in March, 2022 is primarily due to rise in prices of crude petroleum and natural gas, mineral oils, basic metals, etc owing to disruption in global supply chain caused by Russia-Ukraine conflict.

The Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade (DPIIT) released index numbers of wholesale price in India (Base Year: 2011-12) for the month of March, 2022 (Provisional) and for the month of January, 2022 (Final) today. Provisional figures of Wholesale Price Index (WPI) are released on 14th of every month (or next working day) with a time lag of two weeks of the reference month and compiled with data received from institutional sources and selected manufacturing units across the country. After 10 weeks, the index is finalized and final figures are released and then frozen thereafter.

The index numbers and inflation rate for the last three months of all commodities can be seen by clicking here.

Source: pib.gov.in– Apr 18, 2022

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GST Council may do away with 5% rate; move items to 3% & 8% slabs

With most states on board to raise revenue so that they do not have to depend on Centre for compensation, the GST Council at its meeting next month is likely to consider a proposal to do away with the 5 per cent slab by moving some goods of mass consumption to 3 per cent and the remaining to 8 per cent categories, sources said.

Currently, GST is a four-tier structure of 5, 12, 18 and 28 per cent. Besides, gold and gold jewellery attract 3 per cent tax. In addition, there is an exempt list of items like unbranded and unpacked food items which do not attract the levy.

Sources said in order to augment revenue the Council may decide to prune the list of exempt items by moving some of the non-food items to 3 per cent slab. Sources said that discussions are on to raise the 5 per cent slab to either 7 or 8 or 9 per cent, a final call will be taken by the GST Council which comprises finance ministers of both Centre and states.

As per calculations, every 1 per cent increase in the 5 per cent slab, which mainly includes packaged food items, would roughly yield an additional revenue of Rs 50,000 crore annually. Although various options are under consideration, the Council is likely to settle for an 8 per cent GST (Goods and Services Tax) for most items that currently attract 5 per cent levy.

Under GST, essential items are either exempted or taxed at the lowest rate while luxury and demerit items attract the highest tax. Luxury and sin goods also attract cess on top of the highest 28 per cent slab. This cess collection is used to compensate states for the revenue loss due to GST roll out.

With the GST compensation regime coming to an end in June, it is imperative that states become self-sufficient and not depend on the Centre for bridging the revenue gap in GST collection.

The Council had last year set up a panel of state ministers, headed by Karnataka Chief Minister Basavaraj Bommai, to suggest ways to augment revenue by rationalising tax rates and correcting anomalies in the tax structure.

The group of ministers is likely to finalise its recommendations by early next month, which will be placed before the Council in its next meeting, likely by mid-May, for a final decision.

At the time of GST implementation on July 1, 2017, the Centre had agreed to compensate states for five years till June 2022 and protect their revenue at 14 per cent per annum over the base year revenue of 2015-16.

The GST Council over the years has often succumbed to the demands of the trade and industry and lowered tax rates. For example, the number of goods attracting the highest 28 per cent tax came down from 228 to less than 35. With Centre sticking on its stand not to extend GST compensation beyond five years, states are realising that raising revenues through higher taxes is the only option before the Council.

Source: financialexpress.com– Apr 17, 2022

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Crises in Sri Lanka, Nepal: Labour intensive exports to take a hit

A brewing foreign exchange crisis in Nepal, on top of the worst economic turmoil in Sri Lanka since 1948, has added to the worries of Indian exporters, who apprehend a 20% drop in supplies to the neighbours in FY23 from a year before unless the situation improves soon.

Exporters that FE spoke to said the fall in shipments to Sri Lanka could be steeper, unless New Delhi extends a fresh line of credit, in addition to the assistance of $2.4 billion already provided since January, to bail out the island nation.

New Delhi's major exports to Colombo include petroleum products, pharmaceuticals, steel, textiles (mainly fabric and yarn), food products and automobiles. Exports of many of these products to Sri Lanka are going to ease in FY23.

Similarly, given Nepal's curbs on imports of luxury items and cars, auto and auto component supplies, which made up about 9% of New Delhi's total exports to Kathmandu in FY22, are set to drop this fiscal. However, supplies of petroleum products, which accounted for a quarter of India's total exports to the Himalayan nation in FY22, are not yet restricted.

Both Sri Lanka and Nepal have witnessed their fortunes slide after the pandemic battered their tourism sector, which has been the major revenue earner for them.

While any potential fall in India's exports to these nations can be offset easily, given the limited trade value, they, nevertheless, add to an array of external headwinds for Indian exporters, most notably the massive supply-chain disruption in the wake of the Ukraine crisis. Moreover, the crises came at a time when India is seeking to build on its robust export performance in FY22

An industrial resurgence in western nations, which drove up demand for Indian goods in FY22, has been hit by the geo-political tensions. Consequently, the World Trade Organisation has now slashed its global trade growth outlook for 2022 to 3% from 4.7% announced earlier.

The economic crisis has forced Sri Lankans to cut discretionary purchases, while Nepal has reportedly curbed "non-essential imports". Together, these two countries imported merchandise worth $15 billion from India in FY22, up about 50% from the pandemic year of FY21. India was the largest exporter of goods to both Nepal and Sri Lanka in FY22.

Exporters said Nepal has imposed curbs on the opening of letter of credit (LC) for auto and jewellery imports. For a large number of products, if Nepalese importers want to open the LCs, they have to keep a 100% cash margin in their LC accounts; for the rest, they must have a 50% margin. However, some of the essential food items are included in the list of products where 100% cash margin is required.

"It's not a desperate situation for Nepal but they are cautious probably because of what is happening in the neighbourhood (Sri Lanka) and taking action before it's too late," said Ajay Sahai, director general and chief executive at apex exporters' body FIEO.

There is no denying the fact that there could be some temporary setbacks for India in the short term but there is a silver lining emerging on the horizon, said Sahai.

"Two factors that are positive for Sri Lanka and Nepal are that both are good destinations for tourism (which is on a revival mode) and many of their citizens are working abroad, who will raise remittances," Sahai said.

A major farm exporter said, "Sri Lanka is in a bad shape now, so it is going to take it months, if not years, to be in a position to control the crisis. Our exports are definitely going to be affected." Another exporter said: "Much depends on further assistance by India and Sri Lanka's discussion with the IMF for a bailout package."

Sri Lanka has been seeking an additional $2 billion line of credit to tide over the crisis. India has already provided line of credit worth $1.5 billion to it since January.

These include $1 billion for imports of food, medicine and essential items and another $500 million for petroleum products. On top of these, India's assistance also includes a $400 million RBI currency swap and a deferral of a $500 million loan repayment.

Nepal's foreign exchange reserves have been declining almost steadily in recent months (from $11.75 billion in July 2021 to $9.75 billion in February), prompting authorities to clamp down on "non-essential imports".

As for Sri Lanka, its GDP contracted by a record 3.6% in 2020 and its foreign exchange reserves crashed by 70% in the last two years to about $2.31 billion by February, leading to a sharp depreciation of its currency. Meanwhile, its debt has swelled to $51 billion.

Source: financialexpress.com– Apr 17, 2022

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Rising costs, input shortages weigh on Surat textile cluster's recovery

Aakash Patel runs a small weaving unit in Surat but of late he has not been able to deliver the finished products to his customers. The grey fabric has been made but there is a long queue at the processor's end where it needs to be dyed and printed.

The steep rise in costs of raw materials and the shortage of chemical agents, has forced processing houses to run fewer shifts. Vipul Desai, for instance, is using his goodwill with fellow processors to source discharging agents and soda ash to be able to complete some orders. But he must return the raw materials in a week.

Weaving and processing units in Surat, the country's biggest man-made fabric hub, are grappling with both input inflation and a shortage of key raw materials. Prices of coal and lignite are up over 100%, electricity bills are bigger by about 10-15% and the workers too are now demanding 10-12% more.

The textile cluster, in and around the commercial capital of south Gujarat, was just beginning to recover from the impact of the pandemic but that momentum has reversed. Polyester yarn prices have jumped 30% in the last six months, says Ashok Badani, who runs a processing unit making it difficult to buy in big quantities. Weaver Lalit Pipaliya says the steep rise in inventory costs is hurting to a point where the operations are being pared; very few units can afford to run two shifts and most are running just one 12-hour shift a day.

Before the pandemic, nearly 40 million meters of fabric was being processed every day but unable to fund the inventories, the output has been restricted to about 30 million metres a day. Unless the situation reverses, the Surat cluster, which by one estimate generated some `80,000 crore of sales annually pre-pandemic, will see the turnover fall to 60-65% of this amount in the current year.

Also, operating margins are being squeezed as not all the additional costs are being passed on to the consumers; processors say their margins have almost halved compared with the levels they made two years ago.

Of the 50,000 plus weaving units and more than 400 textile processing houses, over 75% are relatively small units or MSMEs. Their small capacities, according to Jitendra Vakharia, president of South Gujarat Textile Processors Association (SGTPA), make it harder for them to absorb the sudden hike in raw-materials and other costs.

“Processing houses are the biggest sufferers of higher raw-material prices in the entire value chain. The prices of discharging agents, including those for rongalite, sepiolite, sodium hydro-sulphite, have doubled in the span of seven to eight months,” says Vakharia. He says processors have been able to hike the end prices only by about 25%.

Surat’s textile cluster provides direct employment to over two million; for hundreds more, the commerce in the region is a source of livelihood. Raghu Yadav, a 40 year-old migrant who transports grey fabric from weaving units to processing houses, is worried about the slowdown. But he carries on regardless, trying to do at least three 10-15 km trips everyday even if it’s hot and humid. Else, his family of four cannot afford even a simple life.

Source: financialexpress.com– Apr 18, 2022

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Amid Sri Lankan economic crisis, apparel orders from island nation diverting to India

Countries importing textile products from Sri Lanka have now started moving towards Indian exporters as Sri Lanka continues to reel under its worst economic crisis, said the Ministry of Textile official on Friday.

Speaking to ANI, UP Singh, Secretary, Ministry of Textile said, "Some countries who were earlier importing from Sri Lanka, have started contacting India, as Sri Lanka is under its worst economic crises. Some orders have already been given to companies in the Tirupur district of Tamil Nadu. Tirupur is the hub of the textile industry in Tamil Nadu."

Singh said that last year's textile sector export was around USD 43 billion and this year the target has been set for 100 billion. He said India currently produces more than 340 lakh bells of cotton, but consumption is going to be more than production due to the order diversion from Sri Lanka due to the crisis.

The Textile Secretary pointed out that countries like Bangladesh and Vietnam have no import duties for importing cotton from Australia, Brazil and South Africa.

"Conversely, our importers had to pay 11 per cent duty leading to high input cost which makes them uncompetitive. So our importers were demanding the government to lift the import duty. Vietnam, Bangladesh, Sri Lanka and Pakistan were getting the advantage in certain markets like European Union and the UK and our exporters were at disadvantage," Singh said.

"Our exporters have to pay 9.5 per cent export duty which these countries do not have to pay. Now adding these 11 per cent import duty and 9.5 per cent export duty on cotton, it becomes very difficult for our textile exporters to compete with such countries. Since now we do not have to pay import duty on cotton, this will certainly make our exporters more competitive," emphasized the Textile Secretary.

A Sakthivel, President, Federation of Indian Exporters Organisation said, "Buyers are now started making queries with Tirupur Exporters Association and other places in India because the situation in Sri Lanka is bad. Some queries may turn into orders. This is an opportunity. Good talks are happening and we expect some orders to divert from Sri Lanka to India."

He said Indian exporters are getting queries from countries like the United Kingdom and European Union Countries. "Their queries are mainly for woven items, shirts, t-shirts and some baby garments. We are hopeful that these queries will turn in orders," Sakthivel hoped.

Sri Lanka is facing its worst economic crisis since independence with food and fuel shortages, soaring prices and power cuts affecting a large number of the people in the island nation.

Sri Lanka's economy has been in a free-fall since the onset of the COVID-19 pandemic, leading to the crash of the tourism sector.

Sri Lanka is also facing a foreign exchange shortage, which has affected its capacity to import food and fuel. The shortage of essential goods forced Sri Lanka to seek assistance from friendly countries.

Source: economictimes.com– Apr 18, 2022

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UP to get new textile policy in June drawing an investment of Rs 1,000 cr in 5 years

The Uttar Pradesh Government will implement its new Textile Policy 2022 in June attracting an investment of Rs 1,000 crore in the next five years.

Significant focus has been laid on helping the weavers in consultation with experts.

To promote power loom from solar energy, about 500 such power looms will be made operational and 100 handloom weavers will be benefitted by the Handlooms and Textiles department every year.

Chief Minister Yogi Adityanath has directed the department officials to ensure that benefits of the new policy are extended as part of the promotion of this new scheme to be implemented by the department in the state in June.

The state government has pressed on weavers availing the direct benefits of the scheme in the next five years.

The government plans to connect weavers with new technology and schemes so that they may easily keep pace with technology while doing their work faster.

The process of setting up about 115 export-oriented textile industries with an investment of Rs 3,000 crore would be started by June and the foundation stone of this scheme will be laid in July and the commercial production will start by September 2025.

Source: knnindia.co.in– Apr 18, 2022

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Telangana plans to increase area under cotton by over 55 per cent

The Telangana government is targeting to increase the area under cotton by 55–65 per cent to about 28–30 lakh hectares (lh) from last year's 18 lakh hectares even as the cottonseed industry pegged the growth in cotton acreage at 15 per cent in the upcoming kharif season, starting July.

Farmers, enthused by attractive prices and demand for the fibre crop this season, are expected to go in for higher coverage.

From the start of the cotton season in October 2021, the natural fibre's prices have been ruling well above its minimum support price of ₹5,726 for medium staple cotton. Prices over the last few weeks have been ruling near ₹12,000 a quintal in most agricultural markets across the country.

Shift from cotton this year

Farmers who had shifted from cotton to chilli and paddy this season suffered huge losses as the spice crop was badly damaged due to a virus attack.

Though farmers grew cotton in about 24 lh in 2020-21 season, the acreage fell by 6 lh this season, surprising the government which expected coverage to cross the 28 lh-mark. Encouraged by a record acreage of 24 lh in 2020-21, the Telangana government had set a target of 28 lh for cotton in 2021-22. It, however, fell flat as farmers chose to drastically cut the area to about 18 lh.

"We are expecting cotton acreage of 28-30 lh in the upcoming kharif season, while paddy coverage is expected to be 20 lh. Besides, we will have horticultural crops cultivated in about 5 lh. Red gram is expected to be sown in about 6 lh," said S Niranjan Reddy, Telangana Agriculture Minister.

The total cropped area for the season will likely be about 57 lh.

Identifying clusters

The State government has identified 1,332 cotton, 1,000 paddy and 82 red gram clusters.

"We are going to have a specific crop plan for each crop in these clusters," the minister said.

The State Agriculture Ministry held a high-level meeting to discuss a comprehensive plan for the kharif season. The government estimates that 5 lakh tonnes of urea would be required for the season.

The growth in Telangana's cotton acreage is in line with industry's expectations. The area under cotton dropped by some 8 lakh hectares to 120 lh across the country, against the previous season's acreage of 127.87 lh. The cottonseed industry, however, sees recovery around the corner and has forecast growth of about 15 per cent over last year's acreage.

Keeping the growth numbers in view, it pegged a requirement of about 4.75 crore packets of seeds for the season.

Source: thehindubusinessline.com– Apr 17, 2022

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Govt. plans to encourage cotton farming in over 70L acres in next Kharif

1,332 clusters identified for cotton cultivation in 2022-23 season. The Agriculture Department has identified 1,332 clusters for encouraging cotton cultivation, over 1,000 clusters for paddy and 82 for redgram as part of the plans to take up crops in the next Kharif season in about 1.42 crore acres.

The Kharif 2022-23 plan was discussed at a meeting held by Minister for Agriculture S. Niranjan Reddy here on Saturday. According to the plan, cotton is likely to be encouraged in 70 lakh to 75 lakh acres, paddy in about 50 lakh acres, redgram in 15 lakh acres and horticultural crops in 11.5 lakh acres. The Minister felt that the farming community suffered loss of prospective income by not cultivating cotton in the extent suggested by the State Government and asked the authorities to encourage them to go for the fibre crop in the planned extent during the next Kharif. He stated that cluster (5,000 acres) wise crop plans were prepared to make arrangements for supply of seed and fertilizer and green manure seed.

He asked the authorities to supply the green manure seed in May itself so that the farmers could sow them early before taking up regular Kharif crops. He told them to ensure availability of quality seed and take up field visits and inspections to prevent spurious seed reaching the farming community.

Instructing the authorities keep at least 5 lakh tonnes of urea as buffer stock by May-end, keeping in mind the Russia-Ukraine war, the Minister told the Markfed authorities swing into action immediately to procure the required fertilizer. He also told the Agriculture Department officials to create awareness among farmers on cluster-wise cropping plans by taking up field visits in May and also train the Agricultural Extension Officers on district-wise plans.

On oilplam cultivation the Minister told the Horticulture and Agriculture officials to work towards reaching targets by involving Rythu Bandhu Samithis. Secretary (Agriculture) M. Raghunandan Rao, Special Commissioner Hanmanthu, Director of Horticulture L. Venkatrami Reddy, Managing Director of State Seed Development Corporation K. Keshavulu, MD of Markfed Yadava Reddy and others participated in the meeting.

Source: thehindu.com– Apr 16, 2022

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Scale up women co-op banks to bridge the gender gap

Shri Mahila SEWA Sahakari Bank has been in existence for over four decades. Even so, such banks have to walk the extra mile to understand the credit needs of the people at the bottom of the pyramid. We need products, but we should not lose focus of the processes.

Banking should be simple and based on mutual trust. Banks should spend time overhauling their operations, be it for application of a small loan or a more complicated product like micro-insurance or pension.

The National Family Health Survey Round 5 (2019-2020) reveals that 77.4 per cent of rural women have a saving bank account. Yet, there are gaps when it comes to financial inclusion of women.

In rural areas, the loan rejection rate for women-owned enterprises is 2.5 times higher than for men. This divide is equally significant in the digital financial inclusion space where 20 per cent of rural women have reported owning debit and credit cards compared to 64 per cent of men. Their accessibility to mobile phones is 20 per cent less than that of men, and as for the Internet, is it 50 per cent lower. There are many inherent gaps in delivery of financial services, particularly credit, to women in rural areas.

Consistent effort

Women co-operative banks have been consistently working towards providing credit and loans to women in the low/middle-income group. Mann Deshi Mahila Sahakari Bank, Pune, a women driven co-operative bank, has been providing small advances for women who have different cash-flow and livelihood patterns.

The bank offers a weekly cash credit product for small vegetable vendors who need rolling cash to manage transactions in the nearby marketplace or haats. It's is one of the most sought-after services. The product was the outcome of several pilots and continuous engagement with clients.

The credit application process in many banks is still cumbersome and so women approach Mann Deshi for buffalo/goat/chicken loans.

Mann Deshi has structured several credit products for rural women who have transformed themselves into micro-entrepreneurs today and have successfully paid several cycles of business loans.

Simplification of mobile banking, biometrics-based authentication, financial literacy, credit counselling, digital literacy, analysis of clients' attitude and behavioural patterns are some of the processes that could add efficiency to banking operations.

Mann Deshi and SEWA Shakari, as women led co-operative banks, have converted financial inclusion into a strong and profitable business proposition, meeting an array of financial needs of rural women and their families through structured, well-designed products.

Women lack ownership to assets and control over their finances. Weak land titles, lack of collateral, entitlement to family assets, lack of guarantor, and poor access to mobile and technology weaken the progress of financial inclusion.

Research shows that when women have greater access to finance, they spend productively on health, nutrition and education needs of their families. .

With around 1,500 urban co-operative banks and 360 district central co-operative banks, there is huge potential for enhancing financial inclusion. It is crucial to cater to the differential financial needs of women to expand rural entrepreneurship and employment. This calls for gender disaggregated data, a larger number of women business correspondents, enhanced digital inclusion.

Source: thehindubusinessline.com– Apr 17, 2022

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