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INTERNATIONAL NEWS

USA: How Long Will Port Congestion Last?

Container shipping company profits are likely to have another very strong year in 2022 as freight rates remain high despite moderate reduction in the last three months, according to a new report from Fitch Ratings.

The benchmark Drewry composite World Container Index (WCI) decreased 0.6 percent to $7,578.65 per 40-foot container or equivalent unit (FEU) for the week ended June 9, but was still 13 percent higher than a year earlier. The WCI's average composite index was $8,569 per FEU, which was $5,146 higher than the five-year average of $3,423.

High freight rates along with buoyant demand have led to an increase in orders for new vessels, which make up about 26 percent of the existing global fleet compared to less than 10 percent at the beginning of the pandemic, the report noted. Fitch said the industry could encounter a turning point in 2023, when growth in vessel capacity is likely to exceed container demand.

The capacity deployment discipline during the peak periods of pandemic-related lockdowns in 2020 was partly the result of industrywide consolidation in the previous decade, as it reduced the need to gain market share. However, whether this discipline holds with the arrival of new fleet remains to be seen, the report said.

"Some of the excess cash from the ongoing bumper profits has gone to debt reduction, but increased CAPEX, shareholder returns and bolt-on acquisitions have been the other uses across the industry," Fitch's "Global Container Shipping Update" said. "Acquisitions have been mostly to increase door-to-door logistics capability, which will be good for the longer-term growth and stability of the industry."

Most of the freight rate increases over the past two years were driven by increased port congestion as a result of pandemic-related operational bottlenecks and higher demand due to consumer spending shifts to non-perishable goods and away from services, Fitch noted. Port congestion remains an issue in U.S. and European ports, and Chinese lockdowns, although leading to lower container volumes for the February-to-April period, have not been sufficient to ease the congestion.

Drewry's outlook for the industry, discussed in an April webinar, detailed how the only aspect of the sector that has benefitted from the turmoil has been carrier profitability. Drewry estimated that carrier earnings before interest and taxes (EBIT) reached $214 billion in 2021. Drewry's forecast was that more disruption-driven freight rates should more than compensate for rising costs and deliver as high as $300 billion in EBIT profit this year.

Labor negotiations at West Coast ports on a new dockworkers contract set to expire at the end of June and the arrival of peak season for container volumes mean congestion issues are unlikely to resolve in the near term, Fitch said.

"If port congestion continues into 2023, it could partly absorb the new vessel capacity due to be delivered in 2023," the report added.

Source: sourcingjournal.com– Jun 14, 2022

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French trade unions sign agreement to raise textile industry wages

France’s L'Union des Industries Textiles (UIT) and several other trade unions recently concluded an agreement that raises the minimum wages in the textile industry from May 1 this year. The agreement provides for a 2.7 per cent increase in conventional minimum wages for all professional categories in the industry—workers, supervisors and executives.

The agreement reflects the mobilisation of the social partners of the textile industry to retain employees in the sector and strengthen its attractiveness to men and women, a press release from UIT, which represents 2,150 textile companies in France, said.

The other trade unions are the French Democratic Confederation of Labour (CFDT), the French Confederation of Management—General Confederation of Executives (CFE-CGC), the French Confederation of Christian Workers (CFTC), the General Confederation of Labour (CGT) and the Workers’ Force (FO).

Meanwhile, Olivier Ducatillion, director of the Lemaitre Demeestere company and president of UITH Nord, the textile and clothing union in Hauts-de-France, was recently elected UIT president during the general assembly of the union. He succeeds Yves Dubief.

Source: fibre2fashion.com– Jun 14, 2022

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China's share in US textile and apparel imports less than a third

The latest data showed that US textile and apparel imports value in Apr 2022 increased to 10.99 billion USD, up by 34.4% year-on-year. The imports volume reached 10.18 billion m2, up by 65.2% year-on-year.

US apparel imports value in Apr 2022 rose sharply to 8.12 billion USD, up by 43.2% year-on-year, and the imports volume reached 2.68 billion m2, up by 29.7% year-on-year.

The US textile and apparel imports volume from China in Apr 2022 moved up to 2.8 billion m2, up by 15.6% year-on-year. The imports value reached 2.27billion USD, up by 27% year-on-year. US apparel imports value from China in Apr 2022 rose to 1.36 billion USD, up by 38.9% year-on-year, and the imports volume reached 710 million m2, up by 28.4% year-on-year.

From the monthly data, the US textile and apparel imports from China saw a monthly fall, down 21.2% compared to Mar.

In addition, from the market shares in US textile and apparel imports, China's share in US textile and apparel imports has shrunk from 42.5% in 2021 to 32.2% in 2022, and the shares of Turkey, Malaysia and Bangladesh all increased.

Source: ccfgroup.com– Jun 15, 2022

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USDA June report: lower 2021/22 global cotton production and ending stocks

According to USDA's Jun supply and demand report, 2021/22 global cotton production and ending stocks are forecast lower. Before the arrivals of 2022/23 cotton, the global cotton supply is supposed to keep tight. Meanwhile, USDA also forecasts a lower consumption for 2021/22 and 2022/23 seasons, showing that the high cotton prices restrain the consumption apparently, and later, the consumption is likely to be lowered further. The drought condition in Texas persists, but crop growing development is good, and the expectations of a higher new cotton production maintain.

1. USDA Jun supply and demand report

For 2021/22 season, USDA forecasts a lower Indian cotton production, down by 220kt from May, and it also lowers Brazilian cotton production by 110kt. Meanwhile, consumption is lowered by 270kt.

Overall, the cotton supply remains tight. 2021/22 global ending stocks are lowered by 150kt from previous month. But recently, new cotton is arrived on the Brazilian cotton market, and local cotton prices dip quickly. In Australia, affected by the rainfall, the harvests are delayed in South Wales.

For 2022/23 season, USDA forecasts a slightly lower cotton consumption, to 26.46 million tons, down 30kt from 2021/22 season. Production is slightly higher. Though Texas need more moisture despite of recent rainfall, USDA reports a good development of U.S. cotton planting this year, and it has not anticipated a production reduction.

For India, the cotton planting areas in Punjab are expected to reduce by about 20% from last year, and Indian cotton production may adjust lower later. However, Indian government is active to solve the pest infestation in new season, and the Meteorological Department forecasts ample rainfall will bring during the monsoon, which is beneficial for the cotton crop.

Currently, the cotton crop planting progress is favorable in Pakistan. Therefore, we estimate that 2022/23 cotton production is expected to increase.

2. The fundamentals of ICE Jul contract remain firm

The total export sales of 2021/22 U.S. upland cotton and Pima reach 3.626 million tons, about 113% of the forecast export volumes, and export shipments total 2.459 million tons, about 68% of the total export sales. Export shipments are relatively slow. Though the unfixed call sales of ICE Jul contract have rolled towards Dec contract, by Jun 3, the unfixed call sales of Jul contract are still highly at 27,948 lots, equivalent to 630,000 tons.

3. Cotton consumption remains dull

China: though the epidemic control eases gradually in Shanghai, Chinese yarn sales see no obvious improvement since Jun, as it is the slack season and spinners cut the operating rate. Currently, the operating rate of spinning mills is only around 45%.

Southeast Asia: viewed from the theoretical export profits of spinning mills in Vietnam and Pakistan, the profits have been at a multi-year low level currently. The high cotton prices continue to dampen spinners' profits. Meanwhile, yarn inventory keeps accumulating, so the demand for cotton weakens further.

In India, the spot profit also goes weaker apparently. Besides, spinners start several rounds of strikes to cut production, to resist the high cotton prices, and fabric mills are also active to import cotton yarn from other countries. Spinners also change to produce blended yarn to reduce cotton costs. Therefore, the cotton demand is obviously restrained by high cotton prices in Southeast Asia.

Source: ccfgroup.com– Jun 15, 2022

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China's logistics sector hopes for stepped-up rebound

China's logistics sector hopes for a stepped-up rebound as the government's policy support gradually takes effect and more favorable policies follow. The logistics performance index, which tracks business volume, new orders, employment, inventory turnovers and equipment utility rates, came in at 49.3 per cent in May, up by 5.5 percentage points in April. During the period, the index tracking China's warehouse storage sector went back to the expansion range of 50.2 per cent, said the China Federation of Logistics and Purchasing showed (CFLP).

E-commerce logistics activities also witnessed a business reboot in May, with the index rising by 2.1 points to 104.3 points from April. CFLP assistant president He Hui attributed the upbeat signs to the country's measures to unclog the logistics and prop up businesses in difficulties, saying that the sector will witness more expansion in June, official Chinese media reported.

China has rolled out a slew of policies such as removing bottlenecks in transportation and reducing the burden for logistics enterprises to buoy the flows of logistics. Shanghai, once hit hardest by the virus, launched an action plan to speed up economic recovery last month, releasing measures, including stabilising industrial and supply chains in the Yangtze River Delta, and smoothing domestic and international logistics and transportation channels.

Cities, including capital Beijing, have established a 'white list' mechanism to secure the delivery capacity of fresh produce suppliers and support the resumption of work for key companies. Financial support has been funneled to logistics enterprises across China to tide them over difficulties.

The Industrial and Commercial Bank of China's Shandong branch has extended over 800 million yuan ($1.19 billion) of loans to support the logistics sector and the loans granted by the Agricultural Bank of China's Zhejiang branch for the transport and logistics enterprises exceeded 3.53 billion yuan.

Source: fibre2fashion.com– Jun 14, 2022

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Crop Progress: 90 Percent of U.S. Cotton Now Planted

Cotton planting for 2022 is nearing the end, as 90% of the crop is now in the ground, according to the USDA Crop Progress report for the week ending June 12.

That's a 6-percentage point increase in the past week and 2 percentage points ahead of the 5-year average for planting for this week. In all, 12 of the cotton producing states are at or ahead of their respective 5-year averages.

Squaring is now reported in 14% of the U.S. crop – up 3 percentage points in the past week. Arizona and Louisiana lead the way with squaring in 38% of their crops, while 6 other states report squaring totals between 10% and 18%.

The crop condition report for the week shows 46% of the crop rated good/excellent, 35% fair, and 19% now rated poor/very poor.

Looking at other primary crops across the Cotton Belt: corn 97% planted, soybeans 88% planted, peanuts 94% planted, sorghum 66% planted, and rice 95% emerged.

Source: cottongrower.com– Jun 13, 2022

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Movement in global benchmark prices mixed over past month: Cotton Inc

Movement in benchmark prices globally was mixed over the past month, as per the Cotton Market Fundamentals & Price Outlook June 2022 by Cotton Incorporated.

The July NY/ICE futures fell from 142 cents/lb in May and touched levels as low as 136 cents/lb by the start of June. More recently, July prices rebounded to levels over 145 cents/lb.

The December NY/ICE futures contract, which reflects price expectations after the 2022-23 harvest, rose around the middle of May and touched values above 130 cents/lb. Later in May, December prices fell below 120 cents/lb before recovering in June.

The direction of the A Index was erratic over the past month, but the current values are nearly even with those a month ago (164 cents/lb).

The China Cotton Index (CC 3128B) is lower month-over-month. In international terms, it dropped from 151 to 147 cents/lb. In domestic terms, values fell from 22,300 to 21,300 RMB/ton. The RMB strengthened against the dollar from 6.73 to 6.68 RMB/USD.

Indian spot prices (Shankar-6 quality) decreased from 164 to 160 cents/lb and from ₹99,000 to ₹97,500 per candy of 356 kgs. The INR consistently traded near ₹78 per USD over the past month, according to the Cotton Inc report.

Pakistani spot prices fell from 137 to 127 cents/lb between the middle and end of May. Near the start of June, prices bounced as high as 139 cents/lb but later retreated to 126 cents/lb.

Domestic prices were comparatively steady between 21,000 and 22,500 PKR/maund (37.32 kg). The PKR was volatile and weakened from 188 to 200 PKR/USD.

Source: fibre2fashion.com– Jun 14, 2022

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South Korean truckers end week-long strike

South Korean truck drivers will return to work Wednesday after reaching an agreement with Seoul to end an eight-day protest over wages and fuel costs that had snarled global supply chains.

The truckers' industrial action had disrupted production and shipments for the crucial steel, petrochemical and automobile sectors, in an early test for new President Yoon Suk-yeol who has vowed to deal with labour disputes "strictly".

The Cargo Truckers Solidarity Union reached an agreement with the transport ministry late Tuesday and truckers will return to work from Wednesday, the ministry said in a statement.

The ministry said is "relieved" that the union decided to end their strike, adding "we are very sorry for causing concern for the people due to discruptions in logistics and production".

The truckers called the strike to protest over sharp rises in fuel prices -- with inflation at its highest level in more than a decade -- and the ending of a minimum wage guarantee.

The Safe Trucking Freight Rates System was due to expire later this year but the two sides reportedly agreed to keep it in place. The policy was designed to help prevent dangerous driving by truckers and guarantee minimum freight rates.

"All we are asking for is to remove the uncertainty in our lives," union member Cho Jeong-jae told AFP Tuesday at a protest in Incheon, a city bordering Seoul. "Our livelihood is at stake."

Cho said the rising cost of fuel had not been reflected in the fees businesses pay to transport their goods. "When fuel prices drop, it's reflected very quickly by lowering freight fees," Cho said. "But that's not the case when fuel prices rise."

The strike in Asia's fourth-largest economy was the latest blow to international supply chains that are already strained by Covid-19 lockdowns in China, and Russia's invasion of Ukraine.

South Korea is the world's largest memory chip exporter and home to global chip powerhouse Samsung Electronics, as well as large car companies including Kia and Hyundai Motors. The country's trade ministry said Tuesday that the action had resulted in losses for businesses of about 1.6 trillion won ($1.2 billion).

Prime Minister Han Duck-soo had called for an end to the strike at a cabinet meeting on Tuesday, saying "it's causing a major setback to the logistics network."

On the campaign trail, President Yoon -- a political novice -- had vowed to be strict on labour disputes and indicated he was more pro-business on issues such as minimum working hours.

At least 23 members of the Cargo Truckers Solidarity Union have been arrested for "illegal activities" at the protests, according to the transport ministry.

Source: economictimes.com– Jun 15, 2022

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Poland ready to turn gateway of EU-China cooperation: Zbigniew Rau

China state councilor and foreign minister Wang Yi and Polish counterpart Zbigniew Rau have pledged to strengthen bilateral cooperation. Poland welcomes investment from Chinese enterprises and supports the strengthening of European Union (EU)-China and Central and Eastern Europe-China cooperation, and is willing to become the door of EU-China cooperation, Rau said.

Both recently held the third plenary session of China-Poland Inter-governmental Cooperation Committee in a virtual manner.

Wang said China is willing to work with the Polish side to better implement the important consensus reached by the two heads of state, carry forward the tradition of friendship, enhance mutual trust, and continue to promote the healthy and stable development of bilateral relations under the turbulent international situation.

Wang called on both sides to promote cooperation in the fields of economy and trade, science and technology, environmental protection, energy, digital, etc., resume personnel exchanges in an orderly manner, expand mutual investment, and continuously expand the common interests of the two countries, official Chinese media reported.

China supports enterprises of the two countries to discuss the establishment of a two-way warehousing, logistics and distribution system for the European and Chinese markets with Poland as the distribution center, Wang added.

Source: fibre2fashion.com– Jun 14, 2022

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Over 110 Italian manufacturers to showcase textile machines at ITM 2022

Over 110 Italian textile machinery manufacturers will present their latest textile machines and technologies at the upcoming fair ITM 2022, to be held from June 14-18, 2022 in Istanbul.

Organized at the Istanbul Tüyap Fair Convention and Congress centre with the cooperation of the Italian Trade Agency (ITA) and Association of Italian Textile Machinery Manufacturers (ACIMIT), the fair will present efficient solutions to the increasing sustainability and digitalization needs of the Turkish market.

According to Federico Pellegata, Director, ACIMIT, Italian textile machinery manufacturers will also focus on economic and environmental sustainability and offer solutions to provide added value to Türkiye in this sense.

Alongwith its sustainable technology and Green Label initiatives, ACIMIT also takeS concrete steps in water, chemical and energy consumption, and leads the world in solutions that provide the highest efficiency with lower costs. The machines developed by it meet the demands of sustainable production in lines with social demands of Turkiye.

Source: fashionatingworld.com– Jun 14, 2022

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Pakistan: Envoys of UAE, Turkey meet Bilawal

According to a statement of the Foreign Office, discussions were held on issues of mutual interest. “Keeping in view the wider potential of enhancing trade and investment ties between Pakistan and the UAE, it was agreed to further enhance bilateral economic ties,” it added.

Meanwhile, Ambassador of Egypt to Pakistan Tarek Dahroug also called on Bilawal and exchanged views on a range of bilateral and global issues of mutual interest.

They agreed to strengthen economic cooperation between the two countries for the benefit of the two peoples.

Source: brecorder.com– Jun 14, 2022

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Bangladesh: Retain source tax for garments at 0.5%, urges BGMEA

In its response to the proposed budget for FY2022-23, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has urged the government to retain the source tax for the garment industry at 0.5 per cent for the next five years.

Praising the government for its measures to boost garment exports, BGMEA appreciated the government for the proposed VAT exemption against sub-contracts for export.

It also hailed the continuation of the cash assistance to exports, the retention of corporate tax rates at 15 per cent till FY2024-24, VAT exemption on polypropylene stamp fiber production and advance tax exemption on import of its required raw materials, exemption of Terephthalic Acid I Ethylene Glycol – needed for making Textile Grade Pet Chips –from any pre-requisite tax, reduction of sewage treatment plant (STP) import duty to 5 per cent, retention of the services charges of Mobile Financial Services out of income tax and decrease in eligibility limit for tax exemptions for persons with disabilities or third genders to 10 per cent or 25 per cent.

Source: fashionatingworld.com– Jun 14, 2022

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Italy becomes 'billion dollar' export market for Pakistan

As per the details, Italy is among the countries where Pakistan's exports have been rising phenomenally despite the tough market conditions caused by the COVID health emergency.

Italy has become billion dollar export market for Pakistan for the first time ever and in the first 11 months of this year, our exports to Italy increased 46% which is highest growth rate among all of our export destinations in Europe.

In this period, Pakistan`s trade surplus with Italy has increased 84% whereas Just three years ago, Pakistan actually had a trade deficit of $148 million with Italy.

In the last three years, despite the pandemic driven market disruptions, Pakistani trade with Italy not only recovered from the deficit but has turned around to post a trade surplus of half a billion dollar.

This remarkable achievement owes much to the resilience and dynamism of Pakistani entrepreneurs in the export sector, ably supported by Pakistan embassy in Italy.

Ambassador to Italy, Jauhar Saleem, has been regularly briefing media about the Embassy's initiatives for trade, investment and remittances enhancement, including engagement with the host government, industry associations, business leaders, chambers of commerce and SMEs.

Pakistan's exports to Italy have crossed $1,002 million during the first 11 months of this financial year with the value added sectors becoming the main driver of growth that has produced a trade surplus of around half a billion dollar. That too at a crunch time for the country reeling from record trade deficits. From an increasingly diversified export basket, home textiles, leather, rice, plastic products, surgical instruments, general fitness equipment and auto parts have been the top performing product lines.

In the wake of the pandemic led health consciousness, Pakistan`s exports of articles of general fitness have also increased by over 100%, while export of plastic products has increased 356%, making Italy Pakistan`s 4th largest export destination for plastic products.

Pakistan also further improved its position as the market leader in rice sector with its exports increasing by another 31%.

The embassy has been specially engaging with sourcing firms and investors so as to leverage the pandemic hit conditions to Pakistan`s advantage in terms of enhanced focus of Italian importers on Pakistan, which has helped promote greater B2B interaction as well as exchange of delegations. Recently, a 10 member buying mission from Italian leather sector visited Pakistan, and another delegation will be visiting TEXPO Pakistan in August 2022. On the other side. a 22 member delegation of PFMA is visiting Italy from 11-15 June 2022 and a 35 member delegation from leather sector will be visiting Italy in September 2022.

Chairman Pakistan Footwear Manufacturers Association (PFMA), Zahid Hussain has, in a press statement, recognized the support of Pakistan Embassy Rome for footwear exporters in recovering from the challenging conditions and getting back on growth trajectory in the Italian market. He appreciated the role of the Embassy in establishing Pak-Italy Footwear Technology Institute at Lahore that is playing a vital role in inducing competitiveness and modernization of Pakistan`s footwear sector.

There has also been an unprecedented inflow of workers remittances from Italy to Pakistan in the last couple of years.

The overall growth in workers remittances from Italy has been almost 50% in the first 10 months of this year, making Italy Pakistan`s biggest source of remittances in the EU and the 7th largest in the world . Workers remittances are expected to cross 850 million by the end of the current financial year.

Both countries are also working on a Labour Agreement which would open new opportunities for Pakistani skilled and semi-skilled workers in the Italian market

The FDI from Italy has also witnessed promising growth during the current year. As health concerns and travel restrictions relating to COVID abate, corporate travelling from Italian businesses to Pakistan is picking up fast. Many Italian investors are currently negotiating and finalizing investment deals; especially in the areas of food processing, construction, chemicals, energy, textile, leather, and IT.

Italy`s largest player in the energy sector ENEL is also exploring Pakistani market for investment. The embassy is providing all required support to facilitate the growing investments, particularly in a JV mode so to promote the flow of technology and know how as well.

The overall Pakistan-Italy commercial cooperation in the three main sectors of economic engagement is now worth $2.5 billion, which is the second highest in the European Union after Germany.

Source: profit.pakistantoday.com.pk– Jun 14, 2022

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NATIONAL NEWS

India to be a $5-trn economy by FY27, says CEA V Anantha Nageswaran

India would emerge as a $5-trillion economy by FY27 and a $10-trillion one by FY34, chief economic adviser (CEA) V Anantha Nageswaran said on Tuesday.

“We are now at $3.3 trillion, it is not such a difficult target to reach. Then if you simply assume 10% nominal GDP growth in dollar terms, then you get to $10 trillion by FY34 and another doubling with the same rate,” the CEA said at an event by the UNDP India.

In 2019, before the pandemic hit the nation and the world, Prime Minister Narendra Modi had envisioned to make India a $5-trillion economy by FY25. With its strong fundamentals, the Indian economy is much better placed now than many others, Nageswaran added.

Last week, the CEA had said India had displayed remarkable resilience in recovery after a Covid-induced slump in growth. Key indicators of the economy, he stressed, had crossed their pre-pandemic levels. The latest GDP data showed real growth in FY22 exceeded the pre-pandemic (FY20) level by 1.5%, private consumption by 1.4% and fixed investment by 3.8%. On a year-on-year basis, the economy grew 8.7% in FY22 from -6.6% in the previous year.

Quick and decisive policy interventions by the government, duly supported with monetary measures by the central bank, have enabled the economy to stage a smart rebound, the CEA had said.

Source: financialexpress.com– Jun 15, 2022

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Fill 10 lakh jobs in 18 months, PM to Central ministries, depts

Prime Minister Narendra Modi on Tuesday announced recruitment of 10 lakh people in government jobs during the next 18 months.

"PM @narendramodi reviewed the status of Human Resources in all departments and ministries and instructed that recruitment of 10 lakh people be done by the government in mission mode in the next 1.5 years," a tweet by Prime Minister Office said. This statement has come at a time when the government is facing strong criticism on lack of employment as against the poll promise.

A senior government official explained that the number of 10 lakh will include jobs in Central Ministries, Departments and Central Public Sector Undertakings (CPSEs) "It will comprise of both contractual and regular jobs besides recruitment under Agneepath scheme for armed forces," he said while adding that the fiscal implication is yet to be ascertained.

Reacting to the announcement, the Labour Minister Bhupendra Yadav said, "India's journey as a strong economy under the Prime Minister has made sure we stay the course on human-centered development. The hiring of 10 lakh people will not only help the government meet targets, but also strengthen the march towards a fully Aatmanirbhar Bharat."

Education Minister Dharmendra Pradhan said, "Taking forward PM@narendramodi ji's decision to recruit 10 lakh people in all govt. departments and ministries in mission-mode, @EduMinOfIndia and @MSDESkillIndia is committed to fill-up all vacancies in their respective departments in the next 1.5 years."

According to the Annual Report on Pay and Allowances of Central Government Civilian Employees (2019-20), prepared by Expenditure Department, the number of regular central government civilian employees (including UTs) as on March 1, 2020 was 31.91 lakh as against the sanctioned strength of 40.78 lakh, showing 21.75 per cent vacancies.

Meanwhile, budget documents showed, jobs in all central government ministries and departments are estimated to go up by over 2.84 lakh by the end of March 2022 compared to 2020. However, the biggest job provider, the Railways, has seen a dip of over 50,000 during this period.

Calling it a “great course correction”, Vidur Gupta, Director, Spectrum Talent Management told BusinessLine that the unemployment rate in urban India slipped to 8.7 per cent in October-December 2021. “The mission mode to add more jobs will help bridge gaps in the employment scenario which was highly impacted by the Covid-19 lockdown.”

According to Smiti Bhatt Deorah, Co-Founder & COO, Advantage Club, a global employee engagement platform, India is growing rapidly and filling the open positions in the government offices is a key step towards boosting the economy and bring-in more liquidity. “Would strongly recommend the Government to modernise the employee’s job experience right from hiring to retiring. This will help the Government attract more talent and make time spent by employees at work more convenient and engaging,” he said adding that:”In today’s time, the best talent is looking beyond just stability which is something we all associate with the Government jobs.”

Source: thehindubusinessline.com– Jun 14, 2022

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Sixteen states/UTs did not need GST compensation in May

As many as 16 states and Union territories, mostly smaller states except for Bihar and Odisha, did not receive any compensation when the Centre released Rs 86,912 crore in mandated relief to states for April-May 2022, along with arrears, on May 31.

Sources said these states were not given any aid because no amount was due to them as per the compensation formula.

The Centre had front-loaded release of Rs 1.59 trillion under the special back-to-back loan mechanism by October for FY22, to compensate for the shortfall in the designated cesspool for the full year.

Given that the monthly GST collections had accelerated from October by remaining above Rs 1.3 trillion/month, the states in aggregate collected Rs 70,000 crore more than estimated for FY22, thereby reducing the compensation requirement by an equivalent amount in FY22. However, the extra amount raised as loan was used to clear arrears of past years.

The Centre had also received Rs 60,000 crore more than the Budget estimate of Rs 5.3 trillion in Central GST in FY22. Usually, the Centre and states receive GST in a 48:52 ratio.

Of the Rs 86,912 crore released to states on May 31, 2022, Rs 47,617 crore was compensation arrears up to January 2022, Rs 21,322 crore for February-March and Rs 17,973 crore for April-May 2022.

While most of the big states received compensation, 16 states and UTs including Bihar, Odisha, J&K, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura and Meghalaya did not receive any funds.

Odisha has been witnessing one of the highest growths in GST collections. The state reported a 54% growth in SGST collections on year in FY22. In April, the state reported 52% growth on year in SGST receipts. Thus, the sharp increase in GST collections reduced the compensation requirement for Odisha in FY22 substantially. It may have reached close to 14% growth annually in April-May 2022, a threshold below which states are compensated to achieve the above growth rate.

Under the GST compensation mechanism, which is constitutionally guaranteed, state governments are assured 14% annual revenue growth for the first five years after the tax's July 1, 2017 launch.

However, Bihar has not seen that kind of growth in April 2022 as its GST (SGST and CGST) collections declined by 2% on year. However, the state did not get any compensation as the advance releases in FY22 got adjusted for the shortfall reported till May 2022.

The Centre has so far released a total of Rs 8.22 trillion to the states as GST compensation till May 31 2022, including Rs 1.6 trillion in FY22, even as the collections of cesses for this purpose fell way short of the target. The Centre arranged back-to-back loans totaling Rs 2.6 trillion to bridge the shortfall in the cess pool in FY21 and FY22.

Given the robust trends for April-May 2022, and the anticipation of sustained healthy momentum of activity, analysts expect CGST inflows in FY23 to overshoot the budget estimate by Rs 1.15 trillion. That would also mean about Rs 1.3 trillion in extra SGST receipts in aggregate to states, which will cease to receive GST compensation from July 2022.

The Centre is expecting monthly gross GST (CGST and SGST) collections to average Rs 1.4-1.5 trillion in FY23 compared with Rs 1.2 trillion factored in the Budget.

Source: financialexpress.com– Jun 15, 2022

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Govt working towards 'One District One Product' to boost handicraft sector

The government is working towards 'One District One Product' which will give impetus to the handicraft sector as well as the artisans, Union minister Darshana Jardosh said on Tuesday.

Inaugurating the 'Lota Shop' at National Crafts Museum here, the minister of state for textiles said that museums have huge potential to attract foreign tourists and buyers.

She added that the Centre is working towards 'One District One Product' which will give impetus to the handicraft sector as well as the artisans.

The minister stressed on the importance of artisans and urged not to bargain for their art, which is a priceless gift to the country. Jardosh also said that on the lines of the National Handloom Day, she wants a day dedicated to handicrafts.

Central Cottage Industries Corporation of India (CCIC), popularly known as the Central Cottage Industries Emporium, recently opened its new outlet 'Lota Shop' at Crafts Museum at Pragati Maidan with an aim to attract Indian and foreign tourists.

Textile secretary U P Singh talked about the facilities provided by the museum and said that in future, he expects encouraging footfall. He said that the museum provides facilities of lodging and also have audio-visual facility for visitors.

The ministry plans to further strengthen the infrastructure of the museum. In this regard, a memorandum of understanding has been prepared with ITPO to provide parking facility, Singh said.

He said that visitors of the museum, who are charged a nominal entry fee, will be able to visit events and exhibitions at ITPO without paying additional fare.

Source: businesstoday.in– Jun 14, 2022

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After 5 months, CETP project to link 732 units resumes

After a logjam of over five months, one of the most unorganized chemical clusters in Ahmedabad, involving hand screen printers and textile processing units in the southern part of the city, have finally begun laying pipelines to pump their effluent into a common effluent treatment plant.

President of the Ahmedabad Hand Screen Printing Association (AHSPA) Arif Pomchawala claimed that 672 units in Behrampura-Danilimda area, which employ around 1 lakh people, have been closed for the past six months due to pollution issues. The work on almost 96% of the Rs 112 crore CETP project has taken place, but the contractors of the project had demanded additional funds be made available to complete the civic works within the plant.

The CETP is being set up for the Ahmedabad Hand Screen Printing Association (AHSPA), a conglomeration of 732 units, which includes textiles and hand screen printing units as well as a few dyeing, dyes-blending units in the area. "The units used to let their effluents into domestic sewage lines prior to the CETP proposal, which has now stopped after the HC's direction. But the project hit a roadblock after July 2021 following AMC's refusal to part with any extra sum, saying it was just a nodal agency appointed by the central and state government to oversee the implementation of the project.

The association had to bear the cost of laying the pipelines to bring the effluent outflows from 732 units into the CETP," said a senior Ahmedabad Municipal Corporation (AMC) official. Though the plan was mooted in 2009, it was not until 2019 that the central government approved funds for the project. The 30 MLD CETP plant can be expanded to up to 45 MLD and will treat industrial effluents from its member units.

"The CETP will discharge the treated wastewater into the Pirana sewage treatment plant (STP)," he said. Pomchawala said, "Only 4% of work on the CETP project is pending now. It is delayed because of grant issues. We have so far completed the pipeline work for around 250 factories and the rest will be completed after receiving permissions from the local authorities."

Source: timesofindia.indiatimes.com– Jun 14, 2022

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India's WPI inflation zooms to record high of 15.88% in May

India's annual rate of inflation, based on monthly wholesale price index (WPI), rose further to a record high of 15.88 per cent (provisional) in May 2022, over May 2021, after increasing to 15.08 per cent in March. The annual rate of inflation was 13.11 per cent in May 2021. The month-on-month change in WPI index for May 2022 stood at 1.38 per cent.

"The high rate of inflation in May 2022 is primarily due to rise in prices of mineral oils, crude petroleum and natural gas, food articles, basic metals, non-food articles, chemicals and chemical products, food products, etc as compared to the corresponding month of the previous year," the Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade (DPIIT), under the ministry of commerce and industry, said.

The official WPI for all commodities (Base: 2011-12 = 100) for the month of May 2022 increased to 154.0 from previous month's 151.9.

The index for manufactured products (weight 64.23 per cent) for May 2022 increased to 144.80 from 144.0 for the month of April 2022. The index for 'Manufacture of Textiles' sub-group increased to 147.60 from previous month's 145.40, while the index for 'Manufacture of Wearing Apparel' rose to 146.60 from previous month's 145.90.

The index for primary articles (weight 22.62 per cent) also rose to 179.8 in May 2022 from previous month's 174.90. On the other hand, the index for fuel and power (weight 13.15 per cent) increased to 154.4 from 151.0 in April 2022.

Meanwhile, the all-India inflation rate for consumer price index (CPI) on base 2012=100 stood at 7.04 (provisional) in May 2022 compared to 7.79 (final) in April 2022 and 6.30 in May 2021, according to the National Statistics Office, under the ministry of statistics and programme implementation.

Source: fibre2fashion.com– Jun 14, 2022

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Jute industry seeks govt support for revival, growth

The Indian Jute Mills Association has sought government support for revival and steady growth of the ailing industry, through measures such as bank credit, affordable housing and funds for new technology. The industry body, in a recent representation, had urged the Jute Commissioner to support the sector on which more than 2.5 lakh mill workers and 40 lakh farmers are directly dependent.

"The jute sector seeks government support to tap advantages under schemes like affordable rental housing complexes (ARHC), creation of a bank credit facilitation scheme for modernisation, and funds for research and development," IJMA Director General Debasish Roy told PTI. The industry has been demanding organised labour colonies within or close to the mills that would cater to migrant workers from rural Bengal or neighbouring states.

IJMA is keen to implement the ARHC scheme of the Centre to build labour colonies. "The West Bengal labour department has been discussing options for launching the scheme. Most mills have enough land within their premises to implement ARHCs," IJMA Chairman Raghavendra Gupta said.

IJMA, in its representation to the regulator, also said that jute mills face credit unavailability issues as they are not categorised as MSMEs, and can't avail schemes such as the Credit Guarantee Fund Trust and Emergency Credit Line Guarantee. Among its suggestions were the National Jute Board (NJB) providing a 100-per cent credit guarantee to banks, similar to the ECLGS. The guarantee should cover modernisation capex loans with a limit of Rs 25 crore each for the mills.

In order to create greater demand for consumer jute bags replacing plastic ones, the industry body sought earmarking a sum of Rs 15 crore towards campaigning of the 'Bring-Your-Own-Bag' scheme. "Realising that R&D was the need of the hour for sustainable growth", IJMA also proposed a budget of Rs 75 crore for three years. In May, around six months after the price of raw jute was capped at Rs 6,500 per quintal, which allegedly led to a crisis in the industry, the government had decided to withdraw it.

Source: economictimes.indiatimes.com– Jun 13, 2022

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Labour survey reveals sharp drop in jobless rate in 2020-21

Labour indicators recorded a sharp, all-round improvement in 2020-21 (July-June) compared with the previous three years, data released by the National Statistical Office (NSO) on Tuesday showed. The focus on the rural employment guarantee scheme by the government seems to have contributed to the fall in joblessness.

The first wave of the pandemic ebbed by July 2020, and the second wave surfaced in April 2021 and peaked in May.

According to the fourth annual report on the Periodic Labour Force Survey (PLFS) conducted during July 2020 and June 2021 by the NSO, the unemployment rate fell to 7.5% in the current weekly status (CWS, unemployment over the past week) in the period from 8.8% in the previous two years and 8.9% in 2017-18. Unemployment rate is defined as the percentage of persons unemployed among the persons in the labour force.

According to the fourth annual PLFS report, the labour force participation rate (LFPR), or those working or seeking or available for work in the labour force, was the highest in four years at 39.3% in 2020-21, as was the worker population ratio (WPR) at 36.3%.

WPR is defined as the percentage of employed persons in the population. The higher LFPR indicates that people are not despondent with the job market.

However, according to the usual status (US, unemployment over the past year), the joblessness rate in 2020-21 was lower at 4.2%. Labour force participation rate and the worker population ratio increased to 41.6% and 39.8%, respectively, in 2020-21 compared with the previous three years as per the US method. CWS is closer to the global norm.

NSO launched the PLFS in April 2017. The first annual report (July 2017-June 2018) was released in May 2019, the second (July 2018-June 2019) in June 2020 and the third (July 2019-June 2020) was released in July 2021.

When the results of PLFS 2017-18 was out in 2019, showing unemployment at a 45-year high of 6.1%, a row erupted — while the Opposition cited the data to put the government in the dock, the later said the PLFS wasn't strictly comparable with the outcomes of the exercise done by the NSO previously. The PLFS is based on stratified random samples.

The first wave of the pandemic hit the country in March-April 2020. According to Centre for Monitoring Indian Economy (CMIE), the monthly unemployment rate for July 2020 was 7.4 % which rose to 8.35% in August, 6.68% in September, 7.02% in October, 6.5% in November and 9.06% in December 2020.

Between January and April 2021, the unemployment rate hovered between 6.5% and 7.97%, but went up to 11.84% as the second wave of the pandemic hit. In June last year, the unemployment rate, according to CMIE, was 9.17%.

For the fourth annual PLFS report, a little over 0.1 million households and 0.4 persons, both in urban and rural areas, were surveyed.

The data showed the jobless rate for both male and female in both CWS and US status fell in 2020-21 compared with the previous three years. The LFPR and WPR also comparatively improved during the year.

The government says the CMIE data doesn't give true picture of the job scenario due to limitations of the survey. However, given the absence of high-frequency official data, the CMIE data do serve the purpose of gauging the employment-unemployment scenario in the country.

Source: financialexpress.com– Jun 15, 2022

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