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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Global trade show industry's struggle to recover without China

With most of the world's biggest economies having curbed pandemic restrictions, the mantra for the global events industry is "business is back", following a difficult two years.

But attendance at the Imex show in Frankfurt — which caters to the trade show and travel sectors themselves, with attendees including conference venues, event managers and hotel groups — is telling. The May event had about 9,500 participants, compared with 14,000 before the pandemic.

"Obviously the industry has suffered during the past years, people have lost jobs, but demand has exploded," said Carina Bauer, chief executive of Imex, adding that recent events had a "global range of exhibitors".

But she added: "We had very few participants from China this year."

The 32 per cent drop in attendance points to a mixed picture for the industry as the world reopens. The critical Chinese market remains stymied by restrictive lockdowns as Beijing pursues a zero-Covid policy. Meanwhile, convention centres and organisers elsewhere are still gauging whether demand for face-to-face meetings will return to pre-pandemic levels despite an initial surge.

China offered the events industry a sliver of hope two years ago when it became the first large country to cautiously reopen after the first phase of the pandemic.

Now the tables have turned. While many wealthy countries have signalled that companies should not expect future restrictions on social mingling, China has chosen to impose travel restrictions, as well as lockdowns on cities when local coronavirus outbreaks occur.

"We have no idea how to compensate for China if the country does not return," said Wolfgang Marzin, chief executive of Messe Frankfurt, a German events organiser co-owned by the city of Frankfurt and the state of Hesse that runs trade fairs around the world.

"Everybody took advantage of labour and production capacity in China — much still comes from there — and now we are as dependent on them as we are from oil for Mr Putin," he added, nodding to the number of international companies manufacturing in the country.

For now, Marzin said Chinese buyers and sellers were largely absent from events in other parts of the world. "The zero-Covid policy means that since January we don't see Chinese companies," he said. "For a show in textile, typically we would have around 400 exhibitors and now we have 25."

Marzin would not disclose the private company's revenues and profits but said turnover this year was likely to be close to levels in 2010, adding that he expected the company to be back on track in 2025 — assuming the global economy is not derailed by further crises.

China is not only an indispensable part of many companies' supply chains, but the world's second-largest economy has also emerged as an important buyer at trade shows.

In 2019, mainland China accounted for 16 per cent of events revenues at Informa, the world's largest trade fair group. In 2021, the company had recovered to only four-fifths of this level.

But the FTSE 100 company is more sanguine about the situation in China, arguing that rebounding demand in the US has offset the lag.

Both Marzin and Bauer are bullish about the eventual full-scale return of in-person meetings, so is Lord Stephen Carter, Informa's chief executive.

"The power of physical presence will not go away," said Carter. "Even if China is opening at a slower rate than other countries, we know that it will be reopening."

The group has put its money where its mouth is, announcing last December that it would dispose of its intelligence arm and focus on events and academic publishing. It had unveiled an annual £1.1bn pre-tax loss for 2020 linked to lockdown-related exhibition cancellations. But in 2021 it swung back to a £137mn pre-tax profit as restrictions eased.

Informa said in July that it would begin paying dividends again following a pandemic hiatus, brushing off a global economic slowdown that is threatening many industries. The group expects its revenue and adjusted operating profit this year to reach the upper end of previous guidance of £2.15bn-£2.25bn and £470mn-£490mn respectively.

“All the events businesses I speak to are tremendously bullish,” said Citi analyst Thomas Singlehurst, who added that as exhibitions businesses tend to have a low cost base they could stand to be beneficiaries of surging inflation as they raised their own prices.

“What’s interesting with events is that re-emergence of inflation could be the best thing that has happened,” he said, explaining that most growth in the industry came from pricing.

Carter said Informa had maintained 2019 prices for its exhibitions in order to encourage as many customers as possible, but added that in the future “of course, there will be natural price inflation as you would expect”.

Nevertheless, the industry remains under pressure. Of the three biggest listed events providers — Informa, Hyve and Relx — only the latter’s share price has recovered to the level of early 2020 and it is largely focused on subscription businesses such as academic publishing.

But Hyve, which runs the annual retail shows Shoptalk and Groceryshop, has still struck an optimistic note, saying the 2022 editions either had or were expected to make more money than the year before Covid-19 struck.

“Post-pandemic . . . our customers spend more with us than before,” said chief executive Mark Shashoua.

The UK-based group reported revenue of £59mn in the first half of 2022, compared with £68mn for the same period in 2019. It blamed the delay of two large events in the mining and paper industries in the second half of the year for the decrease.

There are predictions of a shakeout. Shashoua said some smaller or more niche shows were unlikely to return at all, even online, after the pandemic, with the largest groups such as Hyve who run the “must-attends” of various industries in a position to consolidate.

This has already begun. In March, Hyve announced the acquisition of US-based Fintech Meetup for up to £42mn, a few months after it snapped up an events organiser focused on the mining industry for a similar amount. Meanwhile, Informa bought business-focused publisher Industry Dive in July, a deal that will grant it a content arm to better engage clients beyond events.

For Informa's Carter, future growth in the industry will come from an increase in the range of services that events companies can provide, with the main shows becoming "much more digitally enhanced [with more] sophistication at registering and profiling [buyers and sellers]".

"If you are operating with a tier-one product, demand is extremely high," he said.

Source: ft.com- Sep 02, 2022

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World's manufacturing PMI drops to 50.3 in August 2022: S&P Global

The global manufacturing PMI (Purchasing Managers' Index) fell to a 26-month low of 50.3 in August 2022, down from 51.1 in July and only slightly above the 50.0 no change mark, according to a report by investment bank JP Morgan and business intelligence firm S&P Global.

New order intakes declined for the second successive month, while a reduction in backlogs of work combined with rising stocks of finished goods point to a possible build-up of excess capacity at factories.

The JP Morgan Global Manufacturing PMI is a composite index produced by JP Morgan and S&P Global in association with ISM (Institute for Supply Management) and IFPSM (International Federation of Purchasing and Supply Management).

Global manufacturing production contracted in August. Apart from the China lockdown-related falls earlier in the year, this is the first downturn since June 2020 (during the early stages of the COVID pandemic). Output declined across the consumer, intermediate, and investment goods industries.

Only ten out of the 30 nations for which August data were available registered increases in production, the majority of which only saw marginal growth (including China, Brazil, Spain, and Australia). The US, the euro area, Japan, and the UK were among the larger economies to see contractions. August data signalled a further softening of global demand for manufactured products, with the level of new orders decreasing for the second consecutive month

International trade flows also retrenched further, with the volume of new export business down for the sixth month in a row. Only two of the nations covered – India and Australia – saw foreign demand improve during the latest survey month.

There were signs that excess capacity may be building in the global manufacturing sector. August saw the second successive month where stocks of finished goods rose, and backlogs of work contracted.

Subsequently, the rate of jobs growth remained only marginal, matching July's one-and-a half year low. Staffing levels were raised in the US, the euro area and Japan (among others), while China was one of the 11 nations to see a decrease. Rates of input cost and output price inflation eased further during August. The increase in purchasing costs was the least marked since the end of 2020.

However, cost pressures remained elevated, with reports of supply chain difficulties, raw material shortages, and elevated prices for key inputs such as energy and electronics. Average output charges rose at the slowest pace for one-and-a-half years. Business optimism edged upwards during August, rising to a three-month high and recovering from July’s 26-month low, added the report.

Confidence strengthened to a six-month high in emerging markets (on average) and hit a three-month peak among developed nations. However, despite firms' positive outlook for the year ahead, the near-term horizon remained negative. The cyclically sensitive new orders to inventories of finished goods ratio fell to 0.95 – its lowest level since May 2020 (during the early stages of the COVID pandemic).

Global manufacturing PMI indices are compiled by S&P Global from responses to monthly questionnaires sent to purchasing managers in survey panels in over 40 countries, totalling around 13,500 companies. These countries account for 98 per cent of global manufacturing value added.

Source: fibre2fashion.com- Sep 03, 2022

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Cambodia permits projects worth over $140mn, including in textiles

The Council for the Development of Cambodia (CDC), which is Cambodia's highest decision-making body for large-scale investments, has given the go-ahead to 17 investment projects involving a total of $141.72 million – plus or minus $0.805 million to account for rounding – that are expected to create 11,197 jobs.

The projects cover sectors like textiles, tourism, healthcare, solar panel manufacturing, and mining. The new investment projects will be implemented in Phnom Penh and three other provinces in Cambodia, according to a media release by the CDC.

Hen Jiu Garment Accessory Co Ltd intends to establish a plant to manufacture fabric pieces and thread rolls in the Kambol district of Phnom Penh, added the release.

The Kambol project, which will require an investment of $5.1 million, will help employ 463 local people.

Source: fibre2fashion.com- Sep 04, 2022

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BGMEA chief stresses on Bangladesh-India collaboration for apparel industry development

BGMEA President Faruque Hassan laid emphasis on increased business interactions between apparel and textile exporters of Bangladesh and India that can open up windows of trade opportunities.

He made the remarks when Clothing Manufacturers Association of India (CMAI) Chief Mentor
Rahul Mehta paid a courtesy visit to the BGMEA president at his office in Dhaka on 4 September, reads a press release.

During the meeting, they discussed various issues related to the RMG industry, especially potential avenues of collaboration between Bangladesh and India to complement each other for the development of the apparel industry in both countries.

On behalf of CMAI, Rahul Mehta invited BGMEA members to participate in the upcoming 'Fabrics Accessories and Beyond - The CMAI Fab Show' to be held in Mumbai, India from September 19-21.

BGMEA President Faruque Hassan expressed hope that the trade show would bring manufacturers and exporters of both countries closer, paving the way to derive mutual trade benefits.
Bangladeshi exporters will be able to showcase the potential and strengths of the RMG industry among the participants of the trade fair, Faruque Hassan said.

He said Bangladesh and India could also collaborate in terms of exchange of knowledge and expertise on innovation, product development, especially man-made fibre based products as Bangladesh is increasingly focusing on the areas.

BGMEA Vice President Shahidullah Azim, Chair of BGMEA Standing Committee on Trade Fair Mohammed Kamal Uddin and CMAI General Secretary and Chairman of Sub-Committee of CMAI Fab Show Naveen Sainani were present on the occasion.

Source: tbsnews.net- Sep 04, 2022

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Vietnam textile & garment export up 20.4% to $22.239 bn in Jan-Jul '22

Vietnam earned $22.239 billion from textile and garment exports in the first seven months of 2022, growing by 20.4 per cent over the same period of last year, according to the preliminary data of customs IT and statistics department, general department of customs, Vietnam's ministry of finance. Yarn export was $3.097 billion in the same period of this year.

According to the latest figures, the US accounted for a major share (about 50 per cent) totalling $11.138 billion in textile and garment exports from Vietnam during the period under review. Japan and South Korea were the other major destination markets with exports of $2.059 billion and $1.683 billion, respectively.

Vietnam's yarn exports, however, decreased by 2.1 per cent to $3.097 billion over the export of same period of last year. Of this, China imported around 46.59 per cent or $1.443 billion, followed by $77.100 million by India. In volume terms, Vietnam exported 964,165 tons of yarn which were 17.1 per cent lower than the export made during the corresponding period of last year.

In 2021, Vietnam's textile and garment exports earned $32.750 billion, registering a growth of 9.9 per cent over the exports of $29.809 billion in the previous year, while yarn exports increased by 50.1 per cent to $5.609 billion from $3.736 billion in 2020.

For 2022, Vietnam has set a target to earn $43 billion from its textiles, garments and yarn exports, according to the Vietnam Textile and Apparel Association (VITAS).

Source: fibre2fashion.com- Sep 05, 2022

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Pakistan: Govt will permit import of cotton for textile sector: Miftah Ismail

Finance Minister Miftah Ismail said on Saturday that the government will permit Pakistan's textile sector to import cotton to meet its demand after an estimated 1.4 million acres of the area where the crop is cultivated in Sindh faced destruction due to floods.

In a press conference, he promised that the government would aid the textile sector by allowing the import of cotton so it could fulfill its needs.

He noted that date and sugarcane crops have also seen massive destruction while issues are being faced in transporting tomatoes and onions to major cities of Pakistan, which was in turn driving their prices upward.

"Half of the onion crop in Sindh also witnessed total destruction," he said. "As an initial step, we have suspended duty and taxes on import of onions and tomatoes."

According to the finance minister, import of onion from Afghanistan resulted in reduction of its price in many parts of the country.

"Sugar and ghee prices are also falling due to efforts of the current government," he said. "We will control inflation in the next two months."

His press conference comes as a follow up to former finance minister Shaukat Tarin who addressed reporters at the Karachi Press Club in which the latter urged the government to secure relief from the International Monetary Fund (IMF) in view of floods and import cheap oil from Russia.

Responding to his remarks, Miftah said that people were suffering due to floods but the Pakistan Tehreek-e-Insaf (PTI) was involved in political point scoring.

Terming the appeal to buy oil from Russia baseless, Miftah added that it might not be compatible with refineries of Pakistan.

"Pakistan has never bought oil from Russia and PTI did not do it either during its rule," he said, also blaming Tarin for trying to jeopardising the IMF deal at the last minute.

He underlined that PTI paid $25,000 per month to American lobbying firm to improve their relations between the political party and government of US.

Miftah also censured PTI for “violating the IMF deal in February to give amnesty to its friends.”

If PTI had cleared the no-confidence motion, it would have ended the subsidy and raised petrol prices in April 2022, Miftah said.

“Even the Finance Division was informed of this and PTI is just selling lies,” he said. “It is also justifying its conspiracy against IMF programme.”

Miftah, however, admitted that the economy was facing a renewed wave of inflation due to floods and prices of food items had soared.

Source: brecorder.com - Sep 03, 2022

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NATIONAL NEWS

Revving exports to America keeps India in race to be next China

India, believed by many to have the potential to become the next China, is finally making headway in the exports market as it broke into the top 5 suppliers of Christmas decorative items and t-shirts to the US.

Sea-borne shipments of festival goods and accessories to America touched $20 million last month, almost triple the value from the year-ago period, according to US customs data. In the process, India gained a clear lead over the Philippines as buyers diversify supply sources in the face of rising labor costs and disruptions from China's strict Covid-zero policy.

One such beneficiary of the early Christmas present is Amit Malhotra, whose Asian Handicrafts Pvt. supplies decoration items to global brands such as Walt Disney Co., London's Harrods, Target Corp. and Dillard's Inc. He confirmed a 20% jump in orders compared to a year ago, and that he has bumped up production capacity.

"This year we have shipped over 3.2 million units of Christmas decoration, up from 2.5 million last year," said Malhotra, director at Asian Handicrafts. "Though China exports a significant share of Christmas decoration items, many first-time buyers have been approaching us now," he said.

The trend isn't limited to Christmas goods. Exporters in Asia's third-largest economy have been witnessing a significant increase in orders from both the US and Europe, with the shift mostly seen in low-cost, labor-intensive sectors such as apparel, handicrafts and non-electronic consumer goods.

While diversification of supply chains began with the US-China trade war in 2018, India hadn't seen any meaningful gains back then as countries such as Vietnam cornered the bulk of orders that were moving away from Beijing.

The pandemic, which saw China adopt strict lockdowns, is helping change that. India's goods exports, which touched $420 billion in the fiscal year ended March, have already reached close to half that level in the five months beginning April. While that's hardly worthy of comparison to China's annual $3.36 trillion of exports, analysts view it as a good starting point for the sub-continent's largest economy, which is currently growing at the world's quickest pace.

"Taiwan, the EU, the US, Japan -- all are willing to give India a second look," said Alex Capri, a research fellow at Hinrich Foundation, set up by US entrepreneur Merle Hinrich to promote sustainable global trade.

Indian government data showed Christmas decoration exports in the year ended March increased more than 54% from fiscal year 2020 levels, while handicraft exports witnessed a jump of around 32% during the same period.

China's continued decoupling from the global economy along with post-pandemic recovery presenting an opportunity for India to accelerate its investment in longer-term competitiveness and prioritize 'winnable' sectors, Siddharth Jain, a partner in the operations and performance practice at Kearney, said. By 2030, India is projected to have the world's most abundant labor force, and could contribute over $500 billion annually to the global economy, according to a report by Kearney and the World Economic Forum.

"We have started to see green-shoots of this with India's exports in FY22 reaching around $420 billion, far higher than earlier years," Jain said. "This was driven by a combination of external as well as internal factors."

India also managed to surpass El Salvador to become one of the top 5 suppliers of cotton t-shirts to the US this year.

The apparels sector, where India competes with nations like Bangladesh, saw an up-tick owing to multiple factors including a ban of all cotton products from China's Xinjiang region over alleged ill-treatment of its ethnic Uighur Muslim minority, said Gautam Nair, managing director at Matrix Clothing Pvt., a medium-sized garment export firm. "The surge also further accentuated due to huge boom in buyers' purchase and supply chain diversification."

Medium- and large-export firms saw a jump of 30%-40% in their order books last fiscal year and the upswing would be more visible in the current financial year ending March 2023, Nair said. Matrix Clothing, which exports apparels to global brands including Superdry, Ralph Lauren, Timberland, and Napapijri, has seen orders climb by 45% last fiscal year compared to the pre-covid year.

Still, there are hurdles to the growth of low-value added manufacturing in the form of non-labor costs, warn analysts.

“The bigger problems are the legacy issues of contract enforcements, tax transparency etc.,” said Priyanka Kishore, an economist at Oxford Economics. “These do pose a challenge to India’s manufacturing ambitions and need to be addressed for the country to fully tap its potential as a manufacturing hub.”

Source: economictimes.indiatimes.com– Sep 05, 2022

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How a slowing world hurts India's exports

What is the estimate for exports in FY23?

Official estimates say merchandise exports may grow 7-8% to at least $450 billion in FY23, after a record $420 billion in FY22. However, much depends on the demand in the West. IMF has already cut the growth estimates for major European economies. Moreover, fresh lockdowns in China are also a major concern.

The commerce department is set to unveil the foreign trade policy on 30 September, which is expected to support exports through various incentives. About $8-9 billion in additional trade is expected in the next two months with Russia and Sri Lanka, commerce secretary B.V.R. Subrahmanyam has stated.

Can India cut imports to trim trade deficit?

Subrahmanyam has indicated that boosting exports rather than curbing imports would be the government's approach. He said that many imports such as petro-products and edible oil are inelastic.

Some economists believe that rising imports are also a sign of recovery and that much of India's exports such as petroleum products and gems and jewellery have a strong import component. While exports fell on a sequential basis, trade deficit eased slightly in August to $28.7 billion from a record high of $30 billion in July. After a record $642 billion in 2021, India's currency warchest has dipped to $561 billion.

What does the trade deficit look like in August?

The trade deficit, or the gap between exports and imports, remains at record high levels, even as it narrowed marginally to $28.68 billion in August from $30 billion in July.

Worryingly, imports were nearly double the value of exports during the month. This is expected to widen India's current account deficit to over 3% of GDP in 2022-23 from 1.2% of GDP last year.

What are the sectors most affected?

Engineering goods exports last month registered a steep decline of 15% to $8.25 billion compared to August last year. The commerce secretary said that in the case of textile, leather, and consumer products, foreign retail chains restricted taking deliveries in anticipation of lower demand.

Aditi Nayar, chief economist, ICRA said that a y-o-y dip in exports, led by sectors such as engineering goods, gems and jewellery and yarns and textiles suggests a cautious outlook for external demand going ahead.

Will India's free trade agreements help?

India is negotiating several FTAs, and has completed one with the UAE, which has helped textile, gems and jewellery exports. FTAs with the UK, EU, and Canada could boost apparel, textile and leather industries. However, the government is yet to announce the names of the seven states where the mega-textile parks will be set up.

The commerce ministry has said that the India-UK negotiations will be completed by Diwali and talks with Canada and Australia will also be complete by the end of the year.

Source: livemint.com– Sep 05, 2022

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August goods exports flat but trade deficit up as imports rise

Shipments hit mainly by weak global demand, rising interest rates

India's goods exports declined marginally in August 2022 by 1.15 per cent (year-on-year) to $ 33 billion, pushed down by a fall in key items such as engineering goods, textiles and gems & jewellery, as exporters grappled with disruptions caused by the Ukraine conflict, weakening of global demand and rising interest rates in key economies.

Sharp growth in imports of items such as petroleum products, coal & coke and chemicals, however, increased goods imports in August 2022 by 36.78 per cent to $61.68 billion. This resulted in a more than doubling of the trade deficit to $28.68 billion, per preliminary trade data of August 2022 shared by the Commerce Department on Saturday.

"We are being buffeted by strong winds globally. We have the disruptions that have happened because of Ukraine and Russia. You are aware of the high interest rates. You are aware of the actions being taken by various Central banks across the world," Commerce Secretary B V R Subhrahmanyam said at a press briefing on Saturday.

The good thing is that in the middle of all this, Indian exports are holding ground, the Secretary said. In the April-August 2022 period, India's goods exports increased 17.12 per cent to $192.59 billion. "The export growth rate of over 17 per cent (in April-August) is among the best in the world," he said.

Despite the slowdown in Indian exports over the past few months, the Commerce Department estimates that exports in fiscal year 2022-23 would be $450 billion compared to $421 billion in 2021-22.

"Based on current trend and after detailed analysis, on a conservative basis, Indian exports this year will cross $750 billion. Of this services exports will be $300 billion while goods exports will be $450 billion. Our own internal target for goods exports is $470 billion," the Commerce Secretary said.

Exporters are concerned about the looming uncertainty in the global market. "At this point, fair amount of uncertainty remains due to looming recession in major economies in the wake of ongoing Russia-Ukraine conflict. ...it is likely to hit the MSMEs more which have grappled with back-to-back challenges such as Covid crisis and the subsequent spike in raw material prices," said Mahesh Desai, Chairman, EEPC India.

Decline in demand from China is another area of concern, he added. India's exports to China in the April-August 2022 fell by about 35 per cent to $6.8 billion due to continued lockdowns and Covid-19 related restrictions in the country, according to the preliminary figures. Imports from China during the period, however, has increased.

In the April-August 2022 period, India's imports increased 45.64 per cent to $317.81 billion with the trade deficit more than doubling to $125.22 billion. While imports of items such as petroleum, electronic goods, coal, machinery and chemicals increased in August 2022, there was a decline of 47.54 per cent in import of gold to $ 3.51 billion following the increase in import duty on gold in July.

Full implementation of the Free Trade Agreements that India has already signed with countries such as Australia and the UAE and the ones that are scheduled to be completed soon with trade partners including the UK, Canada and the EU will contribute in boosting exports, the Commerce Secretary said.

Source: thehindubusinessline.com– Sep 04, 2022

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Indian exports to China dip by a third in April-August to $6.8 billion

Amid a slowdown in economic activity in China, India's exports to its northern neighbour dropped 35 per cent to $6.8 billion during April-August period at a time the country's overall exports rose 17.1 per cent. China became India's fourth largest export destination during the period, slipping from the second position during the same period a year ago.

Multiple shocks have hit China's economy, including the drag on consumption from the zero-Covid policy, the prolonged impact of the property sector downturn and declining export demand, all of which have slowed down economic activity.

While exports of petroleum products such as naptha to China rose 81 per cent to $1.2 billion during April-July due to elevated crude oil prices, shipments of organic chemicals (-38.3 per cent), iron ore (-78.5 per cent) and aluminium products (-84.2) saw sharp decline, disaggregated data available on Commerce Ministry website showed. However, China increased its imports of non-Basmati rice (141.1 per cent) and marine products (18.7 per cent) during the period. A cut in steel output in China has also led to sharp dip in iron ore exports from India.

On the other hand, imports from China were up 28 per cent during April-August at a time when India's overall imports grew 45.6 per cent, leading to a trade deficit of $37.1 billion in the first five months of FY23.

India's rising trade deficit with China—the highest with any country — has been a cause for concern. "The growth of trade deficit with China could be attributed to two factors: narrow basket of commodities, mostly primary, that we export to China and market access impediments for most of our agricultural products and the sectors where we are competitive in, such as pharmaceuticals, IT/ITeS, etc. Our predominant exports have consisted of iron ore, cotton, copper, Aluminium and diamonds/ natural gems. Over time, these raw material-based commodities have been over-shadowed by Chinese exports of machinery, power-related equipment, telecom equipment, organic chemicals, and fertilizers. We continue to engage the Chinese side for addressing market access issues," the Indian Embassy in China explains on its website.

China's economy is bracing for more pain as Chengdu's lockdown, the sixth largest city in the country's west, damaged business and consumer activity in the area and hurt sentiment more broadly. The hit to global production and shipping from China's strict Covid lockdown policies have also set back recovery in global supply-chain activity.

Moody's last week lowered its growth forecasts for China for both 2022 and 2023 to 3.5 per cent and 4.8 per cent, respectively, down sharply from 8.1 per cent in 2021.

July trade data showed a surge in China's trade surplus to a record $101.26 billion, up from $97.4 billion in June. "China's recovery beyond 2023 will depend on knock-on effects on other sectors resulting from troubles in the property sector and measures by authorities to stabilize it, and the impact on households' balance sheets and their consumption-saving decisions. A strong revival of domestic consumption demand, alongside the increased infrastructure spending that the government is already undertaking, will be key to sustaining a solid recovery," Moody's said.

Source: business-standard.com– Sep 05, 2022

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India's Apparel Exports registered a growth of 17.7% from April-August 2022

An analysis of DGCI&S exports data by the Confederation of Indian Textile Industry (CITI) has revealed that India's Exports of Ready-made Garments (RMG) of all textiles during August 2022 stood at about US$ 1232.7 Mn which is about 0.4% lower than exports of August 2021.

Cumulative exports of RMG during Apr-Aug 2022, increased by about 17.7% to reach US$ 7104 Mn as compared to Apr-Aug 2021.

Similarly exports of Cotton based Textiles which includes yarn, fabrics, made-ups, handloom products, etc, have declined by about 32% during August 2022 to reach US$ 881.9 Mn as compared to August 2021.

Source: citiindia.com– Sep 03, 2022

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Rupee trade settlement: Centre to hold talks with RBI, bank chiefs on Sep 7

Move aimed to allay banks' concerns on adoption of the new mechanism

Banks' apprehensions over the implementation of the RBI's recently formulated international rupee trade settlement mechanism will come in for an elaborate discussion in the capital on September 7.

The Department of Financial Services (DFS) in the Finance Ministry has on this date convened an inter-ministerial meeting which will also be attended by RBI Deputy Governor T Rabi Shankar, besides chiefs of public sector banks, sources said. The main aim is to allay concerns on the implementation of this new mechanism, they added.

Meanwhile, the lack of a proper mechanism to integrate the payment mechanisms between India and Russia seems to be impacting exports of tea and rice from the country.

Banks' apprehensions

Public sector banks fear that such an approach could lead to trigger of penalties from the office of foreign assets control (OFAC) of the US Department of Treasury, as most Indian banks have accounts and existing banking relationships in the US. OFAC administers and enforces economic and trade sanctions based on US foreign policy and national security goals.

"Most of our banks have accounts in the US to facilitate transactions in dollar denomination of their clients," a banking industry official said.

Secondly even in cases of dealing with Russian banks or entities that are now not in the sanctions list, the apprehension is that tomorrow if the bank concerned were to come under sanction, what will happen to Indian banks' account in the US is a cause of worry, noted a banker.

The mechanism

It may be recalled that the RBI had on July 11 rolled out an international trade settlement mechanism in rupee to enable the invoicing of exports and imports. This was also expected to pave the way for rupee's emergence as a global currency.

While Indian importers will pay for imports in the INR that will then be credited into these accounts, the exporters will receive payments from these accounts. The settlement mechanism was announced when the Indian currency depreciated sharply against the US dollar. The INR is currently pegged at almost ₹80 to US$1, compared with a value of less than ₹75 about a year ago.

Rice, tea exports impacted

According to industry insiders, while the RBI had, in July allowed trade settlements between India and other countries in INR, the fine-print is yet to be firmed up. This is impacting exports, particularly of rice and tea, which has witnessed a decline on a year-on-year basis.

There are some issues with the operations of shipping lines to Russia. "Payments from Russia are coming in both INR and USD. But except the MSC line, no other shipping line is accepting Russia-bound consignments which is impacting exports," Vinod Kaul, Executive Director of All India Rice Exporters Association, told BusinessLine.

Sujit Patra, Secretary, Indian Tea Association, said the RBI initiative is likely to benefit the trading primarily with Russia. "But for this to happen our banks and their banks have to be linked and that has not been done so far. As soon as that is done there will be ease of payment and exports will start picking up," Patra said.

Tea exports to Russia usually start picking up from July-August so the industry is hopeful that exports should pick up once the mechanism is put in place.

Source: thehindubusinessline.com– Sep 04, 2022

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Special window to file transitional credit under GST, all can file the application

Supreme Court allows GST Network to open special window to file for trans credit from October 1 for 60 days

GST Network will provide special window facility to all the assesses to file their claim for transitional credit from October 01. It will be available for 60 days.

"Supreme Court, while hearing an application from GSTN, has allowed the extension of 4 weeks-time to comply with their order dated July 22, 2022. Accordingly, GSTN would open the common portal for filing transitional credit through Tran 1 and Tran 2 w.e.f., October 01, 2022," GST portal said in its posting.

About Trans credit

Trans credit or Transitional credit refers to use of tax credit accumulated up to June 30, 2017, that is, the last day of erstwhile central excise and service tax regime. Post-introduction of Goods & Services Tax (GST), special provision was made for credit accumulated under VAT, excise duty, or service tax to be transited to GST. However, there were some conditions, such as the credit will be available only if returns for the last six months were filed in the previous regime (VAT, excise, and service tax returns had been filed).

Tran 1 Form needs to be filed by registered persons under GST, may be registered or unregistered under the old regime. Tran 2 Form needs to be filed by a registered persons under GST but unregistered or under old regime or a dealer or trader who does not have documents of duty paid.

Supreme court's orders

Because of technical glitches and some other reasons, many assesses could not avail the transitional credit, and the matter reached courts and finally, the Supreme Court. On July 22, a division bench of the apex court directed the portal to be kept open between September 01 and October 31 for all registered assesses to upload TRAN 1 & TRAN 2 forms.

It was also said that this benefit has been extended to all GST registered assessees, irrespective of whether they had filed writ petitions or their claims have been rejected on the ground that there are no technical glitches. Field formations, all over India, are given 90 days-time to verify the veracity of the claims and pass orders on merits in accordance with the law, after granting reasonable opportunity.

Last month, the Ministry approached the Supreme Court for an extension of time to open a special window for filing transitional credit claim by 30 days. It submitted that various dates of every month are crucial for return filing and tax collection in the GST system. For example, 7-11 of every month is peak filing period for form GSTR-1. Similarly, 12-14 of every month is GSTR-2B generation period, which is the facility for the taxpayer to see how much credit is available to him/her.

Further, 15-20 of every month is the peak filing period for GSTR-3B; 90-95 lakh returns are filed, and during these days, about 90 per cent of monthly revenue of around ₹1.1-lakh crore is deposited by taxpayers.

In quarterly filing months, this peak filing period extends up to 24th due to separate date of return filing for them. In view of the criticality of revenue collection, IT changes are avoided from 7-24 of every month. This leaves GSTN with a deployment window from the 25th of a month to the 6th of the next month in every cycle. With these arguments, the Centre prayed for extension for which the apex court agreed.

Source: thehindubusinessline.com– Sep 04, 2022

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Robust GST revenues indicative of growth in Indian economy

The timing for penning down our thoughts on growth in GST collections in the country couldn't have been better when India emerges as a fifth largest economy in the world.

The robust GST collections for a consistent period of 6 months (with April 2022 recording the highest collections in this fiscal year) are one of the key indicators showcasing that there has been a very low impact of inflation on the Indian economy.

The Ministry of Finance has recently released the gross GST collections made in August 2022. As per the press release, the collections have risen 28 per cent on year-on-year basis to Rs 1.43 lakh crore. The States / Union Territories of India like Mizoram and Ladakh, have recorded the highest growth in collection with 73 per cent, and 34 per cent respectively.

The sharp increase in GST collections in these areas are indicative of increased consumption of goods/ services in these areas, which in turn can be said to be indicative of development in these regions. The increase in collections is due to the various measures adopted by the Government such as automation of GST compliances, extension of e-invoicing mechanism to increase the taxable base and robust administration by the tax department.

The GST Council, its 47th meeting, which coincided with the 5th year anniversary, had recommended rationalisation of GST rates and had also recommended withdrawal of exemptions on certain goods.

While the intent of the changes was to reduce and correct the inverted duty structure and allow credits on inputs and input services on goods which were previously exempted, the change in GST rates has also pushed collections in the last month. The GST Council is likely to take decisions on further rationalisation of GST rates and the applicable rate on online gaming in upcoming council meetings.

Also, with the COVID wave stabilising, there has been a rise in the demand for various goods/ services leading to signs of economic recovery. At this juncture, it is important to highlight that the steps taken by the Government for 'Make in India' in the form of introduction of Production

Linked Incentive (PLI) schemes, focus on deep localization within the country are also one of the contributors to increasing GST collections. PLI schemes introduced by the Government in sectors such as mobile phones, automobile, white goods, textile, food products, etc. require significant investment in capex for next 3-5 years by the successful applicants of the said schemes. Any capex investment is typically subjected to levy of GST at a median rate of 18 per cent.

However, it must be kept in mind that external factors such as the Ukraine war, rise in inflation have also led to increased price of commodities, which has also contributed to higher GST collections. When we look at the collections of compensation cess, which is levied on motor vehicles, aerated drinks, etc. there appears to be steady decline.

While the collections in June 2022 stood at Rs 11,018 crore, the collections in July and August 2022 were Rs 10,920 crore and Rs 10,168 crore respectively, thereby showing the demand on high end goods have gone down due to rising inflation on daily use goods. That being said, with the festive season around the corner, the demands are likely to be robust, keeping up the pace in the collections of GST in the coming months. Further, the steps taken by the Indian Government to promote domestic manufacturing in India would have a far reaching impact on the Indian economy leading to likely consistent pace in GST collections.

Source: financialexpress.com– Sep 04, 2022

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India's non-Bt cotton area below 10 lakh ha for 4th consecutive year

India's non-Bt (desi) cotton acreage is not expected to cross the 10-lakh hectare mark for the fourth year in a row. The country's total cotton sowing area reached 124.55 lakh ha, of which non-Bt cotton is planted on only 8.50 lakh ha, according to the latest sowing data, released by the ministry of agriculture. Non-Bt cotton fetches a lower price.

For the current sowing season, the area under cotton cultivation has increased to 124.55 lakh ha from 116.91 lakh ha in the previous season, according to the ministry's sowing report. The area under non-Bt cotton is slightly up at 8.50 lakh ha this season (2022-23) compared to last year's 7.93 lakh ha. Non-Bt cotton was sown on 7.54 lakh ha in 2020-21 and 8.10 lakh ha in 2019-20. The conventional cotton farming area last breached the 10-lakh ha mark in 2018-19 when the acreage was 14.50 lakh ha. The area was 12.92 lakh ha in 2017-18 for non-Bt cotton.

According to the ministry figures, only three states- Gujarat, Maharashtra, and Odisha- could achieve an area of over 2 lakh ha each for non-Bt cotton in this season. The acreage registered is 2.54 lakh ha in Gujarat, 2.10 lakh ha in Maharashtra and 2.16 lakh ha in Odisha. Madhya Pradesh is the fourth largest non-Bt cotton sowing state with an acreage of 0.60 lakh ha.

According to traders, the desi variety of cotton is good only for surgical use because of its shorter length of 16-18 mm. On the other hand, Bt cotton of medium staple has a length of 28 mm. So, non-Bt cotton fetches a lower price compared to Bt cotton.

According to market sources, non-Bt cotton fetches 30-35 per cent lower price than Bt cotton which discourages farmers to sow non-Bt cotton. Traders said that desi cotton is currently traded at ₹6,000-6,200 per maund of 37.2 kg in Punjab, while Bt cotton is ruling at ₹9,000-9,100 per maund.

Source: fibre2fashion.com– Sep 04, 2022

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10 export guidance centres will come up in Tamil Nadu, says MSME Minister

Minister for Micro, Small and Medium Enterprises T.M. Anbarasan said that the State government would set up export guidance centres at 10 places including Karur.

Speaking at the 13 th conference of the Micro, Small and Medium Enterprises organised by the Confederation of Indian Industry (CII) here on Saturday, he said that Tiruppur, Madurai, Ambur, Thoothukudi, Pollachi, Kancheepuram, Chennai, Coimbatore and Hosur were the other areas where the export guidance centres would come up.

Exporters, traders and industrialists could get input about the export opportunities and demands for various products in foreign countries. They could also get input about the availability of raw materials from foreign countries. The centres were ultimately aimed at improving the share of exports from Tamil Nadu, which currently stood at 9.25%.

Mr. Anbarasan said that just 16 companies had established their units at the industrial estate for textiles at Punjaikalakurichi. Eighty-four plots out of 100 plots had not been sold out. Selling of the plots to other entrepreneurs besides textile promoters was under contemplation, he said.

V. Senthil Balaji, Minister for Electricity, said the Micro, Small and Medium Enterprises had been the playing an role in the industrial map of the State. The State government had taken a number of steps to ensure hassle-free supply of electricity at affordable rate.

Collector T. Prabhu Shankar; B. Maheswari, Special Secretary, MSME; Sathiyagam Arya, CII Tamil Nadu State Council president; Ramesh Babu, Managing Directory, Karur Vysya Bank (KVB); Sudhakar Vaithiayalingam, Chairman; CII Tamil Nadu State MSME panel, and K. Vengatesan, Chairman, CII, Karur, took part.

Source: thehindu.com– Sep 04, 2022

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SVP Global Textiles eyes debt reduction, to focus on asset-light business model

The company is setting up a 4,375 MT per annum greenfield facility in Jhalawar, Rajasthan.

SVP Global Textiles is aiming at substantial debt reduction, to de-leverage its balance sheet while adopting an asset-light business model for future expansion in FY23.

Maj Gen OP Gulia, SM, VSM (retd), CEO, SVP Global Textiles Ltd, said that the company's board has identified adequate steps as part of a major restructuring, for substantial debt reduction through efficient working capital management, to hive off non-core assets in FY23.

The company is setting up a 4,375 MT per annum greenfield facility in Jhalawar, Rajasthan, and plans to manufacture protective uniforms, functional garments, mobiltech, antibacterial knitted fabric for sports, medical and cosmetic uses, etc. The company expects a revenue of around Rs 175 crore per year from technical textiles.

The central government has approved the expansion under a production-linked incentive scheme. For FY22, SVP Global Textiles reported net profit of Rs 71 crore, EBITDA of Rs 303 crore.

Source: economictimes.com– Sep 05, 2022

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