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INTERNATIONAL NEWS

China's manufacturing sector braves headwinds amid policy support

Facing uncertainties and challenges posed by the complex global environment and the sporadic resurgences of COVID-19 on the domestic front, China has scaled up support to help manufacturing firms tide over difficulties and ride the digitalization wave.

The latest data showed that the purchasing managers' index for China's manufacturing sector came in at 47.4 in April, down from 49.5 in March, according to the National Bureau of Statistics (NBS).

The resurgence of domestic COVID-19 infections has weighed on China's factory activities and market demand, NBS senior statistician Zhao Qinghe said.

On a brighter note, despite the influence of short-term factors, the stability of small and medium-sized enterprises has been firmed up as governments at various levels rolled out pro-growth policies to invigorate market entities, said Wen Tao, a researcher with China Logistics Information Center.

Analysts believe that China's sound long-term fundamentals have not changed, and the recent arrangements by authorities to smooth logistics and supply while strengthening policies to help enterprises tide over difficulties will further stabilize the market and bolster economic growth.

SCALED-UP POLICY SUPPORT

For Li Laibin, owner of a medium-sized textile company in Nantong City of Jiangsu Province, 2022 is a challenging year due to the protracted impact of COVID-19 and price hikes in raw materials.

But thanks to the favorable tax treatment for manufacturing enterprises, Li's company has so far been allowed to defer the payment of taxes worth 1.52 million yuan (about 229,687 U.S. dollars), which mobilized capital and supported production activities.

The tax deferral Li's company has received offers a glimpse into a raft of incentives the government has offered to ease the financial burden for manufacturers.

Official data showed that the country's tax authorities have provided a total of 333.5 billion yuan in tax and fee deferrals for micro, small and medium-sized manufacturing firms nationwide in the first quarter of this year.

The Ministry of Finance also announced that the country's value-added tax credit refunds will reach approximately 1.5 trillion yuan this year, with priority to be given to micro and small firms and the manufacturing industry.

To help factories resume production amid COVID-19 disruptions, China established a "white list" approach to support the resumption of work for key companies in the industrial chain and minimize the impact of COVID-19 on the supply chain.

Smooth logistics nationwide must be ensured, while key industrial and supply chains, key infrastructure facilities as well as designated firms responsible for market supply during the epidemic should maintain normal operation, a key meeting held earlier this week has stressed.

DIGITALIZATION DRIVE

For manufacturers, digitalization means decreased information asymmetry and increased supply chain transparency, enabling quality growth and allowing for better response to market fluctuations.

China will see 70 percent of its major manufacturing firms basically digitalized and build more than 500 industry-leading smart-manufacturing demonstration plants by 2025, according to a development plan issued by the Ministry of Industry and Information Technology (MIIT) with other departments.

During recent COVID-19 resurgences, the role of digitalization has become even more crucial in ensuring a dynamic and disruption-free real economy.

At recent meetings, the MIIT has urged efforts to make good use of 5G, the industrial internet and other digital technologies to help enterprises resolve difficulties and stabilize industrial and supply chains.

Looking ahead, efforts should be made to apply digital means to support cost reduction in financing and logistics of the manufacturing industry, and promote the steady operation and upgrade of the sector, said Zhu Minghao, a researcher with Beijing Jiaotong University.

Despite the headwinds, the driving force to promote the high-quality development of the manufacturing industry is still sufficient, Zhu noted.

Source: macaubusiness.com– May 02, 2022

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Extra-EU trade of raw materials tripled since 2002: Eurostat

The value of total trade (import plus exports) of raw materials between the European Union (EU) and the rest of the world in 2021 reached €178 billion. As exports (€71.3 billion) were lower than imports (€106.8 billion), this resulted in a trade deficit of €35.5 billion, according to Eurostat, the EU's statistics agency. Between 2002 and 2021, EU trade in raw materials almost tripled, equivalent to average annual growth of 5.6 per cent.

In this period, exports (6.5 per cent) grew faster than imports (5 per cent).

The most commonly exported raw materials in 2021 included paper and textiles (33 per cent). In imports, metals, minerals and rubber (56 per cent) were also the most traded raw materials, followed by animal and vegetable raw materials (30 per cent), and by wood, paper and textiles (14 per cent).

China was the main export destination of raw materials, accounting for 16 per cent of all extra-EU exports in 2021, followed by the United Kingdom (15 per cent), Turkey and the United States (both 10 per cent). These top four export partners accounted for about half of all extra-EU exports.

In terms of extra-EU imports, Brazil (12 per cent) and the United States (11 per cent) were the main partners, followed by Ukraine and Russia (both 7 per cent). The top four combined made up 37 per cent of all extra-EU imports.

Source: fibre2fashion.com– May 02, 2022

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USA: Inflation Can Be Bullish for Cotton Prices…For Now

The roller coaster continues. Limit up 500 points, limit up 700 points, and then we lose a little. Even the “limits” are changing faster than ever.

We have an exploding market. Icarus will soon come crashing back to Earth, most likely in June. Yet, for now, the market will likely be a bit higher next week as on-call sales remain very elevated and the rain forecast calls for hot, dry, windy weather to hang over the High Plains and the Rolling Plains, accounting for some 60% of the U.S. cotton area.

The old crop’s 150 cent objective was met earlier than expected. The on-call sales data suggests 160 cents should not be ruled out, but these are all but unpredictable times. There is a lot of tea leaf reading going on now.

The December recorded life-of-contract highs this week, moving above 125 cents before selling off near the weekly close. December can climb to 150 cents without the extreme drought conditions continuing. Yet, the drought is the worst ever on record.

The end-of-week market sell-off was associated with the fact that speculators were reluctant to go into the weekend without taking some profits. They were reacting to the fear of what rain would do to prices. Yet, there is no rain in sight. However, it was a prudent marketing decision to take some profits. New long positions can be reestablished when markets open on Monday.

The new crop December contract was initially driven by the lack of subsoil moisture and is now being pushed higher and higher by the widening and even more extreme drought conditions, as well as government and private weather forecasts that suggest rain is not in the weather forecast until mid-summer. That’s far, far too late to prevent a production disaster throughout most of the Southwestern cotton region encompassing Texas, Oklahoma, and Kansas. Additionally, the New Mexico acreage is also caught up in the extreme drought gripping the Southwest. The ongoing inflation elicits the most discussion among market analysts. Of course, economic history documents the root cause of inflation as the uncontrolled spending by the U.S. Congress, coupled with the pumping of cash into the economy by the Fed. Both institutions are the legitimate parents of our current inflation fiasco.

The Fed can and will help end the problem, but, to date, has not shown any inclination to bite the bitter bullet hard enough to stop the problem, only to slow it. In fact, the Fed's current notes imply they will allow inflation to drag out over the coming year. The hurt will make for a longer period of economic weakness – thus, economic pain over a longer period.

The Piper will get his due now that the U.S. has been doling out money for nearly 18 months and continues to do so (and, the Piper always get paid, says Adam Smith in The Wealth of Nations). It is simply the consumer's payment for Congressional tinkering with the marketplace. At most, the Fed's writings and action will only slightly lower inflation's rate of increase.

A bitter slowdown is coming. Many have weighed in on the subject, but the best guess is that the recession will hit in the second or third quarter of 2023. Currently, the U.S. consumer has well more than an adequate supply of money that will prolong spending habits into the first quarter of 2023. Only when the consumer decides his money supply is becoming limited will the "expected" recession surface.

Nevertheless, inflation in the short term is bullish for cotton prices, as it is for other commodities. However, the demand degradation will be greater than the inflation support. The problem will come when inflation cuts into the consumer's pocketbook, causing a decreased demand for apparel and textile goods. It's the law of economics. Unfortunately, that is on the horizon, but most likely another six to nine months from now.

Thus, the better news is that prices still have a few more months of "running wild" or at least holding on to its bullish tone. Too, in the Cotton Belt, cotton, soybeans, and corn will still compete for the same acreage and competing price ratios will dictate plantings.

The ratio of on-call sales to on-call purchases will continue to maintain old crop 140+ cent support and push prices possibly as high as 160 cents. December's 125 cent life-of-contract high will continue its charges as long as rainfall is absent in the Southwestern U.S. cotton region.

Source: cottongrower.com– April 29, 2022

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Supply chains flare up again, endangering global economy's recovery

Global supply chains are knotting up from China to Denmark, sparking re-examinations of things as macro as globalization itself and micro as trucking efficiency around American ports.

As for the big picture, the intertwined world economy took decades to stitch together and will take years to play out, however it evolves. In the meantime, economists are squinting to see the more granular, short-term shifts that the pandemic and Russia's war in Ukraine are forcing on consumption, investment, production and trade.

Some observers say now is a good time to focus on different metrics than traditional measures of employment, prices and gross domestic product.

"The way we look at the global economy needs to change," said Steven Barrow, a currency strategist at Standard Bank. "No longer should we look at growth, inflation and monetary policy through the lens of demand. Instead, it is supply that's key."

Before the pandemic, the supply of goods and services was what economists would generally call "elastic" — flexing easily to match demand. "But now supply has turned from being elastic to inelastic, meaning that the response to changes in demand are far less," Barrow said in a note.

With that in mind, here are a handful of unorthodox supply-side scopes to peer through:

Heat Maps

Many economists, including the team at Bloomberg, have developed indexes or colorful heat maps to show the degree of stress on supply lines. In a research note this week, BNP Paribas SA analysts released their latest tracker and it showed some April indicators flashing orange and yellow.

They look at traditional gauges like delivery times and order-to-inventory ratios, along with alternative numbers like air cargo rates and the number of anchored vessels outside the Port of Los Angeles. "Disruptions are back and here to stay," they wrote.

A Moody's Analytics measure shows supply stress in the world's two biggest economies, the U.S. and China, is still hovering well above the pre-pandemic norm.

Disruptions stemming from the Ukraine conflict steepened those graph lines in February, but now the blame lies primarily with China's Covid-related woes, which have forced 15% more ships to wait in waters off the ports of Shanghai than at the same time last year, said Steve Cochrane, the firm's Asia-Pacific chief economist. That's reversing the improvement that started in the final quarter of 2021, he added.

Source: business-standard.com– Apr 30, 2022

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Asean should participate more in RCEP GVC

ASEAN-Japan Center (AJC) completed a paper on "Asean global value chain and its relationship with RCEP: Impacts of RCEP on Asean integration" in March 2022. The paper examined and compared global value chain (GVC) patterns of the Association of Southeast Asian Nations (Asean) member states with the members of the Regional Comprehensive Economic Partnership (RCEP) to identify RCEP-related opportunities and costs to Asean.

The study reveals that the role of Asean in RCEP GVCs was smaller than that of Asean GVCs and that Asean connectivity, through production, was also smaller, partly because RCEP was less integrated than Asean. While Asean produced many products, these did not necessarily become inputs in exports of non-Asean RCEP members' exports.

On a per-industry basis, the study showed that while the automotive and electronic GVCs were strong in Asean, they were much stronger in RCEP because of the participation of China, Japan and South Korea. Therefore, there were opportunities for Asean GVCs in these industries to expand into non-Asean RCEP member states.

According to the study, Asean member states were mainly producers of apparel that were final-product exporters rather than intermediate producers — for example, of textiles — and were not much integrated into the next stage of production. Asean countries could benefit from the RCEP agreement by expanding their imports of textiles from China.

Asean agribusiness and tourism were typically regional or domestic market-oriented industries that could penetrate both Asean and RCEP markets.

The direct impact of RCEP on trade and investment, as measured by increases in value, was estimated at $42 billion in exports and $900 million in foreign direct investment (FDI) in the current value. These numbers corresponded to 1.8 percent and 0.3 percent of current exports and FDI flows.

"Asean global value chain and its relationship with RCEP: Impacts of RCEP on Asean integration" has been available for download on AJC's website. URL: https://www.asean.or.jp/ja/wp-content/uploads/sites/2/RCEP-Impacts-of-RCEP-on-ASEAN-Integration-March- 2022.pdf

Source: manilatimes.net – May 02, 2022

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China's Shanghai city takes measures to ensure smooth cargo flow

Shanghai has been working to improve logistics efficiency and continuing to play its role as an international shipping centre despite challenges induced by the resurgence of COVID-19 there. A slew of measures has been taken to ensure smooth cargo flow, including services to enable more enterprises to transfer containers by water instead of road.

The city administration has been promoting contactless transportation of bulk cargo as well.

According to Yuan Hao, deputy general manager of COSCO SHIPPING Lines (Shanghai) Co. Ltd., more than 120 of its ships have docked at Shanghai port to load and unload cargo since late March.

According to statistics released by the city last week, the water-water transfer of 2.12 million 20-foot equivalent units (TEUs) of containers was completed at Shanghai port in March—up by 17.1 per cent from the previous month.

Since April, the average daily arrival of sea-rail combined transport was 1,670 TEUs—up by 25.8 per cent from the first quarter, an official news agency reported.

In April, the container throughput of Shanghai port has exceeded 100,000 TEUs per day; Shanghai's two major airports have seen an inbound and outbound cargo volume of over 80,000 tonnes and an average daily cargo volume of about 3,500 tonnes; the city's Pudong airport has facilitated 2,309 flights for freight transport, with a daily average of about 100 flights.

According to the Shanghai Airport Authority, in order to meet the needs of certain enterprises that just resumed production, Shanghai Pudong International Airport has offered online services to improve customs inspection efficiency and guarantee the timely transportation of important production materials.

Source: fibre2fashion.com – Apr 30, 2022

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Sri Lanka: Work on Rs. 5.5 b Fabric Park in Punnakuda in progress; to boost foreign reserves

The Board of Investment (BOI) said yesterday that the Fabric Park in Punnakuda, Batticaloa will strengthen import substitutes for the apparel industry and save $ 500 million annually.

BOI Chairman Raja Edirisuriya said that the initiative is the largest development project in Eastern Province with an investment worth Rs. 5.5 billion on infrastructure facilities and other development purposes. Four leading garment manufacturing companies have expressed willingness to invest.

BOI said Sri Lanka annually spends $ 6 billion on raw materials needed for textile manufacturing and with this Textile Park, raw materials worth $ 500 can be manufactured, and at least 5,000 job opportunities would be created.

The Park has been designed using the latest technology and in an environmentally friendly manner.

BOI said Sri Lanka is a county that has garnered immense acclaim and a strong reputation worldwide for manufacturing high-quality apparel trusted by the iconic global fashion brands. Sri Lanka annually imports textile raw materials used in the apparel industry worth $ 6 billion from different countries around the globe.

Taking this into account, the attention of the BOI was drawn to set up the Textile Park in Punnakuda, Batticaloa with the intention of manufacturing textile raw materials.

The Park, which is a 255-acre land, is equipped with all facilities and the potential to establish eight to 10 large-scale factory complexes. Furthermore, the Textile Park can be named the largest development project being undertaken in the Eastern Province.

In addition, the Government is to spend Rs. 5.5 billion on the development of infrastructure facilities in the project which will eventually boost infrastructure facilities in the area.

BOI Chairman Raja Edirisuriya and its Director General Renuka M. Weerakone made an inspection tour alongside a group of investors who are geared to embark on new projects in the Fabric Park.

BOI Chairman Edirisuriya further expressed positive sentiments and said: “We are pleased to launch the first phase of the park, which will provide an opportunity to add raw materials to the local apparel industry. Accordingly, this will not only prevent the $ 500 million from flowing out of the country but also provide an opportunity to manufacture apparel made entirely from local materials for the global market.”

“Moreover, expectations are that it will show the results of the economic and social growth that can be seen in investment zones under the BOI such as Katunayake, Biyagama, Koggala and Seethawaka,” the Chairman emphasised.

BOI Director General Renuka M. Weerakone said: “The Textile Park has been constructed following a thorough and extensive study done by BOI officials where they have recommended that it be converted into an investment zone.

“The BOI has also taken initiative in obtaining necessary approvals from relevant line ministries and institutions. We as the BOI aspire to establish the Textile Park in a more environmentally friendly manner,” she stressed.

BOI Executive Director (Zones) M.K.D. Lawrance expressing positive sentiments said: “The steps have been taken to provide facilities needed to set up factories in parallel to developing infrastructure facilities in the region. The construction works of 40% of access roads have been completed and a daily water capacity of 1500 - 2000 cubic metres has been supplied to fulfil the water requirements of setting up factories. Electricity has also been supplied while the basic constructions of the wastewater treatment plant have also been completed.”

The investors who joined the inspection tour opined that Sri Lanka has been outstanding in the global apparel industry for over 50 years. However, Sri Lanka has to import all textile raw materials, except a few, from foreign countries. “We have to come across various hurdles in importing these raw materials given the current global competition because all the nations that manufacture raw materials are also engaged in the production of garments,” they pointed out.

"Thus, a much-needed fabric Park will tremendously help Sri Lanka to save money and develop sustainable import substitutes for the apparel industry in the country. Besides, setting up a fabric park of this nature will help Sri Lanka procure raw materials on time and complete the orders on time," the group of investors added.

Source: ft.lk– May 02, 2022

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For Bangladeshi garment exporters, business as usual with Russia despite sanctions

Bangladeshi garment exports to Russia have not been disrupted by international sanctions on Moscow, businessmen say, as most of their transactions are made through third countries.

The textile sector is the No. 1 industry in Bangladesh, employing over 4 million people, contributing over 11 percent of the country's gross domestic product and accounting for 80 percent of its exports.

Russia is a growing destination for Bangladeshi producers and last year imported garments worth about $600 million.

When a host of Western sanctions hit Moscow, following its invasion of Ukraine in February, some Russian banks were banned from the Swift system.

Bangladeshi exporters were initially jittery about the future of their trade, but so far their businesses have not been largely affected, as according to the central bank, most of the transactions are not settled directly with Russia.

"Apart from the Russian banks under sanctions, transactions with other Russian banks are going on normally. Besides, for doing business with Russia, our exporters don't always need to have contact with Russia," Serajul Islam, executive director and spokesperson of the Bangladesh Bank, told Arab News in a recent interview, adding that most of the country's readymade garment business transactions have been through Hong Kong for many years.

"Last year, we had around $600 million in garment exports with Russia. Of this, $450 million payments were settled through Singapore, and the rest of the amount was paid through some other third countries."

Arshad Jamal Khan, chairman of Tusuka Fashions Ltd., which supplies Melon Fashion Group — one of the biggest players in the Russian fashion market — is regularly receiving payments from his buyers in US dollars and through Swift.

"Most of our payments are being done through the Hong Kong Shanghai Banking Corp.," Khan said. "In 2022, we are expecting to exceed the exports of the last year. And hopefully, it will be more than $4 million since work orders worth $2.87 million are already in the pipeline."

Sourav Chowdhury, chief executive of the Bangladesh Knitwear Manufacturers and Exporters Association, told Arab News that exporters have been "mostly receiving export payments like before."

"In the context of the ongoing Ukraine war, our exports to the Russian market are a little interrupted but not yet stalled," he said. "Shipments that are being delivered through European ports are getting delayed or interrupted in some cases. But still, we have been able to send goods to Russia."

Chowdhury was not certain, however, how long Bangladesh would be able to sustain its trade with Russia.

"In case of a prolonged war, our garment exports to Russia will be interrupted a lot. At the moment, we are looking at the decisions taken by the global financial regulators," he added.
"It's a fluid situation amid this war, and everything depends on the geopolitical situation."

Source: arabnews.com – Apr 30, 2022

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Pakistan: Revamping the seed sector

Experts and economists have long lamented, and rightly so, that one reason we turned from a country that exported its agri surplus to one that imports even a bulk of its staple food is that we did not keep up with the times. The traditional farming sector has always shied away from modern technology primarily because the state never facilitated the process of change.

And the result is hardly a surprise; that we have lagged behind while others have advanced. This is a big problem not just because of the country's food needs, but also because agriculture provides its primary export product, which is textiles. And even there, we have to import quality cotton for our value-added exports because we do not have the technology to produce certified and high-quality seeds, nor do we follow modern irrigation methods.

All this is probably why the Pakistan Business Forum (PBF) is once again calling for revamping the seed sector and redefining the role of the Federal Seed Certification and Registration Department (FSC&RD).

The second part of the appeal is particularly important because despite the presence of this department and whatever it does, we're no closer to producing "larger volumes of certified seeds at affordable prices" and then "streamlin(ing) the distribution of quality seeds among Pakistani farmers," according to PBF Vice President Ahmad Jawad.

Currently, the department provides registration of varieties and certifications of seeds only, but that has become largely irrelevant because "farmers rely on their judgement rather than a (certification) tag issued to them." And companies have now got into the habit of obtaining such tags from the department to avoid unwarranted inspections, not for adding any kind of value to their businesses.

The amended Seed Act hasn't made things any better either because it is seen as just another example of subservience to big multinational corporations. The TRIPs (trade-related aspects of intellectual property rights) framework, which the said amendment complies with, is being blamed for controlling livelihoods of small farmers and being one of the most anti-farmer acts in Pakistan.

PBF maintains that "this terrible step has worsened food insecurity in Pakistan, mainly in Sindh province." It's also pointed out that there's little technological advancement and few new seed varieties because most seed companies don't do anything more than mark certified products of leading manufacturers.

So one thing that's pretty clear, even as we go round in circles, is that we took the agri sector for granted and became complacent.

It's one thing for (mostly) uneducated farmers to make heroic assumptions about the future of their profession, but for successive administrations to choose to keep their heads buried in the sand and just hope to keep drawing benefits from the natural comparative advantage and do nothing at all to preserve and nurture it is like begging for disaster.

Clearly, no arm of the government ever did much to stay ahead of the curve in matters of agriculture, even though parliament often has fair representation of, if it is not outrightly dominated by, the feudal class.

It wouldn't do much good to call for more institutes like the University of Agriculture Faisalabad because the one that does exist is still without any feathers in its cap. Perhaps it really would've been much better for our future, as has been pointed out, if CPEC (China Pakistan Economic Corridor) gave as much thought to Pakistan's agri sector as it does to energy and infrastructure.

The Corridor is already forcing us to erect the kind of infrastructure that is desperately needed in the 21st century, which is very welcome since we would never have done it on our own. It would be that much better if it leaned a little towards agriculture as well. But since that's just not on the broad agenda, and we'll have to work this out on our own, it can only be hoped that PBF's concerns will reach the right offices at the right time and that they will finally also lead to the right kind of results.

Source: brecorder.com – May 02, 2022

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NATIONAL NEWS

India-UAE free trade pact comes into force; to facilitate duty-free exports

The free trade agreement between India and the UAE has come into effect on Sunday, under which domestic exporters in various sectors like textiles, agriculture, dry fruits, gems and jewellery will get duty-free access to the UAE market.

In a symbolic gesture for operationalising the agreement, Commerce Secretary BVR Subrahmanyam handed over Certificates of Origin to three exporters from the gems and jewellery sector here.

These consignments to Dubai will not attract any customs duty under the pact, which is officially termed as Comprehensive Economic Partnership Agreement (CEPA).

The Central Board of Indirect Taxes and Customs (CBIC) and the Directorate General of Foreign Trade (DGFT) has issued relevant notifications for the operationalisation of the agreement from May 1.

"Today, CEPA between India and the UAE is coming into force. Today, we are sending the first consignment from India to UAE, which will benefit from this agreement," Subrahmanyam said here.

The UAE is the second or third largest trading partner of India and that country is a gateway to the middle east, North Africa, Central Asia and sub-Saharan Africa, he noted.

The trade pact will help in taking the two-way trade to USD 100 billion in five years from the existing USD 60 billion.

"USD 100 billion is just a starterAs we go along, it will become USD 200 billion and then USD 500 billion in the years to come," the secretary said, adding 99 per cent of "our exports will go to zero duty in UAE".

The gems and jewellery sector contributes a substantial portion of India's exports to the UAE and is expected to benefit significantly from the tariff concessions obtained for Indian products under this pact.

Overall, India will benefit from preferential market access provided by the UAE on over 97 per cent of its tariff lines (or goods), which account for 99 per cent of Indian exports to the UAE in value terms -- particularly from labour-intensive sectors such as textiles, leather, footwear, sports goods, plastics, furniture, and engineering products.

Underscoring the need for Indian products to be competitive in the international market, the secretary said that there was a need to build and augment domestic capacities.

He also informed that India is negotiating trade agreements at a very fast pace with complementary economies, including the UK, Canada and the EU.

Exports of goods and services account for about 22-23 per cent of India's GDP, Subrahmanyam noted.

"Our vision is that we should take India to a point where 25-30 per cent of our GDP is (from) exports," he added.

He asserted that the Department of Commerce has also been strengthening itself to be future-ready and meet the challenges of tomorrow with a focus on trade promotion.

"We will recast the department. You will change in the next few monthsWe will be setting up a huge trade promotion wing," the secretary said, adding the focus would also be there on data, data analytics and market intelligence.

About trade pacts, he said there are two-way deals and both sides should feel that they have got something.

The UK, Canada and the EU are all developed economies and they have huge potential for the kind of stuff that "we make" like apparel, entire textiles, leather, chemicals, gems and jewellery, the secretary noted.

Further, he said that the ministry is analysing a lot of trade pacts and is trying to correct them.

"We are planning to summarise, simplify the agreement (with UAE for the industry) and put them in easy bundles so that everybody can know where do I have the benefit if I go through this FTA. We will do that before the end of May," he added.

Source: business-standard.com– May 01, 2022

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India, Mauritius pact may include safeguard mechanism related provisions

India-Mauritius trade agreement may include safeguard mechanism related provisions to protect the domestic industry from a sudden or unusual surge in imports of goods, according to sources.

The agreement between the two countries came into force on April 1, 2021. After the implementation of such pacts, provisions can be added to the agreement if both sides agree to that.

The sources said a chapter on general economic cooperation is also expected to be included in the pact, which is officially termed as Comprehensive Economic Cooperation and Partnership Agreement (CECPA).

The safeguard mechanism comes into play when there is a sudden increase in imports of any commodity, which can impact domestic industry and under that provision, concessional customs duty on that particular good is replaced with existing taxes, which is applicable to all nations. The mechanism also includes stricter rules of origin to prevent any routing of products from a third country.

The sources said that the finalisation of both these issues - inclusion of safeguard mechanism and general economic cooperation in the pact - would require approval from the Union Cabinet.

The commerce and industry ministry has sought views of different ministries on the matter, after which it would approach the Cabinet.

India and Mauritius signed the CECPA, a kind of free trade pact, on February 22, 2021.

Several Indian products, including textiles and chemicals, are enjoying the benefit of greater market access at concessional duties in Mauritius under the agreement.

The pact covers 310 export items for India, such as food and beverages, agricultural products, textile and textile articles, base metals, electrical and electronic items, plastics and chemicals, and wood.

Mauritius has benefited from preferential market access into India for its 615 products, including frozen fish, speciality sugar, biscuits, fresh fruits, juices, mineral water, beer, alcoholic drinks, soaps, bags, medical and surgical equipment and apparel.

The current pact is a limited agreement, which covers trade in goods, rules of origin, trade in services, technical barriers to trade, sanitary and phytosanitary measures, dispute settlement, movement of natural persons, telecom, financial services, and customs procedures.

CECPA is the first trade agreement signed by India with a country in Africa.

India's exports in April-February 2021-22 to Mauritius stood at USD 666.44 million, while imports were at USD 64.83 million.

There is a provision for a permanent safeguard mechanism in the India-UAE trade agreement.

Similarly, in the India-Australia economic cooperation and trade agreement, there is a provision for a safeguard mechanism that includes stricter rules of origin to prevent any routing of products from a third country, and it also deals with any unusual surge in imports. It was signed on April 2 this year.

Source: business-standard.com– May 01, 2022

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India seeks to boost exports as UAE trade pact rolls out

India is looking to double its shipments of textiles, gems and jewellery items and treble pharma exports to the UAE this year, taking advantage of the bilateral trade agreement that will be implemented from Sunday.

While exporters have lined up shipments on Sunday to take advantage of duty concessions under the agreement, the Indian embassy too has lined up an ambitious plan to grow exports by 20% to $33 billion.

In addition to making use of the tariff concessions, the government is also looking at the UAE for re-exports, taking advantage of the nation as a logistical hub to access markets in Africa and Asian countries.

The embassy is looking at setting up Bharat Mart, on the lines of China's Dragon Mart at Jabel Ali, Dubai. Similarly, drawing lessons from Kuwait's arrangement with Abu Dhabi, a virtual customs corridor has been proposed.

The focus is on newer categories - garments, electronics, pharma, plastics, leather and some farm goods - as gems and jewellery, oil products and engineering goods currently account for nearly half of India's exports of $28 billion.

The Ukraine crisis and the financial distress in Sri Lanka has also opened the doors for export of Indian agricultural products, tea and similar products, an official said.

Enhanced engagement with chains like Lulu Group, Allana and Al Maya to take advantage of trade deal are in the offing.

Source: timesofindia.com– May 01, 2022

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Interest Equalisation Scheme: How to apply for loans from banks at concessional rates

The Interest Equalisation Scheme (IES) has come as a boon for exporters, especially the MSMEs, since the Commerce Ministry launched it in 2015.

The scheme, also known as the Interest Subvention Scheme, provides a 5% interest support to all manufacturers in the MSME sector and a 3% similar support to merchant exporters and large-scale industries in respect of the outbound shipment of 416 products (tariff lines).

Through this scheme, exporters get access to reduced cost of capital. This makes it a popular scheme among the country's exporting community.

Industry reports say the scheme has provided some breathing space to a large number of SME exporters who saw their working capital shrink considerably in the wake of the pandemic. Given the rising level of Covid-induced woes for the exporting sector, the government has budgeted Rs 1,900 crore for the scheme for FY22, against Rs 1,600 crore (revised estimate) for FY21, the Commerce Ministry has earlier stated, adding that a Cabinet note in this regard would be floated soon.

What Does the Scheme Cover?

The interest equalisation scheme covers mostly labour-intensive and employment generating sectors. Among the leading foreign exchange earners covered under the scheme are:

-Processed agriculture/food items

-Handicrafts, handmade carpet and handloom products

-Coir and coir-based manufacturers, yarn and other jute manufacturers

-Readymade garments

-Fabrics of all types

-Toys, sports goods, paper and stationery

-Cosmetics and toiletries, leather goods and footwear enterprises

-Ceramics and allied products industry, glass and glassware

-Medical and scientific instruments, optical frames, lenses, sunglasses

-Auto components, bicycles and parts thereof

Who's Eligible to Apply

The Commerce Ministry has laid out certain rules for manufacturing firms and merchant exporters to be eligible to apply under this scheme.

Vinay Thadani, CFO of Vishal Fabrics Ltd, says to fulfill the eligibility requirements, the goods exported must meet the criteria of minimum processing in order to qualify as "originating from India".

"These are laid down in the Rules of Origin (Non-Preferential) of the Handbook of Procedures of the Foreign Trade Policy (FTP) 2015-20. The goods must be manufactured by the exporter as per the definition of 'manufacture' of the FTP. Also, in the case of the use of imported inputs, the export products will be classified as originating in India only if they undergo significant processing or operation," he says.

The interest equalisation benefit will be available from the date of disbursement up to the date of repayment or up to the date beyond which the outstanding export credit becomes overdue. However, the interest equalisation will be available to the eligible exporters only during the period the scheme is in force.

Procedure for Claiming Reimbursement

The general practice is that an eligible exporter has to submit a certification of the external auditor to the bank concerned to claim this benefit. Banks provide benefits to the exporters and claim reimbursement from the Reserve Bank of India based on the external auditor's certification furnished by the exporter, adds Thadani.

According to the rules of this scheme, the banks are responsible for deciding if an exporter is eligible and the lenders will credit the beneficiary's account with the eligible amount of interest equalisation. After that, the banks concerned will reduce the interest rate charged on the eligible exporters according to the interest equalisation provided by the government.

To ensure that exporters' applications for interest equalisation are treated favourably by the officials, the exporters have to do the due diligence required for the paperwork and follow certain good industry practices. One of the common advices for exporters is to always maintain a good business track record, says Jatin Arora, Partner, Phoenix Legal. "Maintaining proper records, undertaking timely compliance under GST and income tax is an added advantage. Having credit ratings of the foreign buyer also helps the financial institutions take an informed decision," adds Arora.

Source: economictimes.com– May 02, 2022

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Decoding India-UAE CEPA: Can it provide the roadmap for $100 billion in trade over the next 5 years?

The Comprehensive Economic Partnership Agreement (CEPA) with UAE was inked on 18 February 2022 and is India's first complete free trade agreement to be signed with any country in a decade. The negotiations between India and UAE were concluded in a record span of 88 days, and the CEPA was operationalised on 1 May 2022.

The CEPA with UAE covers trade in goods, trade in services, rules of origin, technical barriers to trade, sanitary and phytosanitary measures, dispute settlement, movement of natural persons, telecom, customs procedures, pharmaceutical products, government procurement, IPR, investment, digital trade and cooperation in other areas.

It is presumed to act as a catalyst to bolster economic ties between the countries, which have a history of completing each other's vision toward economic prosperity. Through this, both the countries are projected to achieve significant economic benefits in access to quality education, liberalisation of customs tariffs, ease of facilitating access to respective markets and ease of movement of skilled labour to support these economic initiatives.

In terms of the CEPA, the Tariff Commitments of India for trade in goods cover 11,908 items, whereas the UAE covers 7,581 items. India is expected to benefit from preferential market access provided by the UAE, covering over 97% of its tariff lines which account for 99% of Indian exports to the UAE in value terms, especially for sectors such as gems and jewellery, textiles, leather, footwear, sports goods, plastics, furniture, agricultural and wood products, engineering products, medical devices, and automobiles. India will also be offering preferential access to the UAE on over 90% of its tariff lines, including lines of export interest to the UAE.

India has provided market access to approximately 100 sub-sectors of the UAE regarding trade in services. In comparison, Indian service providers will have access to about 111 UAE sub-sectors from the 11 broad service categories such as business services, communication services, construction and related engineering services, distribution services, educational services, environmental services, financial services, health-related and social services, tourism and travel-related services, recreational cultural and sporting services and transport services.

The CEPA also focuses on digital trade and provides that India and UAE shall endeavour to maintain a legal framework governing electronic transactions consistent with the UNCITRAL Model Law on Electronic Commerce (1996) and avoid any unnecessary burden on digital trade, which includes that India and UAE shall not adopt any measure regarding authentication that would prohibit an electronic transaction and shall not deny digital signature validity except under the circumstances provided for under its law.

The CEPA specifies the Rules of Origin and origin criteria for obtaining a Certificate of Origin (COO) of Goods to curb the misuse of CEPA, which stipulates those goods are deemed to be originated in a country if it is wholly obtained or produced in the country's territory or has undergone sufficient working or production as per the product-specific rules. COO must be issued before or within five working days of the date of exportation as per the format set out in the CEPA, and this can also be issued retrospectively.

COO shall be valid for twelve months from the date of issue. A paper COO in electronic or hard copy format or an entirely digitised COO (E-Certificate) issued by a competent authority will be treated as a COO under CEPA. Also, an origin declaration made out by an approved exporter can be considered a COO under the CEPA.

The CEPA also provides the Sanitary and Phytosanitary Measures to protect human, animal, plant life or health in both India and the UAE, to strengthen communication, consultation, and cooperation between the parties, and particularly between the parties' competent authorities, to prevent any unjustified trade barriers, enhance transparency and to encourage the development and adoption of science-based international standards, guidelines, and recommendations, and promote their implementation.

The Indian Government's emphasis is on export promotion in this agreement, and it is expected to be a valuable tool in the hands of the Indian industry to make inroads. UAE is currently India's third-largest trading partner and second-largest export destination after the USA.

The CEPA is expected to enhance this robust trade relationship between the two countries and could boost merchandise trade to $100 billion over the next five years, against $29 billion in 2019-20. It is also expected that the CEPA would generate 1 million jobs across multiple labour-intensive sectors, inter alia gems and jewellery, textiles, leather, footwear, furniture, agriculture and food products, plastics, engineering goods, and pharmaceuticals, medical devices, and sports goods.

Source: economictimes.com– May 02, 2022

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Enquiries from Russia put exporters in a spot

Indian exporters are getting lots of enquiries from Russian entities for supply of various types of goods. Many of them, especially the smaller exporters, are not sure whether they can respond in confidence that they can execute the orders and get the payments.

Before invading Ukraine, Russia — mainly an exporter of military hardware and commodities like oil, gas, coal, and some metals — relied on imports from Europe and North America to meet most of its other requirements. After the invasion of Ukraine and the stringent economic sanctions imposed by the United States and its allies, the position has changed dramatically. The Russians are now not only trying to ramp up domestic manufacturing but also looking at other sources of supplies, especially in Asia, for meeting their requirements. That is the reason for the spurt in enquiries from Russian entities.

The decision of the Russian entities to look for sources of supply away from Europe and North America can have far-reaching implications. The Indian exporters see this preference of the Russian entities to diversify their supply sources as an opportunity to establish their foothold in the Russian markets. Russia's economy is about $1.6 trillion and its per capita income is over $10,000. So, the spending power of the Russian consumers is greater than that of the people in many other countries. Sooner or later, the war and the economic sanctions will end and by the time that happens, the Indian producers can have a reasonable presence in the Russian markets and be in a better position to exploit the opportunities to increase their exports.

The immediate challenge of the Indian exporters is to find shipping lines that will take their cargo to Russia. Recent media reports say several consignments of Indian goods bound for many destinations in Russia are stuck in various European and West Asian ports.

Many exporters are trying to bring back the goods to India or attempting to divert the goods to buyers in other destinations. They are facing additional costs as the ship operators are demanding demurrage and detention charges before the containers are re-loaded to other vessels.

Media reports say exports of non-sanctioned items like food, medicines, etc. to Russia have resumed. However, exporters find that major shipping lines like Maersk and CMA-CGM are not accepting cargo to Russia. Even the responses from the freight forwarders to the enquiries regarding sailings to Russia do not help them take a decision quickly. There is uncertainty regarding the accuracy of the information they get.

Another problem relates to getting payments from the buyers. Again, media reports say the exporters are able to get payments for shipments made before the hostilities began, through Russian banks that are not in the sanctions list. However, information available from local banks on getting around the sanctions is not good enough for the exporters to make a decision on whether to respond to the enquiries from Russian buyers.

The Director General of Foreign Trade (DGFT) has set up a 'Russia-Ukraine help desk' to resolve the issues faced by the exporters. A weekly meeting with concerned exporters/importers/other stakeholders is also being held by the DGFT. It would help if the DGFT uploads the minutes of these meetings and also, authentic information on shipping and payments channels.

Source: business-standard.com– May 02, 2022

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3 lakh bales of duty-free imported cotton to reach India by mid-June

Few of India's large mills have contracted for import of around 3 lakh bales of cotton of 170 kg each which are likely to reach ports in mid-June. These mills had placed orders immediately after the government announced the temporary removal of import duty on cotton in mid-April. The mills have mainly purchased short staple cotton from the US.

According to industry sources, few big mills contracted for import of 27.5 mm short staple cotton immediately after the notification. According to market estimates, import deals were finalised at around ₹89,000 per candy of 356 kg each (FOB). Generally, Indian textile industry consumes 28.5 mm medium staple cotton for mostly textile products. Short staple cotton can be used after blending with medium staple cotton.

Chetan Bhojani, a cotton trader from Gujarat, told Fibre2Fashion that cotton import is not viable duty higher prices in international markets. However, mills had imported American cotton just to ensure supply in the coming months. "There is no relief for the industry by the removal of import duty of around 11 per cent because cotton is expensive in international markets."

Earlier, industry representatives had said that removal of duty in mid-April was a good but delayed decision. Cotton prices would not have shot up to ₹98,000 per candy if duty would have been removed in February. The industry had earlier estimated that there would be import of 40 lakh bales if the duty was removed in February, which could have filled up the shortfall in the domestic market. But now the industry expects the imports to be mere 10-12 lakh bales by September this year. According to market sources, almost three lakh bales of primarily Pima cotton of the US was imported immediately after the removal of duty. This cotton is expected to reach in two-three months. Therefore, duty free cotton may hit Indian ports by mid-June.

Market sources said that very few deals for cotton imports are being finalised due to high prices abroad. Mills are importing cotton in very urgent need just to ensure supply. Weaker demand from weaving and garment industries do not allow spinning mills to increase yarn prices which restricts mills to import expensive cotton.

Source: fibre2fashion.com– Apr 30, 2022

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At Rs 1.68 trillion in April, GST mop-up remains on the upswing

Monthly goods and services tax (GST) collections hit an all-time high of Rs 1.68 trillion in April (March transactions), indicating efficient plugging of tax evasion, a sustained shift of business to the formal sector of the economy and year-end bunching of tax payments by firms.

Continued buoyancy in GST collections for several months in a row would help allay the state governments' concerns about a revenue shock they might have to deal with once a five-year revenue protection ends on June 30. For the Centre, the high mop-up would mean its share of the tax as Central GST would be higher than the budget estimate (BE) of Rs 6.6 trillion for FY22.

"Even though the spike in the GST collections in April 2022 partly benefits from year-end adjustments, the all-time-high magnitude of inflows is very enthusing, and augurs well for a robust year-on-year growth in the months ahead as well. This is also evidence of a healthy pace of economic activity in March 2022 in spite of the escalating geopolitical conflict," said Aditi Nayar, chief economist at Icra.

A senior official recently told FE that gross GST revenues in FY23 may be Rs 1.3-1.35 trillion a month on average (about Rs 16 trillion in the year), which could mean the Centre's FY23 GST revenues could be Rs 300-550 billion more than the Budget Estimate, after adjusting for cess collections.

The average monthly GST mop-up was Rs 1.23 trillion in FY22. The Budget FY23 has factored in average GST collections of Rs 1.2 trillion a month.

With as many as twenty states and UTs registering over 14% growth in GST collections in their domain in April, most of the states could be close to achieving a revenue growth of 14%, the guaranteed level under the compensation mechanism, which will end on June 30. Maharashtra has created a new benchmark by collecting Rs 274.95 billion in April 2022, the highest ever by a state, which was 25% more than Rs 220.13 billion collected in April 2021.

“During April, 2022, revenues from import of goods were 30% higher and the revenues from domestic transaction (including import of services) are 17% higher than the revenues from these sources during the same month last year,” the finance ministry said in a statement.

Total number of e-way bills generated for inter-state commerce in March 2022 was 77 million, 13% higher than in February 2022, which reflected recovery of business activity at faster pace, it said.

April saw the highest ever tax collection in a single day on the 20th of the month and the highest mop-up was during 4-5 PM on the day. The highest single day payment last year (on the same date) was Rs 480 billion. “This shows clear improvement in the compliance behaviour, which has been a result of various measures taken by the tax administration to nudge taxpayers to file returns timely, to making compliance easier and smoother and strict enforcement action taken against errant taxpayers identified based on data analytics and artificial intelligence,” the ministry said.

The total revenue of Centre and the states in April 2022 after regular settlement is Rs 665.82 billion for CGST and Rs 687.55 billion for the SGST.

“While the GST collections in respect of March have always been high, the record collections of Rs 1.68 trillion reported are on account of multiple favorable factors including the recent changes on permitting input tax credits only upon timely compliance by the vendors,” said MS Mani, Partner, Deloitte India.

Source: financialexpress.com– May 02, 2022

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Manufacturing FDI inflows jump 78% till February

Foreign direct investment (equity) inflows into manufacturing surged 78% until February last fiscal to $20 billion, far exceeding the pace of rise in overall FDI, despite the pandemic blues, Department for the Promotion of Industry and Internal Trade (DPIIT) secretary Anurag Jain told FE.

Gross foreign direct investment (FDI) — which includes FDI equity, reinvested earnings, equity capital of unincorporated bodies and other capital — stood at $76.9 billion until February last fiscal, Jain said in an interview.

Analysts expect the total inflows in FY22 to have exceeded the record level of $82 billion in FY21, but by marginally, albeit on a high base. Investments, both foreign and domestic, remain critical to India's economic resurgence, as private consumption has maintained a roller-coaster ride in the aftermath of the pandemic.

The rise in FDI in manufacturing largely agrees with the performance of the sector in gross value added (GVA) in FY22. After two successive years of contraction, the GVA, according to the second advance estimate, is seen to grow at 10.5% in FY22. Manufacturing GVA contracted 0.5% in the previous year and by 2.9% in the pre-pandemic year of FY20.

The purchasing managers' index suggests manufacturing activity gathered steam in the second half of FY22. The long-elusive private capex, too, has started to pick up, especially in sectors like metals, mining, chemicals and electronics, Confederation of Indian Industry (CII) president TV Narendran told FE recently.

Asked if the FDI regime will be liberalised further, the secretary said that most sectors of the economy have already been opened up and nearly all inflows are allowed under the automatic route.

"India's FDI regime is one of the most liberalised in the world. There is no proposal under consideration now to open up any sector further, apart from what has been announced in the Budget," Jain said.

A task force has been set up to suggest ways to boost domestic capacity in the animation, visual effects, gaming and comics sector, in sync with the FY23 Budget announcement.

It will recommend steps to boost FDI inflows into the sector as well. Last year, the government raised the FDI limit in insurance firms from 49% to 74% under the automatic route, subject to certain conditions. Similarly, up to 100% foreign investment in the telecom sector was allowed under the automatic route in October 2021.

The Modi government has liberalised dozens of sectors in recent years. Gross FDI inflows in the seven years through FY21 jumped to $440.3 billion, having recorded a 65% surge over the previous seven years (2007-14), Jain said.

To reduce the burden of India Inc, more than 30,000 compliance requirements have been abolished across ministries and states, Jain said.

"Decriminalisation of minor offences is another important pillar of the exercise, wherein the objective is to ensure that businesses can operate without fear and anxiety of imprisonment for minor violations," he added.

Asked about the roll-out of the national e-commerce policy, the secretary said that it was a "work in progress" and deliberations are going on.

Commenting on the Open Network for Digital Commerce (ONDC), which was launched on a pilot basis on Friday, Jain said he expected the network "to attract a lot of private players in areas of their specialisation". Given its open network, the ONDC will substantially remove entry barriers (in terms of the need for huge upfront investment in creating a platform) for budding entrepreneurs and other stakeholders.

"Suppose, a person is good at seller-side management, he creates a seller app, plugs into (the ONDC) network and starts onboarding sellers. He doesn't have to worry about other aspects (like buyers, logistics, payment system, etc)," Jain said. The ONDC, thus, goes beyond the current platform-centric e-commerce model, where buyers and sellers have to use the same platform or application to conduct a business transaction.

Source: financialexpress.com– May 02, 2022

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Manufacturing exports gaining from India’s localisation push

The growth of the export industry has been phenomenal this year. For the first time, India is likely to clock out the current fiscal with $410 billion worth of exports, as announced by the Commerce and Industry Minister, Piyush Goyal.

The seeming possibility of achieving this can be attributed to many factors, the foremost being financial incentives to the export industry. These incentives have been in the form of export subsidies, duty exemption, duty remissions, low-cost loans, and many such financial guarantees. Such incentives given by the Government have encouraged manufacturers to export their units/machines globally.

In the recent past, the Indian Government has been encouraging exports by announcing policies and incentives that are in line with “Make in India” (aimed that transforming India into a manufacturing major) and “Atmanirbhar Bharat” (aimed at promoting self-sufficiency) programmes.

These programmes have also empowered local industries and communities. Mainly because of the pandemic, there has been a massive rise in demand from the manufacturing industry, focusing on local suppliers to source materials instead of importing them. Global manufacturing companies such as Biesse India have been sourcing 64% of their raw materials/components and in turn, developing their businesses.

Local suppliers identified the demand from MNCs (Multi-National Companies) and Indian companies. By recognising the market through their customers and partners, the suppliers raised their benchmarks in technology, process, and practices to their international counterparts by maintaining the quality of the product. Result? It consecutively helped boost local industries to expand their business.

Such expansions also lead to an increased demand for adequate resources and the hiring of the right talent from a vast pool. Giving a chance to local communities to come forward and apply for a relevant job basis their skills and learning eventually puts the power of spending in human hands. Such scaling and diversification enable companies to innovate frequently.

During the first phase of the lockdown, the majority of the sectors were not functioning although when the restrictions eased down, the same sectors saw a tremendous surge in demand which eventually supported the revival. It is safe to say that the impact has been evident to the point where today, the supply is less than the demand.

When it comes to the woodworking sector, there has been a rising demand for woodworking machinery, which is largely driven by growth in Real Estate, Home & Office Furniture and Travel & Tourism. In the real estate sector, all the projects that were held up have now resumed their work and are in the process of completion. Another interesting observation has been the home furnishing segment, which has given companies a new area to explore and manufacture relevant products.

With many still opting for work-from-home, this has opened a whole new vertical for the furniture industry. People are now keen to upgrade their homes for a comfortable WFH setup. Also, rapidly increasing urbanization, a large share of the younger population and rising aspirations of middle-class society has contributed to a vibrant home furnishing market in India. The home furnishing segment has grown multi-fold as people with 15-20-year-old homes are renovating with a modern look that is serving the home-office segment.

The Indian furniture market is now more customer-friendly and moving as per their preference and supplying readymade, branded furniture with low maintenance, quickly installable and customisable options. With the rapidly growing and transforming the retail sector, it is expected that large retailers will continue to expand their presence, leading to consolidation in furniture retailing in urban markets.

The Indian furniture manufacturing sector mainly meets domestic demand, yet India's imports are growing at a rapid pace as the demand is far more than the local supply. Modernization of Wood Working sector with high productivity advanced machinery & technology is bound to facilitate the much-needed growth of this sector.

The wooden working segment has also shown high employment intensity which stands at 3.59%, second only to textiles. Considering the rapidly increasing demand for furniture and the high employment generation promise that it holds, is a key potential segment to be watched for.

Source: timesofindia.com– May 01, 2022

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May Day gloom: All units in Telangana's Sircilla Textile Park closed

The worst fears of weavers employed at various units of Sircilla Textile Park came true on Sunday. As reported earlier, the owners of these units, faced with heavy financial crisis, shut shop, leaving around 1,500 employees to their fate. Ironically, the decision to close down the units came on a day when the workers should have been celebrating the International Workers' Day.

Of the 117-odd units, around 50 units were closed earlier and the remaining were shut on Sunday. With the closure of all the units, which at least for now looks indefinite, the Park wore a deserted look with the desolate employees unsure where their next meal would be coming from.

Speaking to Express, Textile Park Units Owners Association president Annal Das Anil said: "We are not sure for how many days the units will be shut. There is no clarity at this juncture. Until and unless the government lends a helping hand, the closure of our units will be indefinite."

Comparing the situation in Telangana with other States, he said: "In Maharastra, the textile manufacturers are supplied electricity at Rs 3.50 per unit. In Tamil Nadu, electricity is supplied free of cost for up to 500 units. However, the textile manufacturers in Telangana have to pay Rs 7.50 per unit."

In addition to spiralling costs of raw material, the manufacturers are also being burdened by the ever increasing prices of yarn and transport charges, he added.Manchala Rajamesham, an employee of Laxmi Textiles, lamented that there is no other source of income for the weavers. "We are in a very bad situation. If these textile units remain shut, we don't know how we will be able to feed our families."

CITU leader Kodam Ramana demanded that the government should take serious view of the situation and initiate measures to immediately reopen the Textile Park.Meanwhile, Textile Park Administrator and Joint Director of Handlooms and Textile, Tasneem A Jahan said that the main demands of these units, including the power bills reimbursement issue, have been sent to the government.

It may be mentioned here that the Textile Park was set up with an investment of Rs 7.73 crore in 2002-03 by the then united Andhra Pradesh government to prevent starvation deaths and to financially empower the weavers.

Source: newindianexpress.com– May 02, 2022

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